

# GIBRALTAR

## HOUSE OF ASSEMBLY



# HANSARD

3RD APRIL 1978  
VOLUME 11 (BUDGET)

HOUSE OF ASSEMBLY  
GIBRALTAR

HOUSE OF ASSEMBLY - VERBATIM REPORT

A copy of the Report of the proceedings of the House of Assembly meeting held on the 3rd April, 1978 - Volume II (Budget) is attached.

2. In case of any amendments Hon Members are kindly requested to hand them in not later than Thursday the 12th April, 1979.



23.2.79

Clerk of the House of Assembly



MONDAY THE 24TH APRIL, 1978

The House resumed at 10.30 a.m.

PRESENT:

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

GOVERNMENT:

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

The Hon Dr R G Valarino

OPPOSITION:

The Hon M Kiberras - Leader of the Opposition  
The Hon P J Isola, OBE  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano

INDEPENDENT MEMBER:

The Hon J Bossano

IN ATTENDANCE:

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

PRAYER.

Mr Speaker recited the prayer.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to move, under Standing Order 7(3) that I may lay on the table of the House the Estimates of Revenue and Expenditure for the financial year 1978/79.

Mr Speaker then put the question which was resolved in the affirmative and the Hon the Financial and Development Secretary laid on the table the Draft Estimates of Revenue and Expenditure for the year 1978/79.

Ordered to lie.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to move that a Bill for an Ordinance to appropriate an amount not exceeding £30,029,468 be read a first time.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I beg to move that the Appropriation Bill 1978-79 be now read a second time and in so moving I shall review briefly the economic scene and make a statement on the Government's performance in the financial year which has just ended and on its estimates of Revenue and Expenditure for the year 1978-79 which I have tabled and which have been in the hands of Hon Members for the past fifteen days.

I made the point last year and the previous year that dependent on Britain and isolated as it is, Gibraltar cannot however, hope to insulate itself completely from the economic climate prevailing in the world at large. While that of course remains true, unless something quite momentous should occur to disturb the international or the United Kingdom's equilibrium, for 1978-79 at least Gibraltar's economy and its financial viability are going to be much less affected by what happens internationally or in Britain than by what happens in its own little bailiwick. Nevertheless before we become totally immersed in our own domestic affairs I am going to look outwards for a moment.

No survey of the international economy in 1977 or its prospects in 1978 can give much cause for cheering. There was, it is true, some improvement last year compared with the previous three but the recovery from the major economic disturbances experienced during 1973 to 1975 was far from satisfactory. Unemployment in the major Western industrial countries remained obstinately high, demand continued to be depressed and there was little evidence of any marked increase in the real rate of investment. On the other hand inflation, generally speaking, was held in check and in some cases actually reduced but overall

disparities in the rates of price inflation among the industrialised economies remained and these disparities generated balance of payments and exchange rate problems which in turn hindered domestic expansion. Commodity prices have fallen sharply particularly since the middle of 1977 but protectionist policies have tended to hold back any significant growth of world trade.

The reluctance on the part of the major industrial countries to reflate their economies for fear of restarting an inflationary spiral is no less in evidence than it was last year and efforts are being made by the leaders of the EEC Governments to work towards a common strategy to restore economic growth, to stabilise currency movement and to control the trend towards protectionist policies. They are however, far from any agreement on how these objectives should be achieved and there is at present little cause for optimism that the cautious policies currently being advocated by the major OECD countries will prove to be a sufficient stimulus to generate any marked acceleration in the rate of recovery. The best that can be said of the prospects for the remainder of 1978 seems to be, therefore, one of little change, with world trade continuing in the doldrums and the industrial economies continuing to struggle with high unemployment and in some cases a precarious balance of payments situation. But the United States' Administration's failure to persuade the Congress to adopt energy conservation measures to curb America's steadily increasing imports of oil and the resulting weakness of the US dollar is a cloud on the horizon. There have been quite recently increasingly pointed warnings from Saudi Arabia that it may not be able to hold the line much longer against demands by other OPEC members for an oil price increase to offset the eroded value of the dollar.

Against this rather gloomy and unpromising international background the British economy has, superficially at any rate, performed quite well. Inflation has fallen steadily: the year-on-year rate in December last year was 12% and by the end of January this year it had registered a further 2% fall with some prospect of it levelling out at an annual rate of around 7-8%, a figure which is more in line with the inflation rates of Britain's major export competitors.

Sterling rose to a new high since it was allowed to appreciate last October and registered a gain of 11% against the already faltering dollar at the beginning of this year. Of more significance however, was the fact that it also appreciated by roughly 6% against the twenty one other currencies covered by the 1971 Smithsonian Agreement. The sterling exchange rate is an increasingly important factor in import price changes

because of the growing proportion of finished manufactured goods in Britain's import bill. But exchange rate changes take some time to work their way through so that although sterling has lost some ground in the last month or so and has lost still more in the past ten days, the gains it made during the winter are still being felt and should continue to have a disinflationary effect at least for some months.

The United Kingdom balance of payments swung into substantial surplus during the second half of 1977. More recently the swing has been checked as a result of lower net earnings from invisible exports and the rising exchange rate which has reduced the competitiveness of British exports while at the same time reducing the price of imported goods.

The prominence given to Britain's falling rate of inflation, the stronger pound and the success of the Government's pay policy have tended to obscure the more ominous signs of persistent weakness in the United Kingdom's economy. Real output in 1977 remained stagnant and the gross domestic product was virtually unchanged from the level of 1976; unemployment reached a record post war level in 1977 and at the beginning of this year stood at 1.4 million; moreover there was little evidence that the benefits of North Sea oil may not be dissipated in shoring up some of Britain's internationally uncompetitive industries.

Chancellor Healey's 13th Budget on April 11th - the third in the space of twelve months - which appears to have been designed as a cautious attempt to reflate the economy just a little pending the outcome of this summer's economic summit deliberations while at the same time keeping the rate of inflation in check, is now seen as taking considerable risks with the interconnected factors of the public sector borrowing requirement, the money supply and the exchange rate. Heavy hints that there might be another package of fiscal largesse in July coming on top of the disquiet about these factors and the certainty felt about a bad trade balance in March - since confirmed by the figures released - put the cat amongst the pigeons so to speak and sent overseas investors in sterling scurrying for cover in other currencies.

The March trade figures revealed a deficit balance of \$264 millions. More serious, they also show that during the first quarter of this year the volume of imports rose by 12% while export volume expanded by barely a 3%. Most informed opinion seems disinclined to be too pessimistic about the longer term however provided that world trade can be revived and that North Sea oil production continues to reduce Britain's deficit trade in oil products. But until these favourable developments actually happen it seems inevitable that sterling will come under intermittent pressure causing prices to rise

and put an upward strain on the rate of inflation.

The effects of the decreasing rate of inflation in the United Kingdom did not reach Gibraltar until the beginning of this year. Until the end of 1977 the rate of price inflation showed little change from the previous two years. Overall, retail prices rose by 15% but whereas in 1976 a very similar rate of overall increase masked a considerably steeper rise in the prices of most foodstuffs last year happily it did not. The average increase was only 13%; moreover during the last quarter of the year food prices rose by a mere 1%. The housewife may find this last statistic hard to believe and she will almost certainly be able to reel off a number of commodities which regularly find a place in her weekly shopping basket where she has been faced with equally regular and often quite substantial increases. But it really does look as if the effects of falling inflation in the United Kingdom which is overwhelmingly Gibraltar's major supplier, is beginning to work its way through. The latest figures for April 1978 indicate a change of just under 10% as compared with April last year. Of more significance are the recently published figures for the first quarter of this year. The General Index of Retail Prices rose by only 1.8% between 1st January 1978 and 1st April and the food index showed a slightly smaller rise of 1.6% over the same period. But as I commented last year, the impact of price inflation on household budgets in Gibraltar has been considerably lessened in the past by the fact that electricity and water have been supplied at heavily subsidised prices and by the fact that public sector housing rents are a long way below the levels necessary to maintain and service the asset; indeed, in terms of average earnings, rents are well below the level which an average family in many countries is expected to pay for housing itself. Although the subsidies for water and electricity were reduced significantly in 1977, general revenues still contributed some £870,000 and both services will be in need of further subsidies to cover their estimated operating deficits this year. The same will be true of housing.

Average weekly earnings rose to just over £43 in October 1977. Within the public sector, average earnings rose from an estimated £38 a week in October 1976 to around £41 in October 1977. Overall in real terms and taking account of PAYE and inflation, it is estimated that the value of average take-home pay fell by about 8% during the twelve months period October 1976 to October 1977 and was 7% below the level ruling in 1972. Bearing in mind that a year before, that is in October 1976, it was estimated that average take-home pay was about 5% more than in October 1972, the interim payment to most public sector employees late in 1977 pending a final

settlement of the 1976 and 1977 pay reviews, was clearly justified to prevent the further erosion of real earnings as a result of the delay in reaching a settlement. Estimated GNP per capita in Gibraltar for 1976-77 was £1460 or 75% of the corresponding figure for the United Kingdom.

Inflation hits hardest at those on fixed incomes, especially the elderly, and those at the very bottom of the wages pyramid and it was clearly necessary in 1977 to do something for these groups. Social security benefits were therefore increased substantially: retirement pensions and elderly persons pensions went up by 31% and 19% respectively while supplementary benefits rose by 18%. Compared with the cost of the subsidies paid to the consumer services, the additional cost of these benefits in 1978-79 is very small: it is estimated to be £148,000 and everyone, I am sure, will consider that every pound of this increase is a fully justified charge on the general revenues. Significant though these increased benefits were, the most important feature in the field of social welfare in Gibraltar in 1977 - one might perhaps call it a milestone - was the decision to index-link social insurance old age pensions with effect from January 1978.

While Western Europe and North America continue to struggle with the problem of persistent, large scale unemployment, Gibraltar is happily spared this ill. Excluding a small, hard core of 40 or so Gibraltarians whom, for one reason or another, it is virtually impossible to place in employment, we are fortunate that, as a generalisation, there has always been a surplus of jobs in relation to manpower resources. There are however, a number of disturbing imbalances in the labour market and these became more apparent in the October 1977 Employment Survey. This showed that both full-time and part-time employment outside Government fell by 11% between April 1975 and October 1977. This was in marked contrast to employment within the Government which rose by 15% over the same period.

Employment in the private sector which reached a peak of 5022 in April 1975, had fallen to 3895 in October 1977, a reduction of 22%. The largest reductions were in the retail trade, the hotel industry and the building and construction industry which has been experiencing a recession following the ending of the major Ministry of Defence contracts at Europa and the completion of the Government's single largest project at Varyl Begg. While the drop in the numbers employed in the building and construction industry mainly affected immigrant labour, the 15% reduction in the numbers employed in the retail trade was largely Gibraltarian, particularly males in part-time weekly paid employment. In the hotel industry the numbers in

employment fell by about 30% over the same thirty months, April 1975 to October 1977 affecting both Gibraltarians and immigrant workers. While the overall fall in private sector employment is largely the result of recession in building and construction industry and the generally depressed state of the tourist industry, there is at the same time little doubt that employers in the private sector have cut back manning levels in the face of rising labour costs which have consistently taken the form of flat rate awards. This seems to be particularly evident in the retail trades, traditionally a sector which has absorbed part of the annual influx on to the labour market of school leavers.

The 15% increase in full time employment with the Gibraltar Government between April 1975 and October 1977 represents a continuation of the sharp upward trend in the numbers employed by the Government which has taken place since 1974.

The 1978-81 Development Programme the major elements of which were settled during the Minister of Overseas Developments visit at the beginning of the month and about which I shall have something to say later, will create a fresh demand for labour in the building and construction industry and should be capable of sustaining over the next four years a significantly higher level of employment. While the prospects for the industry are not unpromising there is little evidence to suggest that the other imbalances in our labour market will be removed. I mentioned last year that there was a persistent pool of unemployment amongst young people, especially in the case of female school leavers. This remains, but as the Minister for Labour and Social Security informed the House at the February meeting the situation has shown some improvement. Nevertheless flat rate pay awards, although they protect the real level of earnings for most of those in employment, cause a decline in the effective demand for labour which bears most heavily on the unskilled and, therefore, upon the number of opportunities open to young people and especially those who have just left school.

1977 was another poor year for Gibraltar's tourist industry and it would, unfortunately, be over-optimistic on the present evidence to forecast an appreciable up-turn this year.

The continuing high level of unemployment in the United Kingdom - still the main market for the local tourist traffic - coupled with the severe restraint on wages, to which the decline of the industry in 1976 was largely attributable, was aggravated last year by other factors. First and foremost was the reduction in the number of scheduled flights to Gibraltar and with it a

further reduction in the number of cheaper fare seats available. Second, Spanish resorts the majority of whom already had a competitive edge over Gibraltar in terms of air fares, gained an even greater advantage as a result of last year's devaluation of the peseta. This advantage has been increased even more by the recent strength of sterling.

Thus the already depressed state of the tourist industry in 1976 worsened still further; for the second year running the number of tourist hotel arrivals fell as did tourist guest nights sold. Compared with 1976 the former declined by 13% and the latter by 19%. The average length of stay by tourists also went down from 7.4 nights to 6.9 nights. Against this however non-tourist arrivals increased by 6% from 5686 in 1976 to 6082 last year. No figure is available of the estimated decrease in tourist spending but there seems little doubt that it was less in real terms than in 1976.

While the hotel industry bore the brunt of this decline in tourism, the overall effect on the economy was considerably less than it might have been. That this is so is due to the expansion of the excursion traffic from Morocco which went up by a substantial 35% and the continuing growth in the number of yachts calling at Gibraltar - 3664 calls in 1977 by comparison with 2758 in 1976, an increase of 33%.

As anticipated the number of calls by cruise liners was less than in the previous year and there was, of course, a corresponding drop in the number of passengers landing - from 53,016 in 1976 to 42,333 in 1977, roughly 20%.

It would be pleasant to be able to say that the tourist industry faces brighter prospects in 1978. Unfortunately that does not appear to be very likely. The limited availability of package fare seats; the high cost of fares compared with those available to neighbouring resorts and indeed to the Mediterranean area generally; and the inconvenient and costly travel arrangements to the point of departure which face all potential holiday-makers to Gibraltar from anywhere but the London area itself, seem certain to preclude any significant reversal of the decline in holiday traffic arriving by air on scheduled services. If this were the whole story the prospects would indeed be gloomy; fortunately it is not and 1978 will see an increased number of charter operations which should mitigate to some extent at least the declining number of holiday arrivals by schedule services and afford some relief for the hard pressed hotel industry.

I mentioned last year that visitors arriving by yacht

spend on average a great deal more per day than package holiday tourists and that those who come over from Morocco on day shopping excursions have proved to be the highest spenders of all. Together, they are now in fact a very important source of tourist earnings: the latest expenditure data shows that receipts from this source rose by 76% between 1975 and 1976 and the substantial increase in this traffic last year which I mentioned a moment ago could well result in a corresponding further increase in 1977. But some of this valuable source of tourist earnings which has expanded so much in the last two or three years despite the lack of the planned marina development and in the face of growing competition in neighbouring coastal areas, could easily dry up or at least be greatly reduced if that development is too long delayed or if there is an insufficiently imaginative response by the trading community to customer demand.

1977 was another modestly successful year for the Port. There was no significant change in the total number of ships calling at Gibraltar - 2591 as against 2553 in 1976 - but the total tonnage entering the Port increased by over 1 million tons to 20.1 million. On the other hand calls by deep-sea vessels fell by 36 as compared with 1976 to 1856. There were more calls for cargo purposes; the number of ships calling for repairs was virtually unchanged but there were fewer calls for crew changes, medical attention, provisioning and bunkers.

Containers have been handled in Gibraltar for some years on an irregular basis; 162 were, for instance, landed in 1973 and this number had risen to 498 in 1975. But the inauguration last July of regular container services marked the beginning of a significant change in Port operations. Container services now call regularly every four days and the volume of container traffic has built up rapidly. Altogether 1154 containers were landed during 1977 and by the end of this year it is expected that the annual rate of landings will be around the 2000 mark.

Apart from "Mighty Mac" the Port is not properly equipped to handle this volume of container traffic and the rapid build-up which has taken place in the last nine months has caused severe congestion and other operational problems.

Improvements are very urgently necessary to create the additional space required to handle this traffic efficiently and the House will, I am sure, echo the Government's satisfaction at the allocation of British development aid funds in the 1978-81 Development Programme for the reclamation project between Jetties 2 and 3. It is to be hoped that very early Ministry of Defence clearance will be forthcoming

and that there will be speedy approval from the Ministry of Overseas Development to go ahead with a project which has been gestating so long.

Telecommunications which I mentioned last year as being inadequate, have, I am glad to say, been greatly improved by the introduction of better dialling facilities and the micro-wave link.

No one should underestimate the essential contribution which the Port makes to Gibraltar's economy in spite of the geographical and other handicaps under which it operates. The Port has an excellent reputation for efficient and expeditious service: it is currently estimated that its contribution to the economy overall is at least 60% of that of the tourist industry and it is worthwhile repeating what I said last year - the Port's well-deserved reputation should be capitalised. Unfortunately the prospects facing shipping over the next year or two are anything but good. There are at present too many ships chasing too little trade and as a result there has been a depressing upward trend in world tonnage laid up. According to recently published figures 6% of British flag ships were idle at the beginning of this year and the Danish and Swedish fleets have been worse hit. There is little likelihood that things will improve until there is a general recovery in world trade.

No account of the Port's activities in 1977, however brief, would be complete without at least a passing reference to the departure of the P & O tanker "Ottawa" which had become such a landmark at the Detached Mole and a valuable one to boot. With her going the revenue lost £85,000 a year in berthing charges. With so many ships, especially tankers, laid up all over the world is it too much to hope that at least one might find Gibraltar a convenient place in which to wait her turn for re-employment?

Moving into the financial field, the value of currency notes in circulation rose from £3.95 millions in March 1977 to a peak monthly figure of £4.8 millions in December. By March this year it had fallen back to £4.34 millions.

The new currency note series which went into circulation between June and December last year appears to have been well received although considerably less use has been made of the £20 notes than might have been, and indeed was expected. The withdrawal of the old series notes has gone smoothly and rapidly and the numbers which are now being returned to the Treasury for destruction are tailing off. It is proposed to demonetise all the old series notes during the course of this year. Ample notice will of course be given.

Commercial bank deposits rose by just over £3 millions between December 1976 and December 1977 but once again



time deposits as a proportion of total deposits fell slightly. In the same period loans and advances by the commercial banks increased by £2.5 millions - 23% higher than the previous year's corresponding figure.

Following the October 1977 reduction of the Bank of England minimum lending rate, the Gibraltar commercial banks, in line with those in the United Kingdom reduced the rate payable on their savings accounts from 5% to 4%. The move was made in consultation with the Government which had the opportunity to make a similar reduction of the rate payable by the Government Savings Bank. Two considerations however, decided the Government not to follow suit and to leave the rate unchanged at 5%. There was at that time a good deal of uncertainty about interest rates: the Bank of England's move was seen as an attempt to ease the upward pressure on sterling rather than as a firm indication of interest rates stabilising at a lower level. Moreover, the performance of the Government Savings Bank continued to disappoint. It was hoped therefore, by leaving the rate at 5% and thus giving a full percentage point margin over the rate payable by the commercial banks on savings accounts, to increase the attractiveness of investment with the Savings Bank. It is too early to judge whether this decision has met with any success and in any case the announcement on April 11th that the minimum lending rate has been raised to 7½% may call for a review. There was, however, an increase of 3% in the amount of deposits with the Bank between December 1976 and December 1977 but in real terms the value of deposits has continued to fall and is today about 60% less than it was in 1972. In contrast during the same period the value of savings account deposits at the commercial banks has shown a real increase of roughly 20% and at the end of 1977 the level of these deposits was approximately double that of the Savings Bank.

The total value of imports in 1977 was £39.6 million as compared with £32.4 million in 1976, an increase of 22%. Excluding petroleum products, the figures are £28.0 million for 1977 and £21.1 million for 1976 an increase of 33%. Since retail prices overall rose by about 15% it is probable therefore that there was also an increase in the volume of trade last year.

In giving the corresponding trade figures last year I noted that there had been a decline in the consumption of food as a proportion of total consumption. That decline continued in 1977 and slightly accelerated, the 1977 figure being 32% as against 36% the previous year and 39% in 1974. It is unlikely that this continuing decline can be attributed solely to higher local living standards and with them proportionately higher spending on consumer durables. It

is more than probable that the slight acceleration reflects the higher volume of trade generated by day excursionists from Morocco who, as I have said, are Gibraltar's high spending visitors. Pointers to this probability were, for example, the significant increases by comparison with 1976 in sales of clothing, hi-fi equipment, perfumery and watches. Even so there is not much doubt that Gibraltarians are tending to spend an increasing proportion of disposable incomes on consumer hardware and the like. An unusually large number of motor vehicles was imported - the unverified figure is 730 of which no fewer than 70 were for commercial use, an increase of 70% as compared with 1976. The in-flow of colour television sets continued - 1500 last year, 2000 in 1976 and some 1300 the year before, so that over the last few years nearly 5000 colour sets in all have been brought in, representing an investment by the community at large of at least one and a half million pounds. To juxtapose personal spending of a sum of this magnitude and the amount of the public subsidies to the consumer services ought to give a great deal of food for thought.

There was little change in the value of exports during 1977. At £13.9 millions these were marginally greater than in 1976 when the figure was £13.7 millions. The value of fuel oil and petroleum products exported as bunkers fell from £11.9 millions in 1976 to £11.4 millions in 1977 and in terms of volume fell from 222,000 to 189,000 tons a decline which was greater and more persistent than expected.

The deficit balance of visible trade rose from £18.7 millions in 1976 to £25.7 millions in 1977, an adverse change of 37%. Taking the value of fuel oil and petroleum products out of the account, the deficit was £25.5 millions as compared with the 1976 figure of £19.3 millions. From the scanty data which is available it is estimated that invisible earnings and exports exceeded the visible trade deficit and that there continued to be an overall balance of payments surplus in 1977.

With that brief resume of the economic scene in Gibraltar in 1977-78 I will now deal with the Government's financial position, starting as usual, with the out-turn for the financial year which ended on 31st March 1977.

By way of a preamble I must express regret that once again it has proved impossible to lay on the table, before the House comes to consider the estimates for 1978-79, the accounts for 1976-77 together with the Principal Auditor's Report thereon. The law allows a period of nine months for the preparation and submission for audit of the annual accounts and a further three months for the actual audit and report. By comparison with other places the first period, that is, the time allowed for the preparation of the final accounts, is generous but notwithstanding this generous latitude allowed by law it

was hoped that in practice the time scale could be shortened. Unfortunately not only was that hope not realised last year but in the event the period had to be extended by some six weeks and the final accounts were not submitted for audit until February 21st. The reason for this was the delay in the receipt by the Treasury of certain special fund accounts without which, of course, the annual statement of the Government's assets and liabilities could not be completed. The importance to be attached to this is not so much the failure to submit these accounts by the due date but the fact that it reflects adversely on the capacity of the accounting system and those who man it to cope adequately not merely with the steadily increasing volume of accounting transactions but with their increasing complexity as well. This is not, I repeat this is not, a criticism of the accounting staff as a whole; much less does it imply any criticism of any individual group of officers. Quite the contrary in fact: it voices my growing concern that too much is being expected of them.

In 1978-79 the Government will have to account for financial transactions amounting in aggregate value to something like four times the value of five years ago. While it does not necessarily follow that there will have been an equivalent increase in the volume of accounting transactions it is, I think, quite obvious that these too have increased very substantially indeed. Not only that, but they have become more varied and more sophisticated: the funding operation which has been introduced for the traded services for electricity, water and telephones for example, to which we are now adding housing; the greater number and variety of development aided projects is another instance. My concern is that it should continue to be assumed that the 'machinery' so to speak, which was able effectively to account for the volume and nature of the financial transactions of the Government in the past should be able to do so now and in the future without change and improvement.

There is, I believe, insufficient awareness of the fact that today the proper maintenance of the Government's accounts is a specialised field which calls for specific training and for greater continuity of staff. It is no longer sufficient to expect junior staff to acquire a satisfactory knowledge of accounts as they go along and it is certainly not reasonable to expect them to do so when they can be engaged on accounting duties one month and transferred to something else the next. At the same time it is pointless to spend time and money on training staff in accounting work if those who receive training are then transferred to other duties.

Specialisation, it must be acknowledged, presents

Particular problems in any small organisation but in relation to the accounting function I believe that these problems can be overcome if they are approached with an open mind about changing the established practices of the past and are tackled with imagination. The one thing no Government can afford is to have a serious accounting breakdown.

The Financial Statement which accompanied the estimates presented to the House at Budget time last year predicted as the out-turn for 1976-77 a revised working balance of £498,004 for the year. That figure of course reflected the operations on the funded services for electricity, potable water and telephones and took account of the budgetary contributions to those services and to the Improvement and Development Fund. In the event the final accounts will show a surplus of £621,879 after allowing for losses on the realisation of Consolidated Fund investments amounting to some £48,000 partially offset by an appreciation of their value by some £16,300. Revenue and expenditure both exceeded the revised estimates, revenue by some £232,000 and expenditure by £77,000. Overall therefore, there was thus an improvement of £123,875 on the predicted surplus for the year and the Consolidated Fund balance with which the Government began the financial year 1977-78 was £3,552,693 as compared with the revised estimated figure of £3,428,817.

I should like to preface some comments on the revenue and expenditure for 1977-78 by making it clear that although we are now almost a month into the new financial year the figures shown in the "Revised Estimates 1977-78" column of the Estimates are what they are stated to be - that is revised estimates. The House will appreciate, I hope, that in order to comply with Standing Order 44(1) a good deal of the compilation and some of the printing had been completed by the 1st April; but while the revised estimated figures are based on much more up-to-date information than is usually possible - indeed some last minute changes were still being made the day before the Estimates were distributed to members - the figures do not purport to reflect the final position as at the close of account on 31st March. The figures will however be closer to the final position than usual and at the end of this statement I shall give the House details of further adjustments based on even later figures. That is figures which became available since the Estimates were distributed. For the moment however, I want to make it clear that I shall be dealing with the figures which Hon Members have in front of them.

For the year just ended the Government budgetted for a current account deficit of £921,370 and a Consolidated Fund balance as at 31st March of £2,507,447. The accounts

when they come to be prepared will, I am afraid, show a very different state of affairs.

Although revenue increased substantially - the revised figure was almost £18.6 millions, an increase of £2.0 millions over the original estimate - recurrent expenditure has risen by a great deal more. At a figure of £17.35 millions, the increase was £2.7 millions. Taking account of the approved budgetary contribution to the Improvement and Development Fund of £330,000 and of the subventions to the Government's traded services for electricity, potable water and telephones amounting in aggregate to £2.5 millions, total expenditure chargeable on the Consolidated Fund in 1977-78 will now be £20.2 millions. The largest single item of additional expenditure was the lump sum payment of £250 to every Government employee around the turn of the year on account of the amount due in respect of the ultimate settlement of the 1976 Pay Review. In aggregate these payments cost approximately £660,000 gross. The payments were of course subject to income tax and as I am sure the House is aware, it was agreed at the time the payments were made that an interim flat rate of 25% should be applied through the PAYE mechanism on account of the tax due, leaving the necessary adjustments to be made when each individual's final assessment is raised. A further £203,000 had to be provided for residual payments arising out of the settlement of the 1974 Review. These payments included awards under the Efficiency Agreement in respect of industrial grades and the cost of a number of adjustments for overtime and allowances. The approved provision for the maintenance and repair of Crown Properties, including the Government housing estate, had to be supplemented by an additional appropriation of £225,000 as a result indirectly of the industrial action last summer.

Other significant supplementary appropriations which have been approved during the year are £140,000 for the Philatelic Bureau for agency payments as a result of the very large increase in philatelic sales; £80,000 for the importation of water; £62,000 to meet the ever increasing cost of drugs and medicinal requirements and £76,000 for the payment of increased social security benefits. The remaining increases in expenditure during the year are spread over the Government's services as a whole including of course the funded services. The additional expenditure on these was of course recovered by the Consolidated Fund in accordance with the regulations of the respective Special Funds and is reflected in the amounts shown in the Revised Estimates column of Revenue Head 8.

In all, the House has approved eight schedules of supplementary estimates and has appropriated additional funds amounting to almost £2.37 millions. There is thus a discrepancy of some £305,000 between

total expenditure for the year and the total appropriated. Of this sum £284,000 is accounted for by increases on the Consolidated Fund Services which have been authorised in accordance with the provisions of the Public Finance (Control and Audit) Ordinance.

On the surface of these figures it would appear therefore that there will be excess expenditure of a mere £21,000 and that there has been a considerable improvement on past performance. It suggests that if nothing else has been achieved in the way of improving the control and management of public expenditure, Controlling Officers are becoming more aware of the necessity for obtaining proper authority before incurring expenditure. Unfortunately these overall figures can hide a multitude of sins of omission and commission which will only be revealed when the final figures for each subhead of expenditure are available and subjected to audit examination. The Treasury is aware, for example, that there is uncovered expenditure of some £120,000 on account of the excess value of unallocated stores purchases over issues. This will bring the total value of purchases in excess of issues over the last five years to almost £½ million. The persistent pattern of purchases exceeding issues is worrying; stocks are continuously recosted to take account of rising prices and theoretically therefore even allowing for lags and leads, the value of issues over a period should be approximately the same as the value of purchases and the unallocated stores account should be maintained in rough balance - unless, that is, there has been a planned programme of stock-piling. It seems clear from the persistent excess of purchases over issues that the total value and quantity of the Government's stock holding has steadily increased. It is proposed this year to review the position in the light of requirements for the development programme and the increasing commitments on maintenance works, with the object of ensuring that the stock holding is not further increased unnecessarily.

There is clearly still very considerable scope for improvement in Gibraltar's Government management of public funds and there is still a lack of awareness of the need for much greater economy in the expenditure of tax payers' money. I should like to hope that it will be possible this year to introduce appropriate machinery to achieve a greater degree of public accountability.

Statutory expenditure in 1977-78 is expected to rise from an estimated £1.46 millions to £1.75 millions, the increase being £283,982. The cost of statutory pensions and gratuities rose sharply and inevitably as a result of index-linking and higher levels of salaries and will increase still further of course in future years. There were also increased public debt charges as a result of a reassessment of the necessary sinking fund provision for the redemption of certain loans.



And now Revenue.

As I have already mentioned total Government revenue at almost £18.6 millions was up by £2.0 million on the approved estimate. As might be expected the payment of the interim award resulted in increased income tax receipts. The total yield was £5.5 millions an increase over the original estimate of £640,000 the main component being, of course, PAYE deductions which yielded a net total of £3.87 millions; corporation tax brought in £0.95 million and other receipts amounted to £710,000. It may come as a surprise to Hon Members to learn, however, that the item which showed the largest increase was revenue from philatelic sales. At £895,000 receipts were very nearly three times the estimate. The magnitude of this increase was due almost entirely to the enormous success of the commemorative issue marking HM The Queen's Silver Jubilee and a special issue on the Europa theme. The Silver Jubilee stamps, of which Gibraltar's issue was but one of many, attracted immense world wide interest amongst collectors and although it is to be followed this year by a sequel commemorating the Coronation, philatelic authorities are not predicting a comparable response. To a considerable extent therefore, this very large increase in philatelic revenue last year must be treated as a "windfall" which will not be repeated this year. Another "windfall" which, although small by comparison, may be of interest to the House is the receipt of some £43,000 arising out of the arrest and sale of merchant ships, including the LPG carrier "Norfolk Multina", under the Admiralty Jurisdiction of the Supreme Court as a result of which revenue from Court Fees was boosted to £47,500.

The 1977-78 Estimates presented to the House put the revenue from customs duties at £2.89 millions and following the increases in the rates of specific duties on spirits and tobacco etc introduced in the 1977 Finance Ordinance, the figure was raised to £3,147,000. This proved to be a very close estimate: the final revised figure is £3.20 millions.

or £26,500

Export duties realised £81,500/less than the estimates and the shortfall reflects the fact that there has been, over the last twelve months, a decline in the volume of bunker traffic. I have heard it claimed that this decline has been the direct consequence of the Government's decision last year to increase the duty on bunker oils exported and I dare say we shall hear more of that, perhaps, as an argument for adjusting the rate of duty downwards. The Government does not accept, however, that the decline in bunker traffic in the period April 1977 to March 1978 as compared with the corresponding twelve months of the previous year justifies the contention that it was the higher rate of export duty that was responsible. The decline in bunkers sold first showed up in the

figures for March, 1977 that is, before the increased duty was announced. In that month the tonnage fell quite dramatically by some 58% as compared with the previous month; it was also 27% less than in March of the previous year and was in fact not only lower than for any single month of 1976-77 but was also 39% less than the average monthly tonnage exported during the preceding twelve months. It is never sensible to draw firm conclusions from a single month's statistics but in this case the March 1977 figures did in fact point to the general down-turn in bunker traffic which has, not unexpectedly, accompanied the fall in the number of deep-sea ships calling at Gibraltar. As I have already noted this fell from 1892 in 1976-77 to 1856 in 1977-78. Another factor which made the figures worse than they might otherwise have been was the weather in February this year when there was a period of sustained westerly gales culminating in the closure of the Port for 24 hours on the 25th/26th, an event which has not occurred for over 18 years. Finally I might add that Gibraltar was not alone in experiencing a decline in bunker traffic; my information is that Ceuta was also affected notwithstanding the regular use which is made of that port by Soviet flag ships.

Reverting to the items which showed increases, the Revenue took credit for a surplus on the Note Security Fund amounting to £124,805 which became available for transfer once the 1976-77 accounts had been finally closed. The surplus was principally due to appreciation in the value of the relevant investment portfolio. A similar situation arose in respect of the Government Savings Bank which also benefitted from the annual revaluation of the investments held. The estimate of £10,000 was based on the assumption that the appreciation revealed by a revaluation of the Bank's investments as at 31st January, 1977, would not be eroded by the end of the year. In the event there was a significant appreciation of investments amounting to £71,714 with a net loss on portfolio transactions of £23,500. The estimate of £10,000 moreover did not include any element of profit on the operations of the Bank and after making allowance for this - it amounted to £85,800 - the actual revenue brought to account rose by £120,000.

Other noteworthy increases over the amounts originally estimated were the Internal Revenue head which is expected to produce an additional £184,000 as a result of increased rate collections and an unexpected £50,000 by way of estate duty; receipts from berthing charges were boosted by £90,000 largely as a result of the continued stay of the tanker "Ottawa"; revenue from reimbursements is also expected to exceed the estimate, in this case by £327,000 due in part to a higher payment from the Admiralty in respect of its share of Police costs and partly by way of recoveries from the public utility

special funds of increased expenditure incurred by the Consolidated Fund on the undertakings; and finally an additional £80,000 accrued to Revenue from interest on Consolidated Fund investments.

On the other side of the account there were some shortfalls. Revenue from licences was affected by the delay in settling the dispute between the Government and the major sporting club as a result of which no revenue was collected under subhead 7 of Head 4. The shortfall of £80,000 from this source was partly offset by increased receipts from motor vehicles fees.

Net profit on the Government lottery is not expected to reach the original estimate of £311,000 - not quite: the revised figure is £293,000. There were for a time fewer vendors than usual and as a result a greater than average number of tickets were returned unsold. This situation, happily, was only temporary and sales have returned to normal. Indeed over the last two weeks there has been a complete sell out. The Government lottery is very much an established feature of the Gibraltar scene and its success year on year reflects much credit on the Advisory Committee and on the Treasury staff concerned with its administration. As announced last week the extraordinary June draw will be for a record £30,000 first prize. Tickets will go on sale at the beginning of May at £3 each.

The interest rate charged on capital expenditure recoverable from the public utility undertakings mirrors the rate payable on the Government's account in the Joint Consolidated Fund at the Crown Agents. This fell progressively during 1977-78 in line with the reduction of the UK bank rate from 11% at the beginning of the year to 4% in February 1978 and consequentially therefore the rate charged on the Special Funds was also reduced. The effect is shown by a reduction of £106,000 in the interest recoverable from these Funds under Head 7. Netting out this shortfall against the higher receipts by way of interest payable on the Consolidated Fund investments, the overall revenue from interest was down by only some £24,000.

So much for the Consolidated Fund account in 1977-78.

The Trojan Horse in the Government's financial position and absolutely crucial now and in the future to the City's financial viability is the level of subsidisation of the consumer services - that is electricity, potable water and telephones - and the extent to which public housing per se continues to be subsidised as opposed to the payment of discriminating subsidies to individual occupiers of housing by way of equitable rent relief arrangements.

Total expenditure on these consumer subsidies in 1977-78 was £2.54 millions. Of this £1.67 million was accounted for by the estimated deficits brought forward from 1976-77.

These deficits were actually slightly less than forecast: in the case of electricity the betterment was £48,000: in the case of water there was an improvement of £17,000 and for telephones the figure was £27,000. Taken together there was thus an overall improvement of some £92,000 and the Services Special Funds went into 1977-78 with the following uncovered deficits: electricity £601,628; potable water £779,299 and telephones £196,793.

Except in the case of telephones the increases in charges which were introduced in the Finance Ordinance last year were not intended to meet these deficits in full and further subsidies amounting to £870,000 were voted. These it was estimated, would produce marginal end of year surpluses on the electricity and water funds.

In view of the over-riding importance which the cost of these consumer services has for the Government's financial position now and in the future, I shall deal with each one separately starting with electricity. As I do so Hon Members may find it useful to consult Appendices 'A', 'B' and 'C' to the draft Estimates appearing on pages 107 to 109.

Net of the smaller deficit brought down from 1976-77 total expenditure on electricity generation was only very slightly greater than was originally estimated - about 4½%. Most of the items making up the expenditure cost rather more but for the reasons I have already explained there was a reduction of capital charges from an estimated £152,000 to £128,000. On the income side however, there was a substantial drop due very largely, I regret to say, to an over-estimate of the revenue in respect of bills issued and, as a result, the marginal end of year surplus which was forecast is likely to be a deficit of about £160,000.

Total expenditure on the supply of potable water was £1.07 million. Net of the smaller deficit brought forward from 1976-77 this was some £8,800 more than was originally estimated. The biggest increase was on Other Charges expenditure. This, however, was more than offset by reduced capital charges. Income was boosted by sales of imported water to the Property Services Agency amounting to some £42,000 and by other unbudgetted receipts of £4,000. The net result was an increase in the forecast surplus to £44,570.

There was also a larger end of year surplus on the Telephones Services Fund than was forecast. Income, exclusive of the subsidy went up by £9,000 and expenditure net of the reduced deficit brought down, increased by some £5,000.

Overall the Government's financial position deteriorated sharply and it will start a year in which it will be faced with huge increased costs, with a somewhat smaller Consolidated Fund balance than the £2.5 million which was forecast in last year's budget. As I have explained, the main reason for this deterioration was increased expenditure, much of it, but by no means all, virtually inescapable - the cost of the interim award and residual payments on account of the 1974 Pay Review for example - and had it not been for some substantial, unforeseen revenue receipts the end of year position would have been considerably worse than it is.

Finally the Improvement and Development Fund. The surplus shown in the estimates as presented to the House last year to be carried forward into 1977-78 was put at £67,000. In the event the figure was £55,000. Expenditure on development during the year amounted to £2.16 millions and receipts £2.36 millions of which the bulk came from United Kingdom development aid - £1.63 in round figures - and the balance from local sources. As at 31st March 1978 the revised estimated surplus is therefore £257,000.

Progress on the Programme as a whole was slower than expected mainly because no start was possible on a number of major projects - the Girls' Comprehensive School, the Public Works Workshops and Garage and Port reclamation for example. Moreover, progress on some on-going projects was considerably retarded by the prolonged period of industrial action during the summer months.

Since the revenue of the Improvement and Development Fund in 1977-78 was largely derived from United Kingdom development aid funds, there is a close relationship between actual expenditure and actual revenue. The slower progress achieved resulted in decreased issues and hence the much reduced level of revenue as compared with the Estimates.

The surplus balance which will be brought forward into this year is derived from local funds and is fully committed on on-going works.

And so to the estimates for 1978-79.

There are no changes in the format used for last year's estimates but this year we have taken advantage of technological developments and the skill of one member of my staff in applying them to produce the draft estimates in booklet form which I am sure Hon Members will find greatly more convenient than the unwieldy, cyclostyled sheets with which they have had to contend in the past.

There is however one important change from last year which the House should note. Expenditure on and revenue in respect of public housing has been funded and the estimates of the Housing Fund are set out in Appendix D on page 110. The establishment of a Housing Fund has been under consideration ever since the public utility services were put on a funded basis in 1976 - to which indeed the establishment of such a fund is a logical sequence. Like the public utility funds, the Housing Fund was established by the Governor under section 6(2)(b) of the Public Finance (Control and Audit) Ordinance and like them also it will be governed by regulations. These were published in the Official Government Gazette on 2nd March 1978.

The regulations enunciate the same basic accounting principles which have been applied to the other funded services and these principles are designed, as the House is aware, to separate the financial operations of the service from the Consolidated Fund and by so doing to show an accurate account of the true cost of providing that service. For the Housing Fund that includes of course the very high cost of maintenance. There is in the case of the Housing Fund however, one important departure from the pattern followed in establishing the other public service funds; no attempt has been made to extract from the accounts of past years the figures necessary to establish the accrued deficit.

Although the Housing Fund will share a common accounting method with the other service funds, the regulations must necessarily recognise the particular requirement of the service concerned. Capital expenditure on housing has in the past been very largely financed by grants of development aid funds and for the next three years at least development aid will continue to be available to meet a substantial part of the total cost of the Government's housing programme. The Housing Fund will not therefore be charged with capital expenditure incurred on the construction of Government housing schemes but where specific loans are raised for this purpose the Fund will, in accordance with the regulations which govern its operation, be charged with the cost of the interest payable on such loans.

The notional housing account which has been the target for a great deal of criticism from the opposite side in past years has needless to say, been abolished.

Seldom, if ever, has a set of estimates had to be prepared in circumstances of such uncertainty about the extent of the Government's financial commitments in the year ahead. These remained a matter for speculation until April the 8th when the Official Employers tabled at Gib Pay 76 an offer to grant parity of salaries and wages from 1st October 1978 and to pay retrospection on the basis of 85% of parity from 1st October 1976 and 90%

from 1: October 1977 plus appropriate supplements.

Two years ago the Government was criticised for bringing to the House estimates which did not show the likely cost of a salaries and wages settlement which was under negotiation at the time. There is a vital difference between the position then and the position now. The negotiations in March 1976 had not reached a stage where there was any basis on which an estimate could be made. As I said at the time, an estimate can only be made on the basis of a computation or calculation from known facts and their implications. That was exactly the position on April 8th the day before the Estimates were due to be distributed to Members of the House: there was a definite offer on the table and the House and the public had a right to know how that offer, if it were accepted, would affect the Government's finances and what it would be likely to cost the taxpayer. And that is what the Estimates show.

The offer announced last Thursday, to settle the 1976 Pay Review on the basis that parity of salaries and wages will be paid with effect from 1st July this year will of course have the effect of changing some of the figures in these Estimates. The details of these changes must wait for a moment because the Estimates which are now before the House and which the House will be considering in detail in Committee reflect the position as it would be had payment of parity been effective from 1st October. At the end of this statement I shall give the House details of the changes which will have to be made as a result of the offer which has been made. But until then it is to the Estimates which are before the House and to the figures which appear therein, based as they are on the official employers' offer of April 8th, that this statement is directed.

The total estimated gross cost to the Government of the Official Employers' offer is £6.5 millions and provision of this sum has been made as a block vote under Head 29. An enabling clause has been written into the Appropriation Bill 1978-79 to permit what would otherwise be impossible; namely the reallocation of this sum, as and when required, to the ordinary heads of recurrent expenditure. The gross cost estimate is made up of £2.9 millions for retrospection up to 31st March, 1978 plus £3.6 millions for salaries and wages in 1978-79 at the rate of 90% of parity for 6 months and 100% for 6 months. It includes also the cost of the appropriate supplements. On that basis the tax take including of course the amount attributable to the payments made to employees of the Ministry of Defence, the Property Services Administration and the Department of the Environment is estimated to be £3.8 millions and the enhanced contribution by the Admiralty in respect of its share of the Police Force £290,000. It is also estimated that some £250,000 will be recouped from indirect taxation as a result of increased

consumer spending on dutiable goods. The total estimated net cost of the offer which will have to be borne by Gibraltar taxpayers is thus £2.16 millions. It is probable that one or two other heads of revenue may also benefit - MOD payments for children at Government schools and services performed by Government officers are two examples. In no case could the amounts be large however and no allowance has been made for such probable additions in the figures I have given.

The greatest financial impact of any settlement of the current salaries and wages negotiations will be felt on the traded services for electricity, potable water and telephones and on the Housing Fund. I shall have more to say about this later; for the moment I want to deal with the Government's estimates of revenue for 1978-79.

Direct taxation has now far out-stripped indirect taxation as the principal source of Government revenue. The estimated yield in 1978-79 is put at £9 millions and as I have already explained, this includes an amount of £3.8 millions in respect of the April 8th pay offer. The estimate also takes account of the fact that the interim payment of £250 made at the beginning of this year was taxed at a flat rate of 25% and that, as a result, some additional tax is likely to become due and payable when individual final assessments are raised. The amount likely to be due has been put at £80,000.

On the basis of receipts in the financial year which has just ended and making allowances for the effect of inflation on ad valorem duties, the revenue of customs could be expected to increase by about 5%. Allowing £250,000 for the effect of the additional purchasing power following a pay settlement, the estimate for 1978-79 is £3.65 millions. I have already discussed the decline in bunker traffic during the past twelve months or so and with shipping generally at a low ebb and little to encourage a belief that the tide is turning, the estimate of revenue from export duties has been put at £90,000.

A number of small increases are budgetted for under Head 3 - Internal Revenue - but a sizeable increase of some £121,000 by comparison with receipts last year has been estimated for revenue from licences - Head 4. The estimate assumes once again that the dispute between the Government and the major licensee will be resolved and that payment of all outstanding fees will be made during the financial year.

With the setting up of the Housing Fund rents will be credited directly to the Fund. The decrease of £619,000 under Head 5 is virtually entirely attributable to the

funding arrangements.

Departmental Earnings - Head 6 - once again shows a very substantial increase over the original estimate for 1977-78. This is as it should be and is evidence that, speaking generally, departments are making efforts to see that the charges levied for the services they render are realistically related to the cost of providing those services. There is, unfortunately, nothing to warrant an assumption that the Supreme Court in the exercise of its Admiralty Jurisdiction will have such a profitable year as it did in 1977-78 and revenue from Court Fees is expected to return to about its previous modest level. There are, however, a number of items which are expected to show increased receipts. Hospital Fees is one; the increase of ten pence in the weekly rate of contributions under the Group Practice Medical Scheme is expected to boost total receipts to an estimated £311,500. Port earnings will be affected by the departure of the tanker "Ottawa" and berthing charges are expected to produce slightly less than the original estimate last year which did not in fact make any assumptions about the tanker's continued stay. The turn-around of container ships is much faster than that of conventional cargo ships but any reduction of berthing charges as a result of this will be offset by revenue from the charges levied on the containers themselves. These charges are estimated to produce £20,000.

There seems little likelihood that philatelic sales in 1978-79 will match the record level of last year which were, as I have already noted, due to the outstanding success of two special issues. Nonetheless Gibraltar's philatelic business is steadily increasing and revenue from this source should show a significant increase over actual receipts in 1976-77, which philatelically speaking, was more likely to be comparable with 1978-79. However, relative to income the cost of administering the Philatelic Bureau is edging up and one would hope that the ratio of cost to earnings can be reduced. Having said that however, it is only right that I should draw attention to the very considerable success which has been achieved by the Philatelic Bureau in increasing the sales of Gibraltar's stamps during the last two years. Revenue from philatelic sales in 1976-77 the first year in which receipts from such sales were shown separately, was £384,000: this year the estimate is £½ million. The decision to set up the Bureau and to promote sales was something of a gamble but the results have been fully justified and the staff concerned are to be commended for their efforts.

In estimating the revenue likely to accrue from the operations of the Gibraltar Savings Bank in 1978-79 allowance has not only been made for the probable excess of the Bank's assets over 115% of its liabilities but credit

has also been taken for the amount likely to become available for transfer under section 13(2) of the Savings Bank Ordinance - that is, the estimated surplus of income over expenditure arising on the operations of the Bank during the year. A revaluation of the Savings Bank's assets as at February 1978 showed an appreciation of £18,500 and making the same assumption as last year - namely that this appreciation will not be eroded - the estimated value of the reserve as at 31st March 1978 is thus £240,653. The Bank's liability to depositors, which stood at £1,481,023 at the beginning of the year rose, however, to £1,507,623 at the 31st March 1978 and with an estimated £60,000 in respect of interest to be capitalised on that date the statutory reserve will be £235,000 as compared with £222,153 last year. The estimated excess of the Bank's assets over 115% of its liabilities available for transfer to revenue under section 13(1) of the Ordinance is therefore £5,653. An operating surplus of about £79,000 is forecast for 1978-79. By comparison with last year this may be a slightly pessimistic figure but any estimate of the operating surplus is subject to several imponderables not least an assessment of whether there will be a significant increase in the Bank's deposits. In the circumstances in which we are entering this year it is to be hoped that there will be: in that case the statutory reserve will rise and the increase will reduce the transferable profit. All things considered therefore it seems prudent to err on the cautious side at this stage and to reassess the position when the estimates are revised towards the end of the year. The estimate is for a total transfer of a round sum of £15,000. An appendix setting out the detailed figures I have been discussing will be distributed with copies of this statement.

Revenue transfers amounting in aggregate to £1,050,000 are estimated to accrue from the management of Gibraltar's currency notes. This amount is made up of three elements. First the income of the Currency Note Income Account is expected to be £400,000. The value of notes in circulation as at 31st March 1978 was £4.34 millions and circulation would seem certain to rise during the remainder of this year. There will therefore be a consequential increase in the level of investments and thus of interest receivable. Second, the appreciation in the value of investments held on account of the Note Security Fund as at December 31st 1977 was £127,000. It has been assumed that there will be no appreciable adverse change by the end of the financial year and that an estimated surplus of £150,000 will become available for transfer during 1978-79. Thirdly there is the "windfall" gain of £½ million which will arise from the demonetisation of all £5 and £1 notes of the old design. This is quite frankly a "guesstimate" rather than an estimate and is derived from the total of the old series notes known to be in circulation less the numbers returned up to 31st March, 1978, and an assessment of the declining trend of weekly returns of old notes to the



Treasury during the previous two months. As I have already said the old notes will be demonetised later this year with, of course, ample warning.

The interest receivable from the Public Utility Funds and brought to account under Head 7 represents, as I explained in the course of the debate on Supplementary Estimates No 5 of 1976-77, the recovery of interest by the Consolidated Fund on capital sums which the Government has technically lent to the undertakings for development. The estimate takes account of the further sums to be made available to the Public Utility Undertakings this year from the Improvement and Development Fund for capital expenditure and has been calculated on a rate of 5%.

My final comment on the Revenue Estimates relates to Head 8 - Reimbursements. As a whole reimbursements to the Consolidated Fund are estimated to produce £3.28 millions more than the revised estimates for 1977-78. This is due mainly to the setting up on 1st April of the Housing Fund, from which the Consolidated Fund will recover the voted expenditure on housing, and the effect of the pay settlement on it and on the public services Special Funds. The estimated recovery from the Housing Fund is put at £1.92 millions the other Funds will repay £4.26 millions or £1.07 million more than last year. The other major item of revenue within this Head covers the contribution payable by the Admiralty in respect of its share of the Police Force. The large fluctuations in the annual payments is due to two things. First, there is the distorting effect of the delays in settling the 1974 and 1976 Pay Reviews; second there is the inevitable time lag between the submission of claims for reimbursement and actual payment. Consequently the actual revenue collected and brought to account in any particular year cannot be strictly related to the actual expenditure on the Police Force in the same year. The estimate for 1978-79 may appear at first sight to be inflated by comparison with previous years; it takes account however of the much larger contributions which will become due when the full effects of the interim £250 payment and the 1976 settlement work their way through. The latter, as I have already mentioned, is estimated to involve an increased contribution of £290,000.

Now for expenditure.

By comparison with last year's estimated figure, total Government current account spending in 1978-79 is estimated to rise by 4½% to £24.8 millions, expenditure on recurrent services being £23.6 millions the budgetary contributions to the Improvement and Development Fund £330,000 and subsidies to the consumer services and to the Housing Fund £0.9 million.

Expenditure chargeable on the Consolidated Fund without

appropriation, that is statutory expenditure, is estimated to rise by £480,000 as compared with the original estimates for last year and by £195,000 as compared with the revised estimates. The cost of pensions and gratuities is put at £840,000. The consequential increase in the cost of pensions and gratuities which will follow settlement of the Pay Review is not included in this figure but has been allowed for in the block provision under Head 29.

Expenditure on the Public Debt is expected to reach just over £1 million in 1978-79 an increase of some £300,000 over last year's estimates and almost double the amount actually required in 1976-77. Following the reassessment, which I mentioned earlier, of the necessary sinking fund provisions for the redemption of certain loans, there are higher contributions in respect of the 1980 loan, the 1971-87 loan, the Viaduct Housing Scheme loan and the 7½% Tax Free Registered Debenture issued in 1975. Sinking fund provision is also made in respect of the 7½% Debenture Loan 1992 issued during the last financial year.

The House will have noticed, I am sure, that tentative provision has also been made under subhead 36 of the Public Debt Head for the servicing of new loans which it is the Government's intention to raise in 1978-79 in order to finance, in part, the 1978-81 Development Programme. It will be more appropriate to deal with this item in the context of the next Development Programme when I come to the Improvement and Development Fund estimates.

In my statement last year I devoted a little time to reconciling the expenditure which the House was being asked to vote for the public utility services with the estimates of the three related Special Funds. I think the House found that useful. But rather than go over the same ground again in the course of this statement an explanatory note is attached to the circulated text of the statement, which will, I hope, assist Hon Members to reconcile the expenditure as shown in the estimates of each Special Fund with the relevant votes in the body of the main Estimates.

The estimates of recurrent expenditure, together of course with the details of the Improvement and Development Fund Estimates, will be fully dealt with during the Committee Stage. I shall therefore move on to the financial framework of the Government's Development Programme for the next three years.

The Programme as reflected in the Estimates calls for capital expenditure of £22.3 millions with a requirement for a further £4.5 millions for a new desalination plant should the on-going subterranean exploration prove negative or fail to yield potable water.

As announced on April 6th at the conclusion of the aid talks

with the Rt Hon Mrs Judith Hart, Minister for Overseas Development, Her Majesty's Government has agreed to provide up to £13 millions of development aid grants towards the Government's capital programme. In addition a further £1 million will be available under Technical Cooperation arrangements. The grants will be applied to three main sectors - housing, including modernisation and repairs as well as new construction; education in respect of which the bulk will be for the Girls' Comprehensive School; and Port Development.

Hon Members will appreciate that the Estimates which are now before them had to be prepared before the aid talks took place. In those circumstances there was no sensible alternative but to reproduce in the Estimates the content of the Government's aid submission which formed the basis for the talks with Mrs Hart. To attempt to explain the adjustments which are necessary following the aid talks would, I think, only have confused the House. I thought it better therefore to incorporate the necessary changes in a re-printing of the Improvement and Development Fund estimates and these were circulated to Hon Members last week together with a revised Financial Statement of the Fund. The new Financial Statement and the reprinted Improvement and Development Fund Estimates replace those which appear in the Estimates booklet which Hon Members have in their possession. I give notice therefore that I shall move a motion when the House goes into Committee on the Estimates to delete Page 5 and pages 85 to 106 inclusive and to substitute therefor respectively the new page 5 and the new pages 85 to 106 inclusive.

There seems to have been some uncertainty in the past, both inside the Government as well as outside, as to the exact nature of Her Majesty's Government's agreement to provide aid funds for development purposes. It may be as well to take this opportunity therefore to clarify the matter. Except in respect of the Girls' Comprehensive School, the Port Reclamation project and the £3.2 millions of on-going projects already approved, the British aid grants for the next development programme have been made on a sectoral basis and their application to any particular project is dependent on the Ministry of Overseas Development's specific approval of that project. Each project other than those which are on-going and those which have already been approved must therefore be the subject of a separate application. In the case of small value projects the application takes the form of a justification together with a relatively simple description of the works involved and detailed estimates of cost. Such applications are generally approved quickly. But for large value projects a much more comprehensive appraisal is required and at the present time those estimated to cost more than £800,000 have to be recommended by the Projects Committee and be approved by the Minister for Overseas Development. For such projects the

application must provide in addition to a comprehensive appraisal, a comprehensive social and economic justification. The Girls' Comprehensive School and the Port reclamation projects came within this category. This procedure inevitably takes longer. This is not a new requirement but the point I wish to stress is that because the British Government has agreed to provide aid funds for new housing, it does not mean that we are now free to go ahead and spend, for example, the £125,000 provided this year under Head 101 for the St Joseph's Hospital housing project. We can only do so once we have obtained specific approval for that particular scheme.

The Government's planned contribution to the Programme is a minimum of £8 millions including £3.5 millions for power development. If it should prove necessary to invest in new desalination plant it will be necessary to raise an additional £4.5 millions and if circumstances were to arise in which a new airport terminal would be justified the Government has accepted that the project which would be likely to cost £1.5 million would be locally financed, the debt burden being borne between the users and the beneficiaries. While it is obvious that a completely new air terminal building could not be designed and built within the three years of the Programme period, the item appears in the Estimates for contingent planning purposes. In the meantime a strictly utilitarian extension is planned to ease the present congested arrivals and departures area and it was agreed at the aid talks that a specific project for this would be considered for development aid financing.

It must be accepted in principle that revenue-earning investments such as a new electricity generating station and, should it be necessary, a new desalination plant, should be self-financing. It follows that the cost of these essential developments will have to be found by borrowing and that the consequential debt servicing will have to be met eventually by the consumers of electricity and water. The Government has made great efforts to ascertain whether loan finance for projects of this kind could be obtained on soft terms and regretfully I have to tell the House that it cannot. There will be no alternative therefore to borrowing on the open market and this means paying the going interest rate and accepting relatively short term credit. Both could be made less onerous if Her Majesty's Government were willing to guarantee the borrowing and this point was made in persuasive terms to the Minister for Overseas Development during the course of the aid talks.

Notwithstanding that it would be an unusual step for Her Majesty's Government to take, it is sincerely to be hoped in the light of the extremely heavy debt burden which this essential investment implies for the whole community (and relative to the size of the investment it is a tiny community) that Her Majesty's Government will see its way

to making an exception in this case. But whether or not the debt servicing burden can be eased in this way the Government is considering ways and means in which the burden on the consumer can be spread over a longer term. But shielding the consumer from unduly heavy debt servicing charges at the outset of a relatively short loan period can only mean that the burden will have to be borne initially by the Consolidated Fund. This will place a severe strain on the Government's liquidity position in the light of the projected Consolidated Fund balances for the next few years.

Excluding the investment in power development the Government is faced with financing a further £4.5 millions to meet the planned minimum contribution to the Development Programme. £1 million of this sum will come from annual budgetary contributions of which the first tranche of £330,000 has been provided in the Estimates under Head 27. It is also proposed to offer a similar sum each year for public subscription by way of a local tax free debenture loan and it is planned to raise the balance of £2.5 millions over the three year period by mobilising savings through the implementation of a house purchase/home ownership scheme utilising the investment capacity of the Government's own funds augmented by mortgage finance from the banking sector.

This brings me back to the estimates of expenditure on the Public Debt for 1978-79 and in particular to the amount provided under subhead 36 for the servicing of new loans to be raised during the course of this year.

The total local borrowing requirement in aid of the Development Programme in 1978-79 is £830,000 plus the loan facility for power development for which provision has been made under Head 111 of the Improvement and Development Fund. Part of this £830,000 will be raised as I have explained, by the issue of a further tax free debenture loan for local subscription. The planned amount is £330,000 but the Government will be ready to increase the amount if the response warrants it. The remaining £½ million will have to come from internal borrowing from the Government's own funds including the Social Insurance Fund which so far has not taken up any Gibraltar Government securities.

The additional £1 million which is referred to in the footnote on page 17 of the Estimates relates to the loan facility to be negotiated for power development. From the latest reappraisal of this project it is now clear that it will not be possible to commit so large a sum this year and the estimate as printed is considerably overstated. The Government is now advised that £250,000 is the most that can reasonably be spent in 1978-79 and hence it is necessary to alter a number of the figures in the Estimates. First the provision for new debt servicing under subhead 36 of the Public Debt will be reduced by £75,000 to £65,000 and the estimated provision for

capital charges on the Electricity Undertaking Fund will be reduced by a like amount. This latter amendment gives rise to a consequential reduction of the same amount under subhead 9 of the Reimbursement Revenue Head. The amended Improvement and Development Estimates (which were circulated to Hon Members last week) reflect the changes on both sides of the account.

The net result of all these adjustments is to reduce the estimated deficit for the year on the Electricity Undertaking Fund from £698,260 to £623,260. Since both revenue and expenditure are equally affected the Estimated Consolidated Fund balance as at 31st March 1979 remains unchanged. I need hardly say that the Approved Estimates will of course incorporate all the changes I have mentioned.

I have left until last the vital crux of this year's budget.

Paraphrasing my own words earlier in this statement, the subsidised consumer services and subsidised housing rents are together the Trojan Horse in our financial midst. Just how crucial the continued payment of these huge subsidies is to Gibraltar's financial viability can be seen by comparing the Financial Statement on page 5 of the estimates with the estimates for these services as shown in Appendices A, B, C and D on pages 107 to 110.

Inclusive of the financial effects of parity of salaries and wages on both sides of the account, ordinary revenue is expected to exceed ordinary expenditure by almost £1.7 million. The cost of retrospection for the consumer services and the Housing Fund cannot of course be passed on by way of increased charges and rents: that cost is a fair charge on the general revenues and the Estimates so provide. In aggregate, retrospection is estimated to cost the four funded services £762,000. In the case of telephones and potable water, the respective Special Funds are expected to bring forward from 1977-78 small surpluses: the Electricity Special Fund will bring forward a deficit of £160,694. In aggregate net terms therefore, the general revenues will be required to bear a total of £845,297 and provision for an appropriation of this amount has been made under Head 28. This sum reduces the estimated surplus of ordinary revenue over recurrent expenditure to £833,393 out of which provision has to be made for the budgetary contribution of £330,000 to the Improvement and Development Fund. Thus there is an overall estimated revenue surplus of £503,393 making the projected end of year consolidated fund balance £2,429,569.

If that was the whole story I for one, would now be emulating the proverbial Cheshire Cat. For on the basis of the existing levels of taxation Gibraltar could look



forward to a very comfortable revenue surplus every year and a steadily growing reserve balance with all the interesting possibilities which such a position would offer.

But it is not the whole story; very far from it; because that enticing prospect is only realisable if the consumer services are paying their way and if housing rents meet the annual cost of maintaining and servicing the housing asset. Sadly this is a long way from being the case. Although charges for electricity, potable water and telephones were increased last year only the telephone service is paying its way; the other two undertakings are still dependent on large annual, I repeat annual, subsidies from general revenue. The same is true of the Housing Fund. Taking a hypothetical situation in which a pay review did not exist and inflation was at zero, no less than approximately £1.2 million would need to be found each year to meet deficits on the electricity and water undertakings with another £1 million for the Housing Fund. Moreover that figure of £1.2 million a year for water and electricity does not include anything for the servicing of the new debt commitment.

The payment of parity of salaries and wages will push these annual deficits up from £1.7 million to approximately £2.5 millions in 1978-79. On the electricity service the deficit will be a huge £700,000 on potable water a still larger £871,000; on the Housing Fund it will be a staggering £917,000, and the small current surplus on the operations of the telephone service will become a deficit of £88,000.

And it will not stop there. Inflation, if nothing else, will see to that. Moreover, the electricity service and quite possibly the water service are going to be faced with new debt servicing charges in the future and these will be very substantial even if arrangements can be made, as I believe they can, to spread repayments over a much longer period than the Government itself may have to face.

For over a decade Gibraltar's financial situation has appeared to be reasonably sound. Reserves have been maintained at a satisfactory level although when expressed as a proportion of total annual recurrent expenditure on the services provided by the Government the level has fallen steadily. But this is a case where all that glitters is not gold and the apparent good health has obscured a number of serious underlying weaknesses. There has been inadequate provision for the annual maintenance and renewal of Government property, especially housing; even so rents have been below what was needed to recoup the sums actually spent on maintaining and servicing the asset; electricity and water have been supplied at substantially less than cost; the telephone service has been similarly subsidised; latterly real wages and salaries have not kept

pace with rising costs but earnings have been artificially inflated by uneconomic overtime working.

Inflation, particularly during the second half of the last decade has been steadily uncovering these underlying weaknesses but its full impact has been masked to a considerable extent by two things. First the accounting: the abandonment at the time of the merger of the separate accounting arrangements for the public utility services which existed under the City Council, and the absorption of the accounts of these services into a single Government general account, henceforth hid the extent to which these services were in fact being subsidised from general taxation. Second, the introduction in 1975 of PAYE, making possible as it did, vastly improved income tax collections, produced a considerable upsurge of Government revenue which, temporarily, further obscured the true underlying position. But the reckoning cannot be evaded indefinitely and if Gibraltar is to remain financially solvent the unpalatable facts of the present situation have to be faced.

The Chief Minister will announce to the House presently the policy which the Government has decided to adopt to deal with this situation and the measures which it proposes to take to reduce the dependence of the public utilities and public housing on annual budgetary subsidies. All I shall say now is that the effect of these measures in 1978-79 will be to reduce the aggregate of the operating deficits on these funded services by approximately £1 million to around £1.5 million.

Individually the uncovered deficits on each service will be - potable water £717,000; telephones £4,000; housing £598,000; in the case of electricity it will now be £167,000 since as I explained a few moments ago the estimated provision in the Electricity Fund for capital charges will be reduced by £75,000. These uncovered deficits will have to be met by additional budgetary contributions - additional, that is, to the amounts already provided in the Estimates under Expenditure Head 28. Thus the total required under this Head will be £2.33 millions and the total of all the budgetary contributions shown on page 5 of the Estimates will therefore become £2.66 millions making the estimated Consolidated Fund balance shown on the same page for 31st March, 1979, £943,569. The estimated working surplus for the year of £503,393 will become a deficit of £382,607.

There are certain advantages in presenting the Estimates in late April: one is that it is possible to update the revised estimates of revenue and expenditure for the previous year and to give figures which are, or at least I hope they will prove to be closer to the final position when the books are eventually closed than is certainly possible with the normal revised Estimates. The latest available figures for revenue indicate that total receipts to the end of the year should exceed the amount

of £18,597,389 shown in the Financial Statement by some £113,000 and that total expenditure is likely to fall short of the amount shown by some £344,000. There is thus likely to be an overall improvement of £457,000 on the Consolidated Fund balance to be brought forward into this year will be in round figures, £2.38 millions.

The majority of the adjustments on the Revenue side are quite small, often a matter of a few hundred pounds, but there are some which are sufficiently large to be singled out for mention. Fees levied under the Companies (Taxation and Concessions) Ordinance produced £131,900 - £34,900 more than the figure which appears in the Estimates under Head 3 Subhead 9. Ground and Miscellaneous Rents yielded a further £32,400; labour accommodation charges £10,300 more; Court Fees £6,300; Hospital Fees £26,200; Berthing Charges £16,000 and reimbursements by the Ministry of Defence in respect of children attending Government schools an additional £12,300. The largest adjustment however, was the transfer to revenue of the sum of £54,807 in respect of a City Council Sinking Fund. The explanation for this is somewhat technical and I shall not bore the House with it. Let it suffice to say that a consequential effect will be an overall additional improvement in 1978-79 of £9,900. If I left it at that there would be one Member opposite at least who would instantly suspect the propriety of the transactions. An explanatory note is therefore attached to the circulated text of this statement.

There are of course some negative adjustments as well. Receipts from the general rate are not, in fact, now likely to reach to revised estimated figure of £1.1 million but will probably fall short by about £60,000; housing rents too are likely to fall short by about £7,000; sales of the gold and silver coins by about £42,000 - a most disappointing result - and interest on Consolidated Fund investments now looks like being some £10,700 less. Apart from these however, the shortfalls are expected to be, like those on the other side of the account, all of relatively small amounts.

The expenditure adjustments on the whole will involve on the whole, rather larger amounts and most Heads will be affected. The largest underspending by comparison with the revised estimate is in the Education Department where the actual expenditure is likely to be some £68,000 less. Spending on the Public Works Annually Recurrent vote is also expected to be less than the revised estimate, in this case the amount is likely to be about £60,000. The Port Department and the Police will both spend less - by rather more than £30,000 in each case - the Post Office by around £20,000 and it seems certain that there will also be underspending in the region of £18,000 or so in the Public Works Non-Recurrent, Secretariat and Tourist Office Votes.

Only five votes are expected to be more than the revised estimates previously made - the Customs Department, the Fire Service, the Medical and Public Health Department, the Prison Service and the Telephone Department. In no case is it likely that the amounts involved will exceed £8,000.

The approved Estimates will of course show in respect of every subhead affected the updated revised estimate. But I must enter a further caveat: there can still be further adjustments before the accounts are finally closed and submitted for audit: for example misallocations could be discovered and there could still be delayed debits in the pipeline; principally from the Crown Agents.

There is one change in the 1978-79 Revenue estimates which must also be mentioned. This is the amount in respect of the Widows and Orphans Pension Fund contributions shown under the Reimbursement head. The estimate for 1978-79 has been put at £27,000 overlooking the fact that increased salaries and wages will result in higher contributions. The additional amount which will be realised is estimated to be £48,000.

The improvement in the Government's end of year position which I have described, will of course carry through and enhance the estimated Consolidated Fund balance as at 31st March 1978-79. So too will the new figure for Widows and Orphans Pension Scheme contributions and the minor adjustment of £9,900 on the servicing of loans.

Allowing for all these changes, and of course for the effects of the intended increases in Public Utility charges and rents, the estimated surplus for the year of £503,393 shown on page 5 of the Estimates becomes a deficit of £924,707 and thus the estimated Consolidated Fund balance as at 31st March, 1979 will fall from £2.429 millions to £1.458 millions.

That, Mr Speaker, would have been the forecast position at the end of this year had the Official Employer's offer of April 8th been accepted as it stood. But as we all know the date offered for payment of parity has now been brought forward to 1st July.

The consequential financial effects of this on the Estimates are as follows:

First Expenditure: the additional gross cost is estimated to be £970,000 and the amount required to be appropriated under Head 29 will therefore rise from £6.5 millions to £7.47 millions. Of the additional gross cost £257,000 will be on account of the funded services and in accordance with the regulations governing the operations of those funds this will be recovered by the Consolidated Fund. But this additional expenditure by the four Special Funds will cause the budgetted deficits to rise and unless these are to be made good by further increases in charges and rents they will have to be financed by increased subsidies. Expenditure

under Head 28 will therefore have to be supplemented by an additional £257,000 and the total subsidisation of the consumer services and housing in 1978-79 will therefore be an estimated £2.59 millions.

Now the effect on revenue. Income tax receipts are estimated to rise by £710,000 and the additional disposable income in the hands of consumers is estimated to generate some £70,000 by way of increased customs duties. There will also be an increased contribution by the Admiralty on account of its share of Police costs: the amount is estimated to be £55,000. Finally there will be the recovery by the Consolidated Fund of the estimated additional expenditure incurred by the four funded services in the £257,000 I have already mentioned.

The additional net cost to the Government is therefore an estimated £135,000 resulting in a revised estimate of £1.323 million for the Consolidated Fund balance as at 31st March, 1979.

Mr Speaker, this year's estimates have been exceptionally difficult to assemble, beset as they have been up to the very last moment by uncertainties. In these circumstances it is all the more appropriate that I should end by acknowledging publicly the sterling efforts of all the staff who in one degree or another, have been concerned with the preparation, typing and printing of the Estimates and by expressing in particular my appreciation of the loyal and unstinted assistance which my own staff and the Treasury have given me.

I beg to move.

HON CHIEF MINISTER:

Mr Speaker, in the first place I think the House as a whole owes a great debt of gratitude to the Financial and Development Secretary for the exposition and the explanation that he has given in respect of a very difficult budget and, if I may say so, with the clarity in which when we go through all these figures with care, will be more appreciated than by just listening to words. This is the second year, I think, that the new procedure which was agreed comes into force and it is with pleasure, and indeed with confidence and optimism for the future, that I rise to speak on the Government's economic policies against the background of the financial situation and also against the wider context of our affairs generally. This is not to say that everything in the budget is going to be welcomed; nor does it mean that greater effort will not be required on the part of employees in the public sector; but it is still my hope that the Government's optimism is not only not misplaced but that it will come to be shared by the House and by Gibraltar as a whole.

The doubting Thomases and prophets of doom will have been shattered by the recent announcement of 14 million pounds of development and technical aid. It appears, Mr Speaker, that, after all, Britain is not going to sell Gibraltar down the river. The British Government has put its money where its mouth is, and its policy of supporting and sustaining Gibraltar in its difficulties is to continue - in generous measure, for the 14 million pounds represents a real increase in Britain's commitment as compared with the allocation for the last Development Programme.

This is the first of two major reasons for the Government's optimism. Important - and indeed vital - as is the hard cash for Gibraltar's social and development needs, even more significant is the boost to confidence and morale which this act of the British Government has brought about. It is now up to us, in that spirit of confidence, to bring the Development Programme to fulfilment, and this the Government is determined to do.

The development aid grants are mainly for housing, education and the port but it was agreed in the talks with Mrs Hart that, within the broad allocation by sectors, there should be as much flexibility as possible, subject only to the usual procedures for project approval as the Financial Secretary has explained. In the year since Gibraltar has been dealing on aid matters directly with the Ministry of Overseas Development there has been a great acceleration in the grant of project approvals and excellent cooperation generally. We are indebted to the officials in that Ministry for their sense of partnership in our endeavours to improve the quality of life in Gibraltar at a time when external factors prevent us from playing an even greater part in this than we are already doing.

There has also been a great improvement in the Government's own machinery in terms of pre-planning, project preparation and more technical staff, all of which should ensure that project approval and the carrying out of works will be speeded up.

The implementation of the programme should have a marked effect on the economy, especially in terms of increased employment in the building and construction industry and the efficiency of the port. This efficiency, we trust, will also be increased as a result of the discussions which have been initiated on the rationalisation of commercial operations in the port. We look to a solution which will serve the general interest while safeguarding, in a fair manner, the particular interests of all the parties concerned in these operations. I should like to take this opportunity, first, to thank Sir Howard Davis for kindly agreeing to chair these discussions so shortly after his retirement from the public service, and secondly to place on this House, which he knew so well

as its first Clerk and later as Financial and Development Secretary, our appreciation of his great contribution to the public service of Gibraltar over a long and distinguished career. We offer him and Lady Davis every best wish for the future.

The Gibraltar Government will be matching HMG's contribution to the Development Programme. The most important specific projects which the Government will be undertaking will be in respect of power development (£3.5 million) and, if the present deep drilling for water is unsuccessful, in respect of the construction of additional distilling capacity (£4.5 million). But the Government itself will also be making a substantial contribution in the housing sector. The former will impose a severe strain on the Government's financial resources in the short term, for the reasons which the Financial and Development Secretary has explained, and even though the debt servicing charges can be spread for the greater benefit of the consumers, the respective Special Funds will still have to bear a considerable additional burden.

Given the carry-over of £3.2 millions of projects already approved, the new programme is assured of a good start and the Government is in the process of setting up machinery to ensure, as far as humanly possible, that targets are achieved. Financial planning targets are now being worked out in accordance with the physical planning targets which have already been settled. The achievement of these targets will involve action by both the Gibraltar Government and ODM and the latter have readily agreed to play their part.

Housing continues to present an acute problem for a sector of the population and the Government intends to intensify its efforts to achieve the necessary relief in this essential area. The Government's overall housing policy embraces not only housing but the redevelopment of whole blocks, such as Tank Ramp, which will involve some new housing construction as well as the modernisation and repair of existing properties. A new and vital part of our housing policy will be a home ownership scheme.

The achievement of the housing targets (real needs have been identified and established as 460 units over a 5-year span) will require success in the mobilisation of local savings to supplement the ODM's contribution.

The home ownership scheme is an integral component of the Government's plans for mobilising these savings for investment in housing. It will take a little time to settle the details but we intend to press ahead in order to secure the very real benefits that the scheme offers. It is attractive in that it gives to tenants of Government property the opportunity of buying a valuable

and enduring asset the real value of which is more likely than many things to keep pace with inflation. The aim is to make it possible for existing tenants of Government flats to acquire those flats for a weekly or monthly payment broadly equivalent to the ultimate rents they would be paying. The capital required to finance the scheme will be obtained partly by utilising the investment capacity of the Government's own funds and partly by participation of the banking sector.

A successful home ownership scheme, because it will mobilise capital for investment in further housing projects, will contribute to the Government's ability to act more effectively for the welfare of those whose housing needs are greater in terms of income and family composition.

Another major element in the programme, the Girls' Comprehensive School, will satisfy the aspirations of all concerned with education - the Government itself, the teachers and the parents. Our latest information is that formal approval can be expected soon after the project has been considered by the Projects Committee in mid-May. The architects have been instructed to prepare the final working drawings and we hope shortly to be able to announce a satisfactory way of settling the long-drawn-out problem of the removal of the PWD workshops and garage.

I think there is no more appropriate moment than this to express the gratitude of the people of Gibraltar to the British Government, and to Mrs Judith Hart in particular, for their full and generous support in this latest development programme. To my mind, it typifies the very special relationship which exists between Britain and Gibraltar. This aid is not the product of calculated diplomatic policy although, as I have indicated, it has certain implications; nor is it - let it be said - in the class of aid given to those parts of the world where there is acute and desperate need; it is an aid that reflects a friendship of long standing and deep understanding, a friendship that could not easily be better personified than in Judith Hart, whose personal affection and concern for Gibraltar are as well known to us all as they are deeply and sincerely appreciated.

I turn now to the question of the pay review and the achievement of parity. Paradoxical though it may seem for a party that has so strongly opposed the concept of parity, this is the second major reason for our optimism for the future, given certain conditions. The House knows well enough the two main reasons for our opposition. The first of these, it will be recalled, was the view we held - and still hold - that the Government of Gibraltar, as an employer, should retain its own control of pay policy. We

believe that the Government should have the flexibility to vary local rates of pay from time to time, in negotiations with the Unions, in a way that would reflect the comparative worth to the community of a particular grade or class of employee. This mechanism enables a society to ensure that its economic and social needs can be adequately met through a balanced and judicious deployment of its manpower resources. To establish an automatic relationship with the pay structure of another society with a different set of economic circumstances brings about a situation in which the employer is no longer able to exercise flexibility. It is conceivable that such a situation could lead, on the one hand, to a shortage of workers in particular areas which are of importance locally, although they might be of lesser importance in Britain, and, on the other hand, to possible injustice to workers in such areas in terms of their relative worth.

Our second main reason for opposing parity arose out of our concern for the financial stability of Gibraltar and for its long-term economic wellbeing. We were advised at the time that Gibraltar itself could not afford to pay United Kingdom rates. We were also concerned to ensure, particularly at a time when Britain was undergoing severe economic difficulties, that Gibraltar should not price itself out of any part of the spending of the United Kingdom Departments which forms an essential part of our economy. The firm decision of the British Government at the time - and I have no wish to resurrect the controversies of the past - was that it was not prepared to concede parity.

Why then has parity been agreed to and why is it a reason for confidence for the future?

In the first place, the House will again recall that the bitter disputes of the last quarter of 1974 were resolved by an interim award and by an agreement to an independent inquiry. In this inquiry the late Sir Jack Scamp, while rejecting parity, adjudged that a direct relationship should be established, starting at a level of 70%, between pay in Gibraltar and the pay of corresponding grades in Britain. The Official Employers felt constrained to accept this judgment, the effect of which was, of course, to deprive the Gibraltar Government of that flexibility in pay policy to which I have referred. With reluctance and misgivings we honoured the findings of that inquiry and so did the British Government. Our first major objection to the principle of parity could no longer be upheld.

From the purely financial point of view, our consultations with the British Government in considering the claim for parity on this occasion established the fact that that Government was prepared to agree to parity without curtailing its spending in Gibraltar. As far as our own domestic finances were concerned, we were advised that, given substantial increases in the charges for a number of

services provided by the Government, as well as a reduction in overtime working the very substantial cost of accepting parity could be met.

It was with these considerations in mind that the Government informed the Union that, for its part, it was ready to accept parity on the basis that the existing MOD/PSA presence and activity in Gibraltar would continue for the foreseeable future, that considerable increases would be necessary in rents for housing and in charges for electricity, water and telephones which have hitherto been heavily subsidised out of general revenue, and that overtime working would have to be restricted to that which was essential for the proper running of departments.

We still believe that there are potential dangers and difficulties in the future, both in respect of pay policy and of high costs. But, having set this course for Gibraltar, for the reasons I have given, it is up to us to make it succeed. Caution, moderation and restraint will be essential by everyone.

The financial and economic effects of parity will be very substantial. A settlement from the 1st July will inject some £9 to £10 million of disposable earnings into the economy during 1978-1979. On the basis of the offer of parity from 1st July and taking account of the probable industrial public sector wages movement in the United Kingdom on that date the Government's gross annual salaries and wages bill will increase by approximately £4.8 million.

A growth of 15% in full time employment in the Gibraltar Government service over the past 2½ years, at a time when the level of employment outside the Government has been falling, has serious consequences for the economy, particularly when it is allied to increases in real wages and, because of the heavy subsidisation of the consumer services, to an effective shrinking of the tax base.

As far as the private sector is concerned, wages have not lagged as they have done in the public sector and it is not considered likely that the settlement of the Pay Review will give rise to significant retrospection in the former. But the injection of a huge amount of purchasing power should provide a considerable stimulus for trade.

For the Dockyard and defence spending generally, the effect of parity will be to put an even greater premium on productivity and stable industrial relations if there is to be continued viability. These matters are of importance in Gibraltar as a whole and I shall refer to them again later.

Inevitably, the cost and effects of the substantial increases in pay which will follow a settlement of the pay review will have to be met and, as already indicated to the Unions, charges for services and rents of housing



must go up and unnecessary overtime must come down.

As the Financial and Development Secretary has explained, settlement of the Pay Review will have its greatest impact on the subsidised consumer services for electricity, water and telephones and on the Housing Fund. At the present level of charges and rents the annual operating deficits in these services will go up by over £1 million.

This is more than we can afford if we are to have a reasonable reserve for contingencies and the unforeseen and the decision facing the Government therefore was not whether to increase charges and housing rents - that they all must go up should be obvious to all - but by how much.

It would be a simple and neat operation to pass on all the extra cost at once and so balance the funded services. But it must be realised that, in economic terms, the grant of parity by the Official Employers is the greatest economic event - or revolution - that Gibraltar has ever known. Whilst it is going to bring great benefits to a good part of the population - those employed in official employment - it is also going to bring great changes in our pattern of life. It will, for instance, bring hardship to those living on fixed incomes, for whom we will try to cushion the effect as much as possible. For all these reasons, and above all to give time to the whole of our population to adjust itself to this great change, we have felt that the funded services should be made self-sufficient not in one sweeping measure but in gradual though substantial stages, depending on how the economy develops.

In my statement at budget time last year I referred to the fact that proper accounts of the Public Utility Undertakings had been prepared in place of the notional accounts we had known up to 1976. As a result, we knew the exact cost of providing these essential services and could make a precise judgment as to the extent to which, in the situation, it would be fair to pass the cost to the consumer and to subsidise it from general revenue. I referred also to the United Kingdom practice of contributing money from central funds to local authorities to help them in providing the services for which they are responsible as well as to the fact that these contributions were being severely restricted. It has been found in Britain that no nationalised service can continue to be subsidised from Government funds indefinitely. It is a matter of political and economic judgment to assess the pace at which self-sufficiency can be achieved and the extent of correction at each stage of the process. But that a progressive reduction of subsidy to final self-sufficiency must be our aim is beyond question. Not to do this is to accept that the cost of these services will eat into any surplus of

revenue over expenditure. Conversely, with self-sufficiency we will in time be able to look forward to annual surpluses which will give the Government the financial manoeuvrability to develop social policies and provide relief where it is most needed.

The delay in settling the 1976 pay review as well as the inflationary pressure on wages did not permit the Government to go any further than it did last year. The continuing subsidisation of services and housing to the tune of £2.6 million this year must itself be regarded as a fiscal relief. It is simply not possible to enjoy electricity and water at less than the cost of production, to be housed at rents that are so heavily subsidised and to expect relief by means of income tax allowances and other measures. It is our wish to provide such reliefs, but our ability to do so is dependent on the extent to which the services provided are paid for by the consumer. Because of the radical change being brought about by this pay review it is our judgment that self-sufficiency cannot be attained this year. There is need for time for adjustment. It unfortunately but necessarily follows that there is need for time also before fiscal reliefs can be introduced.

In so far as overtime is concerned, the House should know that the level of overtime worked in the Government service has risen steadily since April 1975. In fact between that date and October 1977 the overtime bill for weekly paid workers has almost doubled and in real terms has gone up by over 40%. This upward trend is the opposite of what has been happening in the private sector where, in the same period, actual overtime hours worked have fallen by 25%. To make matters worse the same period of 2½ years has seen a steady rise also in the numbers employed in the Gibraltar Government service. In April 1975 it was 2700; in October 1977 it was 3100. This is the increase of 15% to which I referred earlier.

There will of course always be a need for some overtime working - for the maintenance of essential services, for dealing with emergencies, breakdowns and the like and on obvious special occasions. But average overtime working must be substantially reduced and must in future be related to the real needs of the job now that the basic wage is being considerably increased.

Taking account of the Government's decisions to raise public utility charges and housing rents and taking account also of all the other charges which the Financial and Development Secretary has explained, the Government will be budgetting for an end of year Consolidated Fund balance of £1.323 million.

The adequacy or otherwise of this balance as a Reserve is a matter for the Government's judgment in the light of the many matters which have to be taken into consideration at

any particular time. Three considerations are of particular importance in the light of the estimated reserve position at the end of 1978-79.

First, the existence in the 'book' reserve of £1.3 million of the amount of bills due for collection in respect of the public utility services and rents. This amount rose in 1977 to an average of around £700,000 at any time and with the increases in charges and rents the amount can be expected to rise still further.

Secondly, the Government's total estimated expenditure on current account in 1978-79 will be over £27 millions.

Thirdly, with budgetted development expenditure of some £7 millions, we must clearly expect that the Consolidated Fund may have to meet substantial calls for temporary advances on behalf of the Improvement and Development Fund.

In the light of these and the other considerations which were mentioned last year, the Government considers that it must augment the estimated reserve of £1.3 millions by raising an additional £0.3 millions. Details of the Government's proposals in this respect will be brought to the House in the Finance Bill.

I should add that the payment of parity of wages and salaries is likely to cause inflation in Gibraltar to be higher than that in the United Kingdom in 1978 - 79.

To return now to the second part of my earlier question, why, with all the repercussions I have mentioned, does the Government consider that agreement to parity is a cause of optimism for the future? One reason for this, as with development aid, is the further evidence it provides of Britain's continuing commitment to Gibraltar; a second, and in our view no less important, reason is our hope and expectation of greatly improved industrial relations for the future.

As to Britain's commitment in this respect - and what I am about to say applies just as much to the Gibraltar Government as it does to the Dockyard and the rest of the UK Departments - parity makes labour in Gibraltar, industrial and non-industrial, more expensive than it has ever been. For this reason there is a need to keep a careful watch on the growth of employment, particularly but by no means exclusively, employment of non-industrials. Staff inspection methods should help in this. But there is just as great a need to ensure that an expensive work force renders adequate results. We can no longer afford low productivity and must continue to guard carefully the viability of the Dockyard and generally produce a just and fair return for pay.

If, as has been stated, disparity of pay caused strong

feelings of frustration and dissatisfaction, then we hope that parity of pay will bring with it a new feeling and a new response. At the same time the Government accepts also that it has a responsibility, through management, to provide the necessary effective supervision and that it will do its best to bring about. It trusts that the Unions and all the staff will cooperate fully.

As to industrial relations, I have no doubt at all that the whole of Gibraltar wants industrial peace. We look forward to a real and lasting improvement in our relations, not only because the Unions will enjoy the satisfaction of having achieved a major advance which they have sought for a long time but also because of the need for moderation in the future. Gibraltar cannot afford any longer the kind of situation which unfortunately we have encountered. It is in the hope that the troubled times of the last few years will be no more, that the Government finds cause for optimism for the future following agreement to parity.

Finally, the Government looks forward with hope and confidence in the light of recent development in relation with our neighbours. The process of dialogue with Spain was a subject of very recent debate in this House and I do not propose to go into this at any length. As is now known consideration is being given to setting up working parties and three subjects - maritime communications, telecommunications and social security pensions - have been mentioned as examples. It is, I believe, a view generally held in Gibraltar that it is in the context of the EEC and a united - or inviting - Europe that the solution to the Gibraltar problem will ultimately be found. We are all aware that this process is likely to be a slow and possibly a lengthy one but I also believe that after dissensions of the past, with their legacy of the present, we may here too be turning a corner towards the direction of peace, progress and reason, with those outside Gibraltar as well as, in the other matters I have mentioned, among ourselves. This process could lead, inter alia, to economic benefits and while these could be important, even more important, in my view, would be the significance of any development of this kind in the overall process of possible restoration of friendly and normal relations which would be of mutual benefit. It is the Government's view that there are grounds for looking to the future with optimism - but not with complacency. We must literally pay our way and be prepared to work for the future, but the possibilities and the opportunities are there for the taking. Mr Speaker, in concluding this statement, I am sure the whole House will wish to join me in expressing our deep gratitude to His Excellency the Governor and Lady Grandy for their help and for their interest in and concern for our affairs during their stay among us. They have become familiar and well loved figures and have participated to the full in the many social and charitable events of Gibraltar. Those of us who have worked closely with Sir John know the depth and extent of his affection for Gibraltar and the manner in which he has constantly

striven to protect and further our interests whenever this has been necessary. We congratulate him and Lady Grandy on his recent appointment as Governor and Constable of Windsor Castle and in thanking them for their work for us, wish them all possible happiness for the future.

MR SPEAKER:

I am sure the whole House joins in endorsing the words of appreciation of the Hon the Chief Minister with regard to Sir John and Lady Grandy. I think we should now recess, perhaps, if the Opposition require a little time, until quarter past three.

HON CHIEF MINISTER:

Mr Speaker, I don't mind 3.30, it is more convenient than quarter past three. The point is that we have a considerable amount of business to transact and we have limited time in that there are members on both sides of the House who have commitments, including yourself. I wonder whether we might not, perhaps, be prepared this afternoon for a short recess for tea and carry on until about 7.30 or 8 p.m., if that will suit members.

MR SPEAKER:

If it is acceptable to the House perhaps we might recess for tea between let us say 5.30 to 6.30, come back at 6.30 and sit. until about 10.00 p.m.

HON CHIEF MINISTER:

Mr Speaker, with respect, I would have thought that if we had the usual half an hour for tea within the precincts and then come back and go on to a later session it might be more convenient.

MR SPEAKER:

I am thinking not so much about Members but about myself, Members have got the right to move out and refresh themselves. If we do have a short recess than it means that we have done exactly what we do on other times, that is, that instead of recessing for the day at about 7.30 we would go on later. I am saying that if the House wishes to sit until about 10.00 p.m. there is no reason why we shouldn't, if we have about an hour's break for tea.

HON M XIBERRAS:

Mr Speaker, I have no objection so long as the commitments of various people in the House on both sides and of yourself are able to be met. I have no objection to any variation in time but what we cannot agree to is that in the wash we would might lose time for the debate of the estimates. We

have a commitment on Wednesday in connection with the departure of the Governor. It would be a good idea to plan for a long sitting today otherwise we shall not have enough time to discuss the Budget properly.

MR SPEAKER:

May I say that we are debating something which should not be debated. An adjournment is a prerogative of the Chief Minister, a recess is my prerogative, but of course I always exercise my prerogative having sounded the views and feelings of the Members of the House and meeting their requirements. Perhaps, the answer might be to have a three quarters of an hour recess for tea between quarter past five and six and continue and see what happens.

The House recessed at 1.20 p.m.

The House resumed at 3.40 p.m.

MR SPEAKER:

Well gentlemen, before I put the question does any Hon Member wish to speak on the general principles and merits of the Appropriation Bill? This is the general debate on the Budget. Later on at the Committee Stage the House will be discussing expenditure Head by Head. Perhaps the Hon the Leader of the Opposition may wish to speak now but of course he can only speak once at this stage.

HON M XIBERRAS:

My only reason for hesitating for a while, Mr Speaker, was that I understood that the Chief Minister was going to make a statement.

MR SPEAKER:

The Chief Minister proposes to make a statement sometime during this afternoon.

HON CHIEF MINISTER:

If it would help the Hon the Leader of the Opposition. It is a short statement when I have it I will ask for his permission and interpose it without attempting to distract him from his main theme.

HON M XIBERRAS:

Mr Speaker, I was reminded during the course of one of the meetings, I can't remember which, during this year by some Hon Member opposite, that some seven years ago almost, I believe, to the day, I said on television that in 7 years time Gibraltar would have parity. This, undoubtedly, is the parity budget, the first of the parity budgets. For some this parity budget will mark a triumph of achievement after many



years of effort and for others it must signify a complete reversal of stated and fundamental policy which must lead to very serious questioning of the judgement of those involved as regards the management of our internal affairs. Among those who have in the past advocated parity in one form or another there is, of course, the TGWU and I would like to recognise the contribution made to the economy of Gibraltar and to the living standards of people here in Gibraltar of that union and all those other unions who in their time supported the claim for parity and that of Mr Joe Bossano inasmuch as he had the foresight to see that, perhaps, only by methods which have characterised him and the union has this parity come about. I say this with some regret, Mr Speaker, because being a reasonable man I would have hoped that the argument put in this House as early as 1969, sharply divided by Hon Members, official and elected, on the other side, over a long period of time should not have sufficient compellingness to have convinced those Hon Members who sat there in 1969 and those who have replaced some of those who did, of the rightness of this decision for Gibraltar. I say this also conscious of the fact that from time to time decisions taken by a union, or unions, have come under fire from myself on the grounds that the stability of Gibraltar was in question. I retract from neither proposition, Mr Speaker, and I rejoice that the Government, the Chief Minister in particular, has seen his way and to this I shall come later as to how he saw his way, to be able to stand up in this House and to state that, paradoxically, the second important consideration for his own optimism about this year's budget is, in fact, the introduction of parity itself. Mr Speaker, the unions have of course not been the only persons to advocate parity. As the House and Hon Members opposite are only too well aware, it was the programme since 1965, in writing, and embodied in the constitution of the IWBP and that party. suffered much political persecution for its ideas. The Chief Minister has on occasion opposed it on the grounds that it was linked up to the integration view of the constitution. He has said in this House that he was elected to oppose integration and I would have thought that parity was so much a part and parcel by his own definition of the idea of integration that he might have continued to oppose it, since obviously he has continued to oppose integration even now, or that he would have drawn some distinction between one and the other. Mr Speaker, the IWBP was consistent throughout, as Hon Members opposite are only too well aware, of its support of parity. I have here, not the party constitution which I might offer to Hon Members opposite, perhaps, after the statement of the Chief Minister today, but I do have here a letter to Sir Jack Scamp of the 19th June, 1975, running into 15 pages, a good deal shorter than what the Financial and Development Secretary had to tell us today and no doubt not as copiously documented with figures, but essentially, Mr Speaker, with as much

political sense as the Chief Minister obviously has today to be able to advocate parity after opposing it for so many years. In this letter, Mr Speaker, of the 19th June are set out not only the advantages to the working population of Gibraltar, the moral advantages, the economic advantages and so forth, but also the advantages to the budget, to the budgetary situation, and perhaps I might highlight this, since we were talking to Sir Jack Scamp at the time, highlighting the importance of parity in the interests of the stability of Gibraltar and the stability of that part of Gibraltar's economy which is dependent on defence spending. For instance, the letter says on page 2, and I have a copy for Hon Members opposite, that the moral case is unimpeachable, that support for parity is not or was not the prerogative of one party but it was something that was shared by all Gibraltarians who had a sense of grievance about the discrimination that existed, a historical sense of grievance about the discrimination that existed between United Kingdom recruited employees and Gibraltar employees. It talks about the effect on the siege conditions we were suffering, on page 3, and the desire for security and permanence of the Gibraltarians, not only as regards standard of living but also about their political security with which the idea of parity of wages is so vitally linked. It goes on to speak about the political dimension of this and perhaps the Chief Minister might reflect, in view of his statement today as regards Britain's attitude to us, that this link in wages is of fundamental importance in linking up also politically with Britain, as Mr Jack Jones very ably put it at the recent reception during his last visit to Gibraltar. Mr Speaker, the letter also goes on to talk about the employment situation in Gibraltar, and to this I shall come back because parity will work for as long as the employment situation remains what it is and for as long as Her Majesty's Government is able to sustain the position in the Dockyard and in DOE. It speaks of the attitude of Gibraltar Government Ministers, but I shall spare them the embarrassment of quoting from this particular passage, although I do mention that at least one Minister in the Government did advocate parity, along with myself, in the Gibraltar Teachers Association a considerable time ago. So, Mr Speaker there can be absolutely no doubt as regards my view and that of the Integration with Britain Party of which there are members on this side. Mr Speaker, the Chief Minister, in his address to the House, spoke about the factors that had led him to reconsider the question of parity. One of them, if I remember correctly, he insinuated was the changed attitude of Her Majesty's Government on this question. Mr Speaker, if the British Government did change its attitude to parity in general terms, this is a good thing. Mind you, I would not say that if the Gibraltar Government was against parity and the British Government was for parity that I would have necessarily supported over and above Ministers the view

of the British Government on this matter if such a support would have implied any derogation of the authority and responsibility of the elected government of the day whether I like it or whether I do not. Therefore, my support of parity is not in any way a giving way to pressures which might be described as extra parliamentary, it is a support which I can very honourably and very consistently give to the idea of parity because such support had been documented unimpeachably over a period at least stretching back to 1965, and probably earlier.

HON CHIEF MINISTER:

If the Hon Member will give way. I do not suggest that there has been any pressure. I have suggested that there have been changed attitudes and conditions.

HON M XIBERRAS:

I am referring to that part of the Chief Minister's statement where he was explaining his change of attitude on this matter. Mr Speaker, I think also this budget will be seen as an achievement for those persons in the Transport and General Workers' Union who have supported the local branch, and other unions in Gibraltar, in their aim of striving for parity. There have been times, Mr Speaker, when I have said that parity was there already without the needs for further industrial action. I firmly believe this to have been the case not so long ago. Whether it was necessary to push even further or not is a matter for the judgement of those concerned. But I had no doubt at all, after the Scamp Report was accepted by the Official Employers, that the final result could be only a matter of 5% out either way over a 100% or under 100%. I do not quarrel at all, Mr Speaker, therefore, nor do my colleagues, with the question of parity. I do take issue with the Government as regards the method of its introduction because, Mr Speaker, the Government have in fact now, after years of resistance, opened the flood gates. The dam they had built up against the idea of equality, of parity of wages, has been oped quite suddenly and it is a matter for concern as to with what attitude the Government has performed such an act. It is a matter for concern for the people of Gibraltar as to whether the Government acted out of conviction or otherwise. Whether it acted out of a consideration of the beneficial effects of parity or otherwise. Whether they acted out of a sense of responsibility, not only to its own employees and those in the public sector, but to the whole of Gibraltar for which it is responsible. The waters, Mr Speaker, may very well put some in danger of drowning. How much better for Gibraltar, Mr Speaker, if the Government had, even as late as 1974, when the idea of parity was being attacked by Hon Members opposite since 1969, how much better for Gibraltar if parity had come not out of confrontation which rocked the whole community, but come

out of cooperation, come gradually, come with the necessary gradual adjustments and not with the sudden ail, I fear, unprepared rush. I said, Mr Speaker, that the Government has a responsibility for the whole of Gibraltar. It has responsibility not only for the Budget but also for the economy of Gibraltar. I was listening carefully to the very detailed and, in its technical way, excellent address of the Financial and Development Secretary and I could not help feeling that his picture of the economy as opposed to the budget was not quite as optimistic as that of the Chief Minister. The address of the Financial and Development Secretary is, of course, more in line with his predecessor's than is that of the Chief Minister with the predecessor of the Financial and Development Secretary because there were very serious tussles, I remember, as regards treasury advice on this matter of parity and I am glad the Financial and Development Secretary has said nothing which invalidates the statements made of the Chief Minister in respect of his optimism as regards the economy - he is still in time to make a correction if he feels it is necessary - because the responsibility for the economy of Gibraltar lies as much with the Chief Minister but in our constitutional circumstances with the Financial and Development Secretary and I would hate that even a pet idea of mine should be supported by the Government without taking on, and I mean both the official and the elected, without making the House aware of exactly what pitfalls might lie ahead, what the disadvantages might be along with the advantages. Because it is one thing to advocate the policy and the other one to be responsible for it. The economy of Gibraltar, Mr Speaker, as opposed to the budget, does not appear to be in its best state ever, to put it mildly. The Chief Minister made no allusion to the remarks of the Financial and Development Secretary in respect of certain matters which were worrying the Financial and Development Secretary and when he did they were very muted by comparison with the rather telling things the Financial and Development Secretary had to say. As regards the budget, Mr Speaker, I think the Chief Minister's optimism may not be unfounded. We, with varying degrees of confidence on this side of the House, have said that the infusion of capital, of money, that would come as a result of increased wages and, indeed, out of parity, provided the level of taxation was right, would create, generally speaking, a healthy budgetary situation. This applies, of course, to the Government's financial situation. It does not necessarily apply in all cases and in all circumstances to the economy of Gibraltar as a whole although, on balance, and given the right circumstances and given the right methods of introduction and transition, there was not only nothing to fear but a lot to be gained, in our view, from the introduction of parity. Mr Speaker, who might be the casualties of this operation? Obviously, there is cause for concern with

the private sector, those workers in the private sector who will not get the same level of payment, the same increase in wages, as their colleagues in the public sector and the responsibility of the Government is clearly one for the whole of Gibraltar. I feel that the transition to parity might have been achieved if things had gone our way earlier, with greater safeguards for the private sector worker than might be the case now.

MR SPEAKER:

We are now discussing the effect of parity and not the effect of parity on the economy. You are speaking on parity, it has been touched and there has been a fair amount said, but I think it could be brought into context as to how it affects the economy itself.

HON M XIBERRAS:

I do not, Mr Speaker, for a moment agree with what has been said by the Minister for Labour in a previous meeting by the Financial and Development Secretary, I believe, and by the Chief Minister today, I do not share the idea that private sector earnings have anticipated public sector earnings to the extent that the pressure for increase in wages in the private sector is not going to be that large. I think that the pressure is going to be very forceful. I think comparisons are going to be made and I think that in many cases the pressure for increased wages would be a reasonable proposition for those workers. I do not feel that the Government has borne in mind the interests of those workers in the private sector as much as it might have done. As regards the employers in the private sector, Mr Speaker, some will benefit from parity, those who sell to the people who will now have very much more disposable income, but those who do not, those who have to remain competitive with the outside world, obviously, I am referring to tourism, generally, but especially to hotels, those who have not been enjoying the best of fortunes of late as is evidenced from the report produced by the hotels themselves and as has been confirmed by both the Financial and Development Secretary and the Chief Minister, those, to my mind, might be in serious danger despite the Government's attempt to cushion off the effect of the measures that are to be taken. I do not believe, Mr Speaker, that waiters and so forth are going to be satisfied with the wage that they have, whether that is above parity or below parity in the United Kingdom. I think that their reaction is going to be conditioned by local circumstances, by increases in the cost of living, by comparisons with other workers and that therefore the hotels, as with tourism, generally, are in need of very special care and attention mostly because the Government has introduced parity so quickly, so suddenly. In

construction, Mr Speaker, one would hope that the Fair Wages Clause as regards Government contracts and so on would be observed and in the coming Development Programme it is not against Gibraltar's interest that the coming Development Programme which will have to be implemented as parity rates will make provision for this. I also fear, Mr Speaker, the possibility of unemployment with the sudden increase in wages. It is a very substantial increase, Mr Speaker. We have not heard from the Government, roughly, what the percentages involved overall are. Unemployment, we know, has already begun to take place and there is a certain amount of apprehension about the position of young people already. There has been a certain amount of redundancy amongst shop assistants and if we are not to have an escalation of these figures which, even if they do not compare with unemployment figures elsewhere, are of vital importance in our community, must be guarded against and I found it very ironic for the Chief Minister to remark that 15% more employees have been taken on to the Government and to express some concern about this. I almost felt, Mr Speaker, that I was in the benches opposite because the Hon Member knows that I have been chiding his Minister for Labour constantly, not only as regards the public sector but also as regards the private sector as to the control of labour from abroad, the creation of job opportunities and greater reliance on Gibraltarian workers. These policies go back, of course, to 1969. Mr Speaker, as regards hotels, we shall make definite proposals in the course of this debate and I think the Government should entertain them very seriously. These proposals are of possible application to other affected areas which might not have been identified as yet. These proposals must be fair in their application, they must be temporary in their application and they must be against performance as well. It cannot be a blank cheque even to a sector that is suffering a downward trend at the moment. The question, Mr Speaker, with this Government's optimism, which must not be clouded and at least one of these questions, I think, has been answered by the Chief Minister and that is, what is the attitude of Her Majesty's Government on the question of parity. It must be made absolutely clear to Members of this House, officially by the Chief Minister and I would welcome statements by the Financial and Development Secretary, that Her Majesty's Government is approaching the question of parity positively. The Chief Minister said that the Dockyard work would continue in the foreseeable future. I had heard rumours to the contrary at one stage, but if the Chief Minister is able to say in the House that the British Government is positive in its support of parity and that Dockyard and DOE spending will continue unabated, then Gibraltar can indeed be thankful to the British Government for its support of Gibraltar through parity. I would also like

to hear assurances in the House, Mr Speaker, about the workload in the Dockyard and the manning in the Dockyard because as the mathematicians around us know, it depends very much as to how many Gibraltarians and other people, in fact, are working in the Dockyard and DOE as to whether parity is a good thing or a bad thing and, therefore, I would assume that the Government, in giving its agreement to parity, is able to give the House and the people of Gibraltar and the people in the Dockyard and the people in DOE, this assurance that we are not giving a hostage to fortune in any way, that we are in fact creating a situation which will be of benefit to the whole of Gibraltar and, obviously, to those Gibraltarians and others employed in DOE and MOD. I would like to hear, Mr Speaker, whether Her Majesty's Government has expressed any views on the effect of parity on the economy or whether we can take the statements made by the Financial and Development Secretary as Her Majesty's Government's view on this matter, because, Mr Speaker, we all know, and the Financial and Development Secretary reminded us about it in his address, that Gibraltar is dependent on Her Majesty's Government to some degree and I would not like Gibraltar to get into a position where Her Majesty's Government supported, on short term considerations, the views of the trade union movement and others but on a longer term consideration considered that the economy of Gibraltar, such as we know it today, that is, the siege economy or the island economy, that that economy cannot carry the strain of parity. Mr Speaker, we have heard that parity is self balancing or self financing. We haven't heard it from the Government, we have heard it, for instance, from the Hon Mr Bossano, I think, on occasion. That, of course, is a statement that needs to be examined because it is self financing or self balancing depending on the rate of taxation, on manning levels in the United Kingdom Departments and so forth. Given a set of situations almost anything could be balanced and, therefore, Mr Speaker, I would go on to the argument about parity and equivalence. The Government has agreed, and there is provision in the Budget for this, to parity of wages but there is, and no doubt the people of Gibraltar will know it, there is, of course, a discrepancy in taxation between Gibraltar and the United Kingdom in respect of personal allowances and many a time have members on this side of the House asked that the Government should review these allowances so as to compensate for the erosion in them with the increases in the cost of living. The Government is not in a position, I assume, to do anything about these personal allowances, but, Mr Speaker, I for one do not feel that parity need blot out or cast into oblivion any consideration of equivalence of living standards which must be really and fundamentally under it all the question of prime importance to the people of Gibraltar. I would like Hon Members opposite to say

whether they have considered an increase in personal allowances in taxation and, if so, what are the costs because I feel that the community will have to work as a whole for the betterment of these allowances in taxation and we should not rest satisfied with simply having achieved a 100% in wages. What must interest us is our standard of living and the comparison with the United Kingdom is absolutely explicit there. Mr Speaker, the argument that people in income brackets up to £3000 a year were at one time paying more tax here in Gibraltar, £3,120 or something like that was at one time paying more tax here in Gibraltar than people in comparable situations were in the United Kingdom, was scorned by the Financial and Development Secretary when I put it to him some years ago. I am referring to married couples with 2 children, I do not know, Mr Speaker, what effects the increasing of personal allowances in the United Kingdom, only recently, as a result of the last budget, has done in fact to the differentials but the Government must be aware that this is a matter of fundamental consideration for people here in Gibraltar, along with their wages, I mean the level at which they are taxed. And in a situation where we can expect an increase in the cost of living, perhaps, even a sharp increase in the cost of living, it is obvious that these allowances are going to be eroded even further and very quickly and it is going to be the more numerous families who are going to suffer as a result, I will come to the question of compensatory payments in a moment for which I think the Government deserves credit. But it is not enough to have compensatory payments in family allowances and so forth, there should be, in my mind, a reappraisal of personal allowances in taxation. Mr Speaker, I am not going to repeat all the arguments that have been put forward, the pluses for parity and the minuses, except that I would like to make some reference as to some because I feel that the Chief Minister is almost being slap-happy in his taking on of parity and he has given, perhaps, not as cautious a judgement of what parity may or may not have in store as I would have done. Perhaps, it is the zeal of the convert that he feels now that it is all rosy with parity. Well, it is not, Mr Speaker, not in the least. It is a question of whether parity is good, on balance, and parity in my view is good on balance provided the Government does the right things at the right time and it has already done something very wrong and that is introduce parity in the way it has introduced it. The Chief Minister has just said in an aside "we are never right". Mr Speaker, one thing we have been spared with the Chief Minister is that he thought of parity first. At least he has spared us that. Mr Speaker, one cannot expect to spend one's political life advocating one thing, change one's mind and be complimented for it. One has to be called to account, I would imagine. There is going to be an injection of capital, a very substantial injection of capital £10m, or figures to that effect, into the economy. There is going to be an increase in indirect

taxation, a Currency Note Fund, the Admiralty, and so forth, very substantial amounts. There are going to be political advantages. There is the dignity of the worker here in Gibraltar, the question of political stability, as I mentioned earlier, the idea of a possible political consensus in Gibraltar as regards this question of wages which would involve the unions, which might redound to the benefit of Gibraltar as a whole, the peace of mind and the peace of life of Gibraltar citizens, all these things are possibilities Mr Speaker. We might even have more energy and the Government might have more energy to devote to other tasks which, to my mind, and to the minds of many Hon Members on this side of the House, are going begging. The Improvement and Development Fund, a dreadful performance of the Government, a dismal performance of the Government as regards development. It might be possible to do these things but there are disadvantages as well, the loss of the competitive edge undoubtedly is there, as I said, the inflationary effect. I hope the Minister for Labour and Social Security who is responsible also for Consumer Protection tells us what estimate the Government has formed of the likely inflation as a result of parity and as a result of movement associated with it, including the taxation. I believe that we have had such an estimate in the past and it is of vital importance for those people who are not going to get parity money that we know and we can guard against it. It might be implicit in the level of compensatory payments which the Government intend to make, family allowances and so forth. And, of course, Mr Speaker, there is the great constitutional disadvantage, which I will not deal with, of losing control over the wages of Gibraltar because that argument has, in fact, been answered before and I think the Chief Minister now appreciates that there is no point in having control of wages when the only purpose of having such control of wages is, in fact, to keep wages lower. That is how it has worked in the past, undoubtedly. I have another letter, Mr Speaker, to Sir Jack Scamp on this matter. As regards taxation, Mr Speaker, the figures are there. We all know that there is a price to be paid in terms of electricity, of water, telephone, housing. We all know that there is a price to be paid for parity and that we can not go on living in such a manner as to forget that we are responsible, as a community for keeping up these services. I am glad that the Government is not going to take everything at one bite, it is not going to try to recoup all the losses or make up all the deficits and it is an approach which we in the Opposition had in mind to suggest. As to exactly how much it is possible to do now or not to do now, that is a matter that will be clarified in the debate. Mr Speaker, another question which I would ask of the Government. What is the treasury view of the ongoing cost of parity? The Hon the Financial and Development Secretary of course spoke about the futility of putting down a figure, he explained this this morning. Well, Mr Speaker, let me re-phrase the

point. Does the Financial and Development Secretary feel that Gibraltar in present circumstances and not taking into account the back money, £2.9m, that is due out of this £6.5m for back payments, does the Financial and Development Secretary feel, is it his view, that Gibraltar will be able to afford, with the pluses and the minuses involved in the question of parity, will be able to afford parity, or is he not prepared to form a view or to give the House an indication of what his advice might be on this matter. Mr Speaker, the Government must be committed to make parity work. If the Government is not committed to make parity work then parity, undoubtedly, is going to be a very big failure. The Chief Minister, I know, will have no choice for as long as he is there, having taken the decisions he has taken, to attempt to make parity work but I would ask him to try to make parity work in isolation of events across the border, in isolation of the Strasbourg process, in isolation of what might happen to the economy of Gibraltar because it would be very detrimental to Gibraltar to accept parity on the implied grounds that there might be a bonanza for Gibraltar as a result of these rather extraneous considerations. It is very important that our position which has been strengthened over a period of time financially when the people of Gibraltar are now quite confident that the island economy can survive, it would be very wrong of the Chief Minister even to suggest that with political events involving our neighbours the situation might be met but not otherwise.

HON CHIEF MINISTER:

If the Hon Member will give way. I am interested to hear all the objections to parity that the Hon Leader of the Opposition is now putting which is all very fascinating, but if I may spare him time on that, in a general view of the economic situation, the last references to the Strasbourg talks was a winding up of a general situation, I wasn't linking it up to parity. I haven't discussed actually what the terms of employment are on the other side in order to seek parity with the neighbouring place, we haven't reached that stage yet, perhaps, it might be reached, I don't know, but I can assure the Hon Member, who is finding so many difficulties to parity now, that the question of Strasbourg or Paris or La Linea has nothing to do with my earlier remarks about the agreement that has been reached as regards parity.

HON M XIBERRAS:

Mr Speaker, he does not give me the assurance that I really wanted but it will suffice, Mr Speaker, because, certainly, Hon Members on this side of the House are not prepared to jeopardise what has been done up to now economically in Gibraltar on any consideration arising out of the Strasbourg process. Mr Speaker, about the financial situation, generally, with the funding of the accounts we have almost the elimination of any deficit or any shortcoming in the



Consolidated Fund and the scattering of these deficits in the individual funds themselves. Last year the Financial and Development Secretary, in fact, did a paper exercise for us as regards what the position would be if the funds had not been created. I wonder whether I was right in my calculations that at present the deficit would be in the region of £14,000 overall if all the deficits were, in fact, thrown into the Consolidated Fund. I follow his reasoning, Mr Speaker, that once money has been paid out of the Consolidated Fund he can include it in the yellow pages under Revenue, he can include an amount, minus, of course, the surplus or the deficit in each of the individual funds and the interest charges and that is fair revenue, but, Mr Speaker, the deficit in each of the funds still remain and if he refers to page 192 of his speech last year he will see what I mean. What is the situation, in fact, there and on the basis of that situation what is his view, Mr Speaker, about the recurring cost of parity and its benefit to the economy? We come, Mr Speaker, to the compensatory payments. We note that the Government has done well. I congratulate the Minister for Labour for the degree in which he has been able to convince his colleagues along the lines of supplementary benefits, something like 40% increase, retirement pensions 60%, family allowances 34% and so forth. There is now knowledge that rents are going to go up but I see no extra provision under rent relief. I would like to be assured that those people who are not able to meet the inflation as the result of the introduction of parity have adequate compensation and I would call on the Minister for Housing to explain where the money is going to be drawn from and on the Minister for Labour himself I would urge the point I made about those people with social security pensions who receive approximately half of what others receive. Whilst I feel that the index-related pension is excellent, the Government policy to keep them at a level of something like 40% of earnings, I do feel that in this new situation which is undoubtedly going to arise from the introduction of parity, that the distinction between the full pensioners, as I might call them, and the half pensioners, is not going to be as great as it is now and the Minister must weigh up social insurance considerations and the question of fairness to contributors in the past and ensure even by direct government infusion into the Social Security Fund that these pensioners do not lag so far behind those who have full pension in social security. I would have said that this is absolutely basic and in line with the Government's thinking in respect of family allowances and so forth. There is also need, Mr Speaker, in relation to family allowances to revise the claw-back arrangement because it is the larger family that is going to be affected by the introduction.....

HON A J CANEPA:

There is no claw-back in respect of family allowances. It

was eliminated a couple of years ago.

HON M XIBERRAS:

The Elderly Persons Pensions are still not satisfactory, I would not say that an elderly person's pension is enough in the coming situation and these people need to be supported at the present moment. Mr Speaker, last year I talked about cost-consciousness as well. The Chief Minister spoke about cost-consciousness but he seems to have done very little about it. The Chief Minister has mentioned absolutely nothing about the Public Accounts Committee even though I was led to believe that he might be able to make a statement on this in the course of this meeting. He himself repeated what I said last year that labour now costs even more money than last year and the cost will be increasing. Surely, Mr Speaker, there is room for, not words from the Government but action from the Government to ensure that the taxpayer, which means everybody, receives fair value for money and, surely, we can not overburden our Government services, not only in non-industrials, but also in industrials and in this connection perhaps the Financial and Development Secretary can tell us whether the workload of the Public Works Department is, in fact, increasing or not or whether it has remained as it was. Mr Speaker, last year I also spoke about the possibility of expanding the economy realistically. It is not up to us to produce solutions but, perhaps, to suggest them. We spoke a lot about the port last year. We do not think that the port is being capitalised and the words of the Financial and Development Secretary have merely been repeated this year but I will allow other members on this side to deal with this point. Could the Chief Minister tell us something about double taxation agreements and their application to Gibraltar. Is their a possibility, now that living standards are assured, of expanding and obtaining more money through this source? What are the disadvantages? Are there compensatory advantages? Now that the living standards of people are guaranteed certainly we should not shrug the responsibility of looking towards a gradual expansion of the economy. This, Mr Speaker, in no way will jeopardise living standards. It will not, in any way, create a regressionist process as regards wages. It will no longer colour the standard of living of the people as was clear with the tax haven economy at one time. It is a question of building on the social advances that have been achieved and on the guarantees that parity could afford and, surely, now is the time to start looking towards a gradual expansion of the economy. Hon Members opposite were very keen on expansion before, especially the Hon Mr Serfaty and his hotels and so forth but now, Mr Speaker, we do not see them produce the bright ideas that they had once. Mr Speaker, as regards the Improvement and Development Fund there will no doubt be a debate but there is little to add except to thank Her Majesty's Government for the £14m. The Government says that £3. something million of this is in fact a revote, a carry-over. In effect, Mr Speaker,

if one analyses the projects that have actually been produced in the course of the last Development Programme this by no means gives an indication of the degree of effective British Government support to Gibraltar or to the achievements in actual construction terms of the present Government. It is quite the opposite, Mr Speaker. We have a crisis on our hands and I do not see any immediate improvement in housing. The Government may very well put down figures, thousands of pounds, as about to be spent in the coming year and then we get the oft repeated situation where none of these are spent in the coming year. The Government not only has to promise to do better as it has, but the Government has to do better because it has failed the people of Gibraltar in this respect. The Housing Minister should be on the point of breakdown. It is quite clear that the development side of Government has not been working and we have suggested to the Chief Minister that he should replace or share out the functions of the present Minister for Development. Mr Speaker, I frankly do not believe that the Government is going to do even a third of what it says it is going to do in the coming year and I have the experience of the last four years to prove my point. I do not think that the Government is capable of carrying out these jobs. I do not think the Government as it is at present composed has the energy to do it. The Comprehensive School which has been on the drawing board for heaven knows how long will still take up to June or July to get off the ground. The housing which has been planned, of which we have seen the City Plan, we have seen the area development, we had the architects working, all that will just not see the light of day soon enough. I doubt very much, but I would like the Government to tell me how many houses are about to be built in, let us say, the next two years. I want the Government to commit itself to this and I think it is reasonable that I should ask them. Not for grandiose ideas about selling of flats, what is needed is the building of new flats. Surely, the Government is able at this stage, one whole Development Programme after the event or after the initial plans were laid down for Government housing, surely, the Government can tell us now how much is going to be produced, how many houses are going to be produced, where they are going to be produced, what are the starting dates, what are the finishing dates even if they are estimates so that at least Hon Members on this side of the House can question the Government and make sure the people of Gibraltar get the housing which they need and which they deserve and which they are not getting and have not got in the last four years. Mr Speaker, the Government has made no statement about Varyl Begg. I see that there is expenditure there for Varyl Begg but what is the Government actually going to do about producing the flats at Varyl Begg? Is it simply going to blame those who started the project? Mr Speaker, I find it difficult to criticise the Government because the Government has, in fact, taken over so many of our ideas, our concepts. The Chief Minister laughs but does he

remember the speech of 5 October, 1974, when he said that he would resign before he conceded the wages link with the UK? And now he is conceding full parity, he is agreeing to full parity. Does the Chief Minister want me to produce this, I produced it already once in the House. Does the Chief Minister remember that my Hon Friend stood up in this House and said something about giving workers an increase of £6 and not only called him irresponsible but he got Mr Peter Kirk to say the same thing, that these were matters that were said by Leaders of the Opposition, yet the Chief Minister is able to laugh at this stage. I do not know what he is laughing about, it certainly cannot be his consistency. It may be that he feels capable of doing a complete volte face, a complete turnabout. Mr Speaker, this he might do on television, he might do elsewhere but, with Hon Members who have been with him over a good number of years, who have listened to his pronouncements, who have followed them with anxiety, who have seen the turmoil which to a great degree the resistance of the Government to this idea has brought about, Hon Members on this side of the House cannot possibly laugh or enjoy the Chief Minister's joke. Neither can the people of Gibraltar, I suspect. Mr Speaker, in general terms, let me say one more thing about the hotels. Mr Speaker, the application of the new water and electricity rates to the hotels needs to be considered very carefully by the Government. This is very important. It is along these lines that the Opposition is thinking. If there could be a direct cushioning off of the application of these rates to hotels then, I think, it would be deserved and I think also we might not put a relatively important sector of the community in jeopardy and I think we must fear this. It does not mean that hotels are in a bad situation because of parity. I think hotels could survive perfectly well with parity and could pay the rates and produce a service that was competitive if our airlines were in a better situation, if the air tickets to Gibraltar were less expensive than they actually are but this has been through the House on many an occasion and I will leave it to Mr Isola and Mr Perez to talk about these matters. But, surely, Mr Speaker, if something needs to be done for that side of the economy it needs to be done now and I want to hear very compelling arguments before I am dissuaded from the idea that the hotels should be directly helped in this manner and also with those who can make a case because if one applies such help only to hotels one might be unfair to other sectors whose difficulties have not yet surfaced but who might surface. Mr Speaker, there is also the question of the port and all those areas where increases in wages might precipitate a very sharp increase in the cost of living. This has been under consideration in many budgets from both Governments and it is important on the one hand that the trader should not be squeezed out of existence but also equally important that inflation should not be allowed to

run wild. It is very important. I would counsel the Minister for Labour that he will not do it with pieces of legislation such as he brought to the House on another occasion and I would suggest to him that it does need a coordinated plan on this matter. So, Mr Speaker, what an odd situation that I find myself in agreement with the Chief Minister. I was so tempted, Mr Speaker, I almost crossed the floor, I thought I should be on the other side, when I heard the Chief Minister speaking. I notice, Mr Speaker, his colleagues did not show the least bit of embarrassment. I do not know whether they were in disagreement with the Chief Minister before, in his opposition to parity, or whether, in fact, they are as impervious to the criticism of inconsistency as the Chief Minister is. I know that Hon Members have staked their political reputation on these things and now I find them acquiescing with the views of the Chief Minister. I gather that they all agree with him. I agree, I share in great part the optimism of the Chief Minister on these matters but I urge him not to be slaphappy about it, to take great care as to the private sector employers and employees because they, undoubtedly, are going to be hit, and if the Government does not take great care of these then, Mr Speaker, the idea of parity might get discredited and worn and this neither he, now, in his present state of mind, nor us on this side, would want that to happen. There is the question of loan finance, Mr Speaker, but that might be discussed at another stage. I do hope, and I think it will happen, that this House and the Government in particular will be able to usher in an era of equality with the United Kingdom, an era of social justice for Gibraltar, of no discrimination vis-a-vis Britain but also that such an era will be based on good foundations and not on political expediency, not on a decision taken out of weakness, not on a decision taken irresponsibly in any manner but the Government has carefully considered the implications of 100% parity and that it is prepared to fight for 100% equivalence.

HON CHIEF MINISTER:

Mr Speaker, I gave you notice that I wanted to make a statement and perhaps it might help the rest of these deliberations. It has nothing to do with the budget, in a way, but it has to do with accounts.

There have been persistent rumours in Gibraltar recently about alleged malpractices in the purchase and supply of stores to the Government. This has caused grave public concern and created a situation which, because of the aspersions cast on the trustworthiness of certain Government employees and the allegations that public funds have consequently been misused, Government could not afford to ignore.

I also know from conversations with the Leader of the Opposition that the Opposition too is seriously

concerned. This concern is again manifest in a letter to me from the Hon G Restano giving notice that he proposes to ask for specific detailed information on items of Government purchases and supply in all Government departments.

The Principal Auditor is therefore conducting inquiries with the assistance of officers of the departments concerned and the Treasury. I am informed he has already started to work on this. These inquiries are necessarily of a preliminary nature and are being made not in the spirit of a witch-hunt but as an attempt to arrive at the truth.

If as a result of his inquiries it appears to the Principal Auditor that irregularities have occurred in the receipt, custody or expenditure of public moneys or in the receipt, custody, issue, sale, disposal, transfer or delivery of any stamps, securities, stores, accountable documents or other property of the Government or in the accounting for the same he is required by Section 57 of the Public Finance (Control and Audit) Ordinance 1977 to bring the matter to the notice of the Financial and Development Secretary. The Financial and Development Secretary will decide in the light of the Principal Auditor's report whether any further inquiries are required and, if so, what form these should take. I must assure the House that, if any evidence of breaches of the law comes to light the papers will be referred to the Attorney General. If in his opinion the facts warrant investigation the Police will be requested to carry out such investigation and to report to him. The Attorney General will consider such report and then decide upon the facts disclosed what action is called for.

Equally, I feel it is fair to state at this stage that whilst representations about corrupt practices have been made to Government both by private individuals and public bodies, no evidence whatsoever has been produced to substantiate these allegations.

Finally, I wish to state that Government has been conscious for some time that its stores procedures require improvement. As a result, an Informal Stores Control Committee, consisting of the Principal Auditor as Chairman, the Senior Assistant Secretary and Mr M Cavilla was set up in June 1977, with the following terms of reference:

- "(1) to consider what measures are necessary, including changes in existing organisation, staffing, regulations and procedures, in order to -
  - (a) increase the effectiveness of control over the purchase and custody of Government stores and supplies;



- (b) to eliminate any malpractices; and
  - (c) to improve the efficiency of supply;
- (2) in relation to staffing, to consider the need or otherwise for the appointment of a Stores Verifier;
  - (3) to carry out such investigations and consultations as may be necessary for the purposes of (1) and (2) above;
  - (4) to make recommendations;
  - (5) in considering what measures are necessary, and in framing recommendations, to keep in mind the probable computerisation of all stores accounting, including stock control and purchasing."

The Committee has been working steadily since then and I understand, is due to make its final report shortly.

HON M XIBERRAS:

Would the Chief Minister confirm, Mr Speaker, that I wrote to him on 6 April 1978. He mentioned a letter from Mr Restano but did not mention a letter that I had written on 6 April 1978.

HON CHIEF MINISTER:

I am sorry, when the statement was prepared that letter may well have been overlooked but if the Hon the Leader of the Opposition says he wrote to me I accept it and I also refer to the fact that he did come to see me about it and expressed his concern as is indicated in the statement.

HON M XIBERRAS:

Mr Speaker, there is also a question which I discussed with him that whereas I do not oppose the idea of the procedure which the Hon Member has outlined there is, at the same time, for obvious reasons, an interest by Hon Members of the House in these matters and as I suggested to him in the course of my meeting with him, is he prepared to keep me informed of developments in this?

HON CHIEF MINISTER:

Of course, I will keep the Hon Leader of the Opposition informed of any developments and it could well be that it may be salutary for all members later on to make any statements of interest in this matter if it is necessary.

HON M XIBERRAS:

What does the Chief Minister have in mind there? As the Hon Member knows this was in fact one of the recommendations of the constitution committee.

HON CHIEF MINISTER:

We did not pursue that one and we ought to, I think, in a general way but if it is necessary to make any ad hoc ones we will do that for this purpose. I want to make it quite clear that whatever enquiry is being made touches everyone. There is no suggestion that any member of the House is involved but let there be no misunderstanding that no member of this House has got any privilege over anything and that therefore the wider the enquiry, if it is required, the more salutary for the good name of Gibraltar.

HON A P MONTEGRIFFO:

Mr Speaker, I was rather baffled listening to the speech of the Hon Leader of the Opposition and that is not to say that I do not always give due consideration and importance to what he has got to say and in fact to what other members of the Opposition have to say at any time and at any stage in this House because I am one of those who believe that whatever label you are wearing in the political field, all politicians have at heart the interests of Gibraltar. I was baffled, Mr Speaker, because as I listened to the first part of his speech, the elation that parity had been achieved and that he had been one of the major instruments in achieving this particular policy, I thought at the time I am going to stand up and compliment him 100% but then, as I gradually carried on listening to the second part of his speech, he was lecturing us, and very rightly, I think, on the very fears that we have been expressing as to why we did not want parity all these years and which I have never heard him, on any other occasion, while he was telling the people that parity was good for them, putting what he has described as the possible pitfalls of parity. I was one of the greatest opponents of parity, I make no bones about it. Not because I wanted to deprive the workers of Gibraltar of what they were rightly entitled to, but because I have always had the great fear that in superimposing a socio-economic structure of any country to another particular country it has the pitfalls that the Hon Leader of the Opposition has been telling us and perhaps more than we can foresee at the present stage. He would have liked to have seen parity spread over a wider period in more phases. Perhaps it is a matter of judgement, perhaps there you were right, perhaps we were wrong but he should not forget, and any intelligent person would agree with my submission, that after Scamp, after the great industrial troubles that we had in 1975 the Government submitted itself with the Unions to what was tantamount to an arbitration and

out of that arbitration Scamp granted what was the equivalent of parity. As I said, any intelligent person could have seen that from there on parity of 100% was round the corner. That was inevitable, the Government lost its battle. We would very much have liked to have carried on the process of Scamp, knowing full well that at the end it was going to be 100%, that was inevitable, but Hon Members on the other side of the House also know very well that the Unions, not only the Transport and General Workers Union, none of the other Unions accepted even the 80%, they stuck to 72% and they still have not received the payment of 80% and they still have fought and perhaps have met us half way and we met them half way too, in accepting parity over three years, which is what is going to happen now, from 1976 to 1978. It is also true that all the off-shots of parity and the consequences of parity, in the economic field, must also be faced and Government has been very conscious of that. Although I share to some extent the cautious optimism expressed by the Hon and Learned the Chief Minister, I hope that this lost battle of the Government, in so far as its policy is concerned, is a gain for Gibraltar and if that is so I do not care if Government loses the battle and I hope, and there I share completely the views expressed by the Hon Leader of the Opposition, that Gibraltarians will also rise to the occasion and not carry on as they are carrying on in some fields with a careless attitude, with lack of productivity, with lack of sense of community. All those things might be put aside once and for all and I hope that now that they have had what they consider to be a better deal, they will also put their shoulders into it a little bit more because I have not got the fears that some people have about Spain, my fear is that we do not play the role, that is demanded of us in this historic occasion we are living which is the history of the survival of the community of Gibraltar. I am going to say no more because following the wishes of the Leader of the Opposition that Ministers should make a statement on their own departments before we come to the scrutiny of a particular department, I am now going to bore the House, if I may, with the statement of my department which takes quite a big slice of the cake of the Budget. Sir, in dealing with the Medical and Public Health Department, Head 15, Page 50, I will first call attention to the increase of about £200,00 more in total expenditure over the approved Estimates in 1977/78. It is true that we are about £80,000 less than the Revised Estimates for 1978/79 but it should be taken into account that during the financial year we are now finishing there was included to all employees a once-and-for-all payment based on £250 so, if one disregards this payment, the truth of the matter is that the bill is going up as it is going up in most departments. The exercise that we have tried to do this year in the context of parity was to try and tailor our estimates of expenditure to the extent that it would be more or less not more than the Revised Estimates of the year that is now finishing. Whether at the end of the day that will be possible remains to be seen. Personal

Emoluments basically, takes into account an increase over the approved Estimates for last year of about £57,000. This increase is composed of annual increments, increase in allowances and overtime and the final settlement of salaries of the few officers like the Chief Public Health Inspector, the Senior Laboratory Technician and Deputy Analyst and one or two others which, in the course of this meeting, we are voting money for. Under Other Charges it is much easier to compare the 1978/79 Estimates with the Revised Estimates as the Revised Estimates normally show the future trend based during the last few months of the current financial year. I will first start by calling attention to Items 6 and 7. The increase of nearly £9,000 on item 6 over the Revised Estimates is mainly due to the increased cost which fell due some time in July/August of last year. That is why the full brunt of the new increased prices was not fully reflected for the whole year 1977/78. I must say at this stage that July/August is more or less the month when new tenders go out. As regards Item 7, Laundering Expenses, the increase is due to two factors, increased costs and an increase in the number of patients that have been admitted into the hospital this year which has unfortunately, beaten all records. Indeed, the increased number of patients which has been of the order of 30%, is generally reflected in those items which involve issues to patients such as drugs, laboratory, X-rays, etc. I will not really go into any expenditure items any more where the difference between the estimates for 1978/79 and the revised estimates are not over £2,000 to £3,000. I am leaving Item 9 - Drugs, Dressings and Pharmaceutical Sundries aside and I shall come back to this Item later. I would like to mention Item 12, Fuel and Electricity, and of course as a consumer the Government also has had to bear the higher charges hence the greater cost.

Item 15, Wages Staff, shows a decrease over the Revised Estimates for the same reasons that I explained under Personal Emoluments, and that is the £250 paid as a once-and-for-all exercise in the financial year that is now ending. As for the Special Equipment which covers items 80 to 82, we are carrying out a process of equipping the hospital with modern equipment but this is of course a continuing process every year. We are also buying a portable X-ray unit and we must replace a mini-van which is now completely unserviceable as well as purchasing a new hearse.

I am sorry to strike a gloomy note! We have two hearses, as we need to have two in case of breakdowns. One of them is about twenty years old and is now beyond repair. The second hearse was bought second-hand five or six years ago and is not the most suitable one apart from the fact that it is also ageing considerably. So, unfortunately, we have got to spend £10,000 on a hearse. I am not

going to be attracted by a particular type of hearse from the Continent which is provided with a fluorescent cross and is equipped with stereophonic music. I do not think we can afford that luxury: after all, the poor man in the coffin would not hear it!

I will now go back to Item 9 which deals with drugs, dressings and pharmaceutical sundries and which include the medicines issued under the Group Practice Medical Scheme. In the first place, bandages, X-ray material, oxygen, and laboratory material, have, on an average, gone up by about 20%. Quite apart from the fact that there are more patients being treated, as I mentioned before. Drugs for the hospital are becoming increasingly difficult to control because of the new sophisticated drugs coming on the market particularly to fight cancer. There is now an increasing demand for it and so we are spending more than we did last year, ie a total of £60,000 as against the £45,000 we voted last year.

I am now focusing attention on the drugs issued under the Group Practice Medical Scheme. For the year 1977/78 we have spent in the Revised Estimates around £270,000 as against the £250,000 that we have put in the 1978/79 Estimates. The reason for this is that when the Estimates were prepared we based the amount that we hoped to spend in 1978/79, on the rate of expenditure in November, since this is the time when one usually submits first figures. Only recently, about two or three weeks' ago, we had to come to the House for a further £29,000 and although the Finance Department was very quick to up the Revised Estimates they never bothered to increase the £398,273 in Item 10 on page 15.

In any case that figure of £250,000 was put there as a token figure. Does the Hon Member want....

HON M XIBERRAS:

I am a little mistified. I have not got it clearly. Little g. says, Increased Cost; but the figure is lower than the Revised Estimates 1977/78.

HON A P MONTEGRIFFO:

I will explain that. There have been increased costs obviously but there have also been an increase in the number of people attending the Health Centre. The increased costs mainly refer to bandages, X-ray materials, oxygen and laboratory material, but there has also been a very slight increase in the price of the items we pay under the Group Practice Medical Scheme for drugs. There have been considerable increases in the more sophisticated medicines that we use in the hospital.

HON G T RESTANO:

Mr Speaker, can the Minister explain why it is that the Revised Estimates of £409,000 is greater than the Estimates for 1978/79 when he estimates that the costs in fact have risen?

HON A P MONTEGRIFFO:

I have just explained that. The £29,000 that we voted here for Supplementary Estimates. I never thought there would be enough time to revise the Revised Estimates or to include it in the current expenditure for 1978/79. Then I found out that the Treasury had included the £29,000 in the Revised Estimates but never projected the same amount for the year 1978/79.

HON G T RESTANO:

What should the figure be then, for 1978/79?

HON A P MONTEGRIFFO:

If he would just wait a little moment, Mr Speaker, I will say what the figure will be in my estimation.

The cost is becoming alarming, despite the fact that we increased contributions by 10p at the beginning of 1978. The total cost on a notional basis - I hope we do not get another funded fund - of the Group Practice Medical Scheme is roughly £325,000, ie £270,000 plus the expenditure: contributions amount to about £250,000 thus leaving a deficit of about £75,000. And if the present trend - and this is where I want the House to pay attention - if the present trend, which we had hoped was a trend that was applicable only to the winter months which is the peak period but unfortunately it appears that it is going into the less cold months, if the present trend continues it is my view that we shall probably need another £50,000 before the end of the financial year ie £300,000. This will not take into account the increased salaries and wages that will come about and whatever extra fee we may have to pay to the chemists retrospectively as from 5 December 1977 resulting from the costing exercise which has been done on our behalf by the Statistics and Research Division of the DHSS.

We have tried all methods in an effort to cut expenditure without in any way affecting the effectiveness of treating patients. I do not want to bore the House too much but on the 16 April 1978, there is an article in the Sunday Telegraph from which you will find that the same problem exists not only in Britain but elsewhere. In Jersey the Statistics and Research Division of the DHSS pointed out the obvious: "Experience shows that the number of prescriptions under the health service follows an upward trend and provided allowance is made for this

growth a reasonably accurate figure or estimate of future numbers can usually be made". That we all know, but the trouble is that there appears to be no ceiling.

This is a problem which is faced throughout the whole world and the World Health Organisation has said that with a Formulary of between 400/500 items it could be more than sufficient to meet efficiently the treatment of all patients for any type of disease. But in the consumer society that we live in drugs are not different to other goods we consume, and the patient goes with a shopping list to supermarkets as well as when he goes to see a doctor. For some reason or another doctors find it very difficult to swim against the current and this is what I would urge members to consider because this is what it is all about. That doctors find it very difficult, short of quarrelling with patients, to tell them to go to bed and have a couple of aspirins because antibiotics are no good for flue. But if they don't give antibiotics they have quite a row in the clinic.

I have been in touch with the Jersey Health Authorities for some time because they have a comparable population and more or less the same system and they find that the total cost of items of medicines prescribed is substantially lower than ours, the reason being that people in Gibraltar go to the doctors about 40% more than they do in Jersey or in any other European country of the western world. They have got that tendency to go more. In fact there have been weeks when 2,000 patients have been to the Health Centre. If one takes into account the people who go to private practitioners as well as patients referred to Consultants in hospital, there are weeks when over 3,000 people see a doctor.

Sir, I have now been able to obtain the advice of the Medical Committee in the hospital, which comprises all doctors, and a Committee of Taste has been formed which will include the Head Pharmacist. The Committee will consider the Formulary prepared by the Ministry of Health for Jersey - I think people are quite healthy there. We have also invited members of the Pharmaceutical Society and two doctors from the Health Centre to sit on the Committee and they have made some progress in the last five or six weeks. But I myself am very sceptical as I usually am about these things. As I said before I was born a pessimist and I wonder whether this problem, which is bedevelling all Health Services throughout the world, can ever be brought to a grinding halt, because it is not only a blatant abuse but people are doing a disservice to themselves.

I would like to give a warning to the House. If this carries on the Government is not prepared, as I said this year, to let that fund get completely off the track. And unless we can do something between now and August to at least cut some of the expenditure I will have to come

to the House, to increase contributions again. It is impossible to allow this to carry on building up and getting out of hand.

In passing, I must stress that what I would describe as structural problems in the Health Centre are also in the increase. The abuse of house calls and attendance at clinics which are basically emergency clinics is a blatant abuse and a lack of good sense on the part of some of the public. No doctor anywhere in the world, and more specifically in the UK, with a panel of 3,000 to 3,400 patients would do emergency clinics which are mainly run on holidays and Sundays for more than eight or ten patients on an average, and perhaps do 3/4 house calls. In Gibraltar it has not been unheard of for a doctor to be called out to see a dog at 11 o'clock at night! - Yes, a dog! When he arrived at the house in response to a call, it was to see a sick dog!! - and to have 90 patients in the emergency clinic apart from 30 house calls on that same day. If this carries on it may well bring about the collapse of the whole system. Patients put in house calls which are completely unnecessary. It is again not unheard that a patient is not at home when a doctor arrives and this happened last Sunday on three occasions between 9.30 and 11 o'clock in the morning. And if the patient is a child he may be found playing football in the patio or the Estate where he lives when the doctor goes to visit him. This may sound very funny in this House but it is very frustrating to the doctor.

As the Hon Member will have noticed we issued press communiques, we circularised some time ago each and every patient advising them of the problem they might be facing, we have now put posters all over the place. What else, I am afraid I do not know.

In the last couple of months quite a lot of innovations and alterations have been going on in the hospital. One or two projects will overlap into the next financial year when we shall be tackling the KGVII Wing which includes the Out-patients Department, the Children's Ward and the Casualty Clinic. It is also hoped to start the conversion of the present Sisters' Quarters into four flats and several bedsitters which is a more modern way both of housing doctors who are on duty and also the Sisters.

I am also happy to report that the new equipment which we had bought this year, for example, the image intensifier and the diathermy instrument for kidney resection, coupled with modern gastroscope and bronchoscope have provided the hospital with better aids to diagnosis and more efficient service

At long last the Lewis Stagnetto Ward has been opened and is gradually being fully equipped as a Geriatric Ward.

We have during the year updated the Food Hygiene Regulations

and the Public Health Department has been very much on top in looking after, rather successfully, what in some ways is the preventive side of medicine.

The House pressed me, I think it was last year, or about that time, that we needed to introduce measles vaccination. This has now been started. BCG vaccination against tuberculosis is now available on demand. Influenza vaccination to selected population groups, such as senior citizens at Old People's Homes are being implemented. A Vaccination campaign, as suggested by the World Health Organisation, was started in April 1977 and is being maintained by regular films on GBC/TV. Food hygiene propaganda in connection with the implementation of the new Food Hygiene Regulations has been disseminated.

We are continuing our training courses which are partly paid by ourselves and through Technical Assistance and as from last year consultants in the hospital are also required to go for courses every year for which, of course, the Government pays.

Lastly, we have got £41,000 under Head 103 in the Improvement and Development Fund which will cater for the works I have already mentioned, but there is a further £30,000 in the Estimates which provides for improvements to the markets which it was not possible to carry out during this current financial year.

Finally, I must renew my thanks to the Naval Medical Authorities for their cooperation and to all those who in some way or other have contributed to the welfare of the patients and the betterment of our hospitals, such as our own staff, the League of Friends, the Chamber of Commerce, the Ferrary Trust and others. And in case Hon Members may think that I have forgotten the Ophthalmologist, I have not. We have just received this morning a cable saying that all is normal in the sense that he is due to arrive in Gibraltar on the date that I announced in the House earlier on in this meeting.

The House recessed at 5.25 p.m.

The House resumed at 6.10 p.m.

HON A W SERFATY:

Mr Speaker, I am going to refer to the Departments for which I am responsible in the order that they are shown on the Estimates; Port, Tourist Office, Improvement and Development Fund. I shall start with the Port.

1977, as I think the Hon Financial and Development Secretary has said, was not a bad year for the Port. We reached a peace time record of 20.2 million tons of merchant shipping calling at our port and a slight increase in the number of ships from 2,553 in 1976 to

2,591 last year. The number of yachts significantly increased from 2,758 to 3,654. This is a good omen for the future because of the high spending power of the visitors and yachts.

The number of cruise callers was reduced from 74 to 65 but an increase of 46% in the number of visitors from Tangier, with the highest spending power of all visitors, more than made up for this loss.

During 1977 I held a seminar in London with the cruise directors of the most important UK and foreign shipping companies. We had very fruitful discussions and I hope that these will be translated into an increase in the number of cruise calls in the future.

The most important change in the port in 1977 was the rapid move to containerisation of cargo which has brought with it problems of redundancy in the labour force. This matter is now being dealt with and I hope that a Bill which has been ready now for several weeks, but which I believe is going to be discussed again, for the establishment of a Port Operations Board, will be brought to this House for consideration in a matter of weeks, I am told.

I owe it to the Signalmen in the Port Department, to mention the Signal Station which we had hoped to rebuild during 1977. Great difficulties have been encountered in the design of this building due to the vibrations created by the action of the waves on that part of the North Mole. This engineering problem continues to be studied here and in the UK and, in the meantime, certain improvements will be effected to make the existing station waterproof and for the provision of proper ventilation. A token sum of £1,000 has been provided in the Estimates for the construction of a new Signal Station when the technical problems are solved. This is only a token sum, of course, since the cost of a Signal Station is going to be pretty high.

Coming back for a minute to containerisation, a sum of nearly £1m. has been included in the 1978/81 Development Programme for the reclamation between Jetties 2 and 3 subject to MOD (Navy) approval in London. This will provide an adequate area, and a very necessary area, for container handling.

To finalise on the Port, may I mention the proposed yacht marina at Bayside. I am informed that the steelwork for this marina is on its way to Gibraltar and will arrive sometime in May, and that save any unforeseen difficulties the pier, at least the marina pier, should be operational early next year.



These are the main items on the Port, and, of course, we will be answering questions and discussing the matter when the expenditure of that Department is discussed.

May I now refer to the Tourist Office. I have already mentioned cruises, excursionists from Morocco and visitors in yachts. All these are different facets of our tourist industry, but when we talk of tourism we refer mainly to visitors on holiday who either come on an inclusive holiday or make their own arrangements, and most of them, of course, stay in hotels. 1977 was not a good year and I believe the Honourable Financial and Development Secretary was giving, this morning, some of the reasons: inflation etc. Arrivals at hotels were about 10% less than in 1976, and guest nights sold about 15% less. There may have been several factors to account for this but I will not tire of saying that holidaymakers can only come to Gibraltar to the extent that aircraft seats at competitive prices are placed at their disposal. For many years since the advent of the inclusive tours to Gibraltar from the United Kingdom the cheap seats known as SGIT fares - Special Group Inclusive Tours - offered by the scheduled airlines with the object of filling up their planes, thirteen or so of them a week, were used to bring the holidaymakers. We must not underestimate the contribution of the SGIT fares to tourism to Gibraltar in the last ten years. But for too long the tour operators were content to limit their business and their promotional efforts to the number of SGIT seats offered. Quite understandably, since a SGIT could be cancelled if not sold, the financial risks of organising holidays to Gibraltar as against setting up a charter operation were much smaller. But then came the fuel crisis and inflation and the number of flights per week was reduced. And, if I may say so, would have been further reduced if we had not put in several appearances at the Civil Aviation Authority in London and used the need to increase fares to exert pressures for some additional flights.

As the number of flights was reduced, the number of surplus seats which it became necessary to fill with tourists, after meeting the demand of the normal and business travellers and students, was drastically reduced and this has actually forced tour operators to do something positive about the matter. That something positive has been the commencement of charter flights last year from Gatwick, Luton and Berlin, and as from next month Manchester will come within our reach. This year the sale of charter seats so far has gone extraordinarily well and this augurs well for the future. But more must be done if we are going to fill the 1,600 available hotel beds, and, if necessary, Government may have to step in and become involved one way or another

with other interested parties in the organisation of more charter flights. I am talking to interested parties on this matter now.

The impending creation of an Air Transport Advisory Board in Gibraltar, which we discussed the other day, is not going to solve all our air communication problems but at least it will strengthen Gibraltar's position in this vital matter.

The Tourist Office budget for 1978/79 follows similar lines to those of 1977/78, mainly the promotion of Gibraltar as a holiday resort, to bring to the notice of potential customers the fact that a 7 or 14-day holiday here can be very rewarding. This is done by advertising, by holding trade promotions in London and in the provinces by the provision and distribution of several types of brochures, and by being in continuous touch with travel writers and other members of the national and provincial press, mainly from the UK, which is our main market, but also from other countries. In short, the promotion of Gibraltar as a holiday resort and a conference centre is an attempt, in the face of strong competition from other resorts, to encourage people to come and stay here on holiday and also to encourage shipping companies, tour operators and others who can make it possible for those visitors to come to Gibraltar.

The Gibraltar Tourist Office is also involved directly and indirectly in the provision and distribution of information on shopping and other brochures to the tourist once he is here, and also, in co-operating with others as far as possible to provide entertainment for people staying here, and that includes the Gibraltarians of course.

Finally, we are in the process of moving our offices in London, from Grand Building, to Arundel Great Court in the Strand, and in a few weeks' time we shall be inaugurating the new Gibraltar stand at the Commonwealth Institute in London. I think that this stand, based on an audio-visual presentation of Gibraltar, will enhance Gibraltar's image.

May I now refer to the Improvement and Development Fund. The Aid Programme for the next three years, which we agreed with Mrs Judith Hart only this month, and I would like to stress that we have only agreed this a few weeks ago, concentrates mainly on housing, education, port development and public utilities. The latter, self-supporting as they might be, do not form part of the

major areas of British assistance, as explained in the press release issued at the end of the talks. The total cost of projects executed or started in the next three years will depend on several factors. One of them being the success or otherwise of the deep drilling operations now in course of preparation to find fresh water under the Rock, and on which will depend the future investment in desalinators.

The cost of the project may also depend on the success of the scheme to be launched, as was mentioned this morning, for the sale of Government housing to their present occupiers and on the amount that can be raised to finance projects such as the new Power Station and further housing.

May I call the attention of Honourable Members to the fact that the schemes included in the 1978/79 Estimates for the 1978/81 Development Programme are only those which it is proposed to start in the financial year which has now begun. In new housing, for example, it is proposed to start the construction of houses at St Joseph's, St Jago's, Naval Hospital Road and White Store, always subject to the important reservation, as these four schemes come under the Aid Programme, that project approval is not unduly delayed by the Ministry of Overseas Development. As I said in this House two months ago, ODM have a good record on this matter. The Flat Bastion Road new housing scheme being locally funded can go out to tender when ready, which will be before the end of this year. But before project approval is sought, an application with drawings and estimate of costs has to be made. Already three of these schemes have been submitted and the remaining one, White Store, will be submitted in June.

The main area redevelopment schemes that we are concerned with this year are Tank Ramp, Lime Kiln Steps and Road to the Lines/Castle Ramp. Preparatory work for the first phases of these schemes is well in hand. Tank Ramp, already approved, will go out to tender in June; Lime Kiln steps, also already approved, in May, and the project application for Road to the Lines/Castle Ramp will be submitted to the Ministry of Overseas Development in May. These projects of new housing, and first phases of area redevelopment, will provide 129 new houses and 62 modernised houses in addition to what is now being built or about to go to tender. Of course, in these figures we do not include either the bedsitters at Glacis which are now being built, nor the new bedsitters at Prince Edward's Road. And, of course, certainly not Rosia Dale now in the course of construction. I already explained in the House last February the reasons for the delays in

starting some of these projects and I will not dwell on the matter any further.

The present and future rate, and I think this is important, Mr Speaker, of construction for the next five years, as the Honourable and Learned the Chief Minister mentioned this morning, five-year programme for housing, and I will say why in a minute, is programmed to produce 450 new houses and 300 modernised houses over that period, started and completed. Our architects and their staff have prepared critical path charts which show in detail the different stages of progress in all schemes, including the solution of the decanting problem and providing certain things happen at the right time, mainly project approvals, things will go on and should go on smoothly. Mrs Hart commended our Chief Architect on this work.

Honourable Members may wish to know why I am talking of a five-year period. There are several reasons for this:

firstly, some sites present problems of decanting which take some time to solve. Secondly, the rate of construction programmes is 90 new units and 60 modernised units each year. Government's realistic assessment of what can reasonably be produced and which bears relation to past performance over the last twenty years; 110 units per year. Thirdly, financial constraint. We are, therefore, now in a much better position than we were in 1975, to get on with the job of spending money on housing to which the Government attaches as much importance as the Hon the Leader of the Opposition does. And this is because a lot of the work of preparation of schemes for the 1978/81 Programme has been done in the period 1975/78.

Before I leave housing matters, may I refer to the large amount of money which we should spend in the next three years, something like £1½m, on the repairs of houses which can still have a long lease of life. Public Works Department believe they could make a lot of headway on this if the works could be put out to tender on the basis of what is called a "term contract" as the DOE/PSA do. It appears, however, that no agreement has been reached between the Public Works Department and the Transport and General Workers' Union on the implementation of this idea. I can see the Hon Mr Bossano saying No. It is very unfortunate because then it is going to be very difficult to spend that kind of money on repairs. I know the Unions says, alright do it by direct labour, but we all know what the problems of supervision in the Public Works Department can present. May I appeal to all parties, particularly to the Union, to cooperate with us to find a solution that will enable us to spend about £1½m in repairs in the next three years.

During the 1975/78 period considerable preparatory work has also been done, as the House knows, on the other two major projects of the Programme: the Girls' Comprehensive School and the reclamation between jetties. The architects of the School, a project which still has to be approved by the Projects Committee because of its size, have already been instructed by the Government, with Mrs Hart's approval, even though the project has not yet been approved finally by the Projects Committee, to get on with the working drawings. Then, of course, there is the question of the reclamation between Jetties 2 and 3 which is still pending approval by MOD(Navy) in London, although we have cleared it locally. This should go out to tender very quickly because the scheme has already been worked out and although I do not think there will be some delay because the original scheme which is ready was for reclamation between Jetties 1 and 2 and the area is exactly the same between 1 and 2 as between 2 and 3,

but we have to make certain investigations to find the depth right down to the bed of the sea, and the conditions of the bed of the sea between 2 and 3 may or may not be the same as between 1 and 2. I would like to thank the MOD(Navy) for their cooperation with us to ensure that there is as little disturbance as possible in the port when the reclamation scheme is being carried out.

Before I leave the matter of the school I must refer to one of its satellite projects, the Public Works Garage and Workshop reprovisioning. I said in this House two months' ago that this Garage would have to be built in the Slaughter House site and this led to discussions between the Government and the IGWU that seemed to me would lead to an outright confrontation because of the sheer lack of space, because this complex requires a space of 45,000 square feet. But anyhow you have heard from the Honourable and Learned the Chief Minister this morning that we are on the way, with the cooperation of a third party, to finding another site.

Lastly, and coming back to one of my favourite subjects on which I spoke earlier, but connected in this instance with the Improvement and Development Fund, Tourism. A sum of £150,000 has been earmarked for a temporary extension to the Air Terminal Building, a matter which I consider of great urgency, and we have committed CDM to this expenditure. I think it was the Honourable and Learned the Chief Minister who said this morning that what we will require is £1½m for the airport terminal building. This will be funded from local funds because it will be a good sign when we really need that building, and I think the Government of Gibraltar will be in a position then to fund that project. I think it was the Hon Financial and Development Secretary who said that this building would take at least three years to design and construct - or somebody said it, and if not I am saying it now. It will take at least three years to design and build and, therefore, we cannot really wait until we have the problem on top of us. It is not a large sum of money, £150,000, I would have liked to have got more but that is what I had to be contented with, and I see what we can at least mechanise the handling of luggage and have a larger departure hall and arrival hall.

This is what I would like to say at this stage on the Estimates for the Departments for which I am responsible.

HON MAJOR R J PELIZA:

Mr Speaker, I could not start without praising the work of the Hon Financial and Development Secretary. I think the presentation is really worthy of great praise. It is now possible for anybody who has never seen a set of Estimates before to be able to follow it and understand it. I certainly found it much easier than ever before and I am sure that, as already expressed by other members of this House the work that he and his staff have put into this is very much appreciated and, no doubt, this will now be the sort of thing that we shall have in the future. However, I would like to see just one more thing. I do not think it is a lot to ask, and that is perhaps one extra page in which we could see how we go through the years, showing the different Heads of Revenue and Expenditure side, over a period of ten years. I think that would give a very clear indication of how things have happened in the past and one could rally some argument as to how they would go in the future. I hope that this will be possible and that next year we could have something like that in the Estimates. I say this because looking back now I remember when our administration took over we left behind an Estimate of just over £3m and in that time it has shot up to ten times the size, ie £30m. I wonder how this could have been done without a gold mine! Perhaps there was a gold mine after all, and it is this Government which has been using the gold without really realising until now where the gold was coming from! Otherwise I just wonder how it would have been possible to carry on financing the steep rises in the expenditure without the money being forthcoming. Perhaps it is what we thought right at the beginning, that there was plenty of scope within our own resources, given that the Ministry of Defence would cooperate and understand the fair demands of the people of Gibraltar for fair treatment, that has made this possible. The unfortunate thing is that at the time the Opposition in 1969 and the Government after 1972, found it impossible to realise how important this was for the economy of Gibraltar.

I remember that in those days we were castigated for giving such priority to Defence spending in Gibraltar and were accused of ignoring tourism completely. In fact that was never true as you will see later, Mr Speaker, as I put my case for tourism here today, that we took a practical look at tourism and we were not completely taken away by midnight dreams as to what could be achieved in that area of our economy. So, unfortunately what was impossible to do politically, as I think should have been done, was done through sheer persistence on the part of the Unions, and at great cost of dislocation in every sphere of life in Gibraltar, including the financial side and the welfare of the people of Gibraltar. Because if

there has been understanding plus cooperation in this field, it might have been possible to attain parity long before and today we would not be worried as to whether we could balance our Public Utility Account because the money would have been there already to have balanced those Accounts by now. As it is the start is just about to take place and, of course, in the process some people will find it very difficult, particularly those who will not be as lucky as others who will be getting parity almost at once. And I am referring, of course, to the pockets to which my Honourable Friend Leader of the Opposition referred to and to which I hope the Government will give their careful attention. I am not just referring to the industries that might be affected by this. The port perhaps is one, the other one, most certainly, tourism. I am not just referring to that I am referring to the individual cases who through the circumstances of their particular firms or because their Union weakness on their part are incapable of obtaining the same kind of parity that the rest of the working force of Gibraltar will be attaining.

What is undoubtedly true is that suddenly Gibraltar is going to receive quite a hefty income in the region of I think the Honourable Chief Minister said, about £10m. That is a lot of money coming in and this will enable Gibraltar to enjoy the same standard as other western nations with which we have always been associated, and very particularly, I would say, the UK. It was the argument of the party to which I belong that Gibraltar could not consider itself to be living in an ivory tower with the tide rising all around her and be expected to survive in those circumstances. It was impossible. And that argument, as far as I was concerned, and I am concerned today, refutes all the other possible arguments that can be brought as to whether it is feasible or not, or whether it will affect one sector of the community or will not affect the other sector of the community. One thing I knew for certain: that is if we allowed the water to carry on rising and we did nothing to float we would all sink and that would be the end of this community. This is why to me the achievement of parity is a great thing for Gibraltar, a great success for the survival of Gibraltar. I always thought that without it, whether or not the frontier was open, it would have been very, very difficult for the community as we know it today to have carried on existing and preserved its identity. In the present circumstances, in our island economy, because the Gibraltarians would gradually have drifted away unable to live at the standard that they expected to. For circumstances we all know it is impossible for us to obtain things outside Gibraltar, since we manufacture nothing ourselves, everything has got to be brought from outside, at prices that we could not

afford. This first of all would have affected our standard of living very considerably and, secondly, the Government itself would have been incapable of having the money to carry on existing at the level that we expect, and to provide the social services, in the medical sense, and education and all the other services, plus social security, at the level that we all expected.

Therefore, if there was a very clear argument above all these little criticisms or objections that one might have had, the very clear overall argument was that without parity eventually Gibraltar could not survive as an island economy. If we see it the other way or suppose that it was possible again to re-establish the normal relations that existed before the frontier was closed, we would have discovered that people on the other side of the frontier were earning wages far above those being earned here in Gibraltar, and, therefore, again the Gibraltarian would have wondered whether, after all, it was worth struggling to preserve our identity in the economic sense. I know, of course, that there are other reasons why we want to preserve our identity, but we must not forget that that is an important factor in any community, and I do not think we can expect Gibraltarians to be otherwise. So in that sense I am very glad that this has happened. It also, I think, together with the Development Aid that has been given, reinforces the views of those who have always believed that it is possible to resist the restrictions and under no circumstances surrender our sovereignty in any manner or form. Not even nominal sovereignty. And I stress this because there might have been people who might have thought that there could be pressure from the United Kingdom, perhaps economic pressure, to somehow make even politicians believe that now was the time to try and get a deal whilst things were alright rather than wait until later when the situation could get worse. Well, we have seen now over the years and today is a clear example that the situation has been getting better from that point of view, that our position has been getting stronger from the economic aspect. After all our enemy was trying to destroy us in that respect. Our economic situation is now stronger than ever. I always believe that, and I now believe it much more than ever, that parity was essential. This is why when we took Government in 1969, we started preaching that high productivity, high wages economy which is something which we must not forget, and I am glad to see that whilst there were giggles on that occasion today giggles are not there, certainly not from the Government. The Government is now very conscious that the higher the wages the more important it is that productivity is high. This happens in public enterprise where, you know, if you do not get the money coming in it is impossible to pay high wages. Either you sink or you swim according to how much your

business produces. And I think in some respects Gibraltar is the same, Government is the same, the community as a whole is the same, and it is up to the people who belong to that community to try and render the best possible service so that the community as a whole can carry on existing and the standard of living rising. That was what I preached then, I am preaching nothing new. Equally when unfortunately we were unable to pursue our economic policy, which today is beginning to see the light of day, when unfortunately we were not successful in returning to Government in 1972, I suggested then very clearly from this side of the House, in my opening speech, that at least the wages should go up from between £5 and £6. And this is again was thought impossible. Well, more than the impossible has happened about five or six times, and the theory that I used then is as useful today as it was then. And I am very glad that the Government have been persuaded to accept it at long last.

Now having said that, one has to look at -- I have been talking mainly about the Defence industry. Let us look now at tourism, which is the other important side of our economy. We have had a report from the Economist Intelligence Unit and one of the things it says, is: "at present level the hotel sector is not viable. If no action is taken to increase tourism this will postulate the ultimate closure of some hotels." This is what happened since we ceased to be in Government, Mr Speaker, and the seriousness of the situation does not seem to be realised. I have not seen today from the Minister of Tourism anything really dynamic coming from him to avert the situation that has been postulated by this report. Nothing at all. One listens to the Minister and one gets the impression that everything is going to be alright. There are many ifs, but generally speaking there seems to be a complacency that I just cannot understand. A complacency that seems to infect the whole Government. Perhaps because they are tired. Perhaps because they have been on that side of the House too long. Perhaps because they are confident because they have too many people on that side of the House. Perhaps they do not realise that quantity does not make quality. All these things. Perhaps, perhaps for all those things, Mr Speaker, there is no sense of urgency, no real effective action from the Government, and nothing has been said by the Minister of Tourism that I, if I have anything to do with that industry, would make me enthusiastic about the future.

Gone are the days when he was thinking of building more hotels. Those are well behind. He does not even mention hotels these days. He mentioned beds but not hotels any more. He was expecting about 50 or 60 hotels



and now he is quite happy with about 500 beds. That is the real situation. Any one who has heard him before and hears him now must surmise that he must be a very disappointed man with respect to his great plans and designs for tourism for Gibraltar. I have no doubt about it. I think he is overloaded. That is the problem. Because when we come to development, which is another responsibility of that Minister, we find that the situation has got no better, and one can paint more or less the same picture. I know that somebody in the House got very cross with me the other day when I said that the Minister was busy selling stamps whilst £3.5m of development aid had not been spent. And someone jumped up later to say how much the Minister has done; he had sold I think £150,000 or more.

HON CHIEF MINISTER:

£800,000.

HON MAJOR R J PELIZA:

£800,000. Compare that with £3.5m and then you realise what I am talking about. What I was going to suggest was that whilst in that field the Minister, one agrees, has been successful, that to my view is the sort of talent that we need on tourism today to see if in the same way as he is selling stamps he can sell Gibraltar to the tourists in Britain. I am surprised because at one time I thought he was taking over, in fact I even knew the date, but then suddenly this did not happen and the situation is, of course, today that we find ourselves in a very serious position with regard to tourism. As I see it no hope whatsoever of any improvement.

We all know the problem. Above all the problem is that there are no seats on the 'plane for which again the same Minister is responsible today and I believe up to a few days ago, it was impossible to get a seat on a 'plane to Gibraltar, as we are speaking here today. It would be interesting to have this confirmed. And, of course, all we hear is that, you know, it is very difficult to get this changed. We all know it is very difficult to get this changed but if you cannot change it it means that whoever is trying obviously should give up some time. He has been trying now for a few years, six years, and I would have thought that any person who had been trying for six years.....

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MR SPEAKER

No, let us not try and make this into a vote of confidence on the Minister. You are quite entitled to say it is bad for the economy of Gibraltar, you are not entitled to say that you should get rid of the Minister for that. Not at this particular stage.

HON MAJOR R J PELIZA

No, I am not saying get rid of him, what I am saying is put somebody in who might be able to do better for the economy of Gibraltar, yes. There are a lot of people employed by tourism who may have their jobs now at risk, particularly because of parity. We are all conscious of this. But, obviously, as I said before, you cannot allow one sector to prevent the rest of Gibraltar to survive, but we must do something to ensure that that sector will survive with all the people of Gibraltar. And there are many people employed including taxi drivers who will feel the pinch because they have not got the fares that they used to have when there was more tourism about. And the shops who are selling less. Of course all those people are affected. When I am talking of hotels and tourism I am not just referring to the five or six people who own hotels, I am referring to all those people who are employed by those hotels and all the other side effects of not at least maintaining the level that we had once. And of course you can come up with all sorts of arguments: that the value of the £ has gone up or down, and that the air fares are too high and therefore we cannot be competitive. All those things are valid arguments but what I say is that no matter how valid they may be, what we need is to somehow get over those difficulties, and certainly this Government and the previous Government have found it impossible. Nothing has been said today that gives me any confidence that there will be any change in the near future, at least. We seem to rely on whether things are good or bad, it all depends which way the wind is blowing. We seem to be incapable of doing anything to master the difficulties, we do not seem to be able to overcome them.

There has been no suggestion today to show that at least the Government is going to try to overcome this. We have had the problem, as I said before, coming back to capacity for tourists to come to Gibraltar, seat capacity on planes. We have been discussing this for six years and we are far worse than when we started off. We said, let us have some form of participation, we have not heard about that yet, ever. We hear now that we are going to have some charter planes, and the difficulty of bringing

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them outside London. Of course it is very difficult. We have a very small market and unless we ourselves have got the resources to be flexible enough to re-route our planes, or the availability of planes to suit our small market, it is going to be very very difficult to get bigger operators to take into account our difficulty. It has been proved very clearly with regard to air freight-ing. We have seen how a small local firm has made that viable, something that BEA was ever incapable of making viable. They have done it and this is why. And I can tell you this with some personal experience because you can get the sort of personal attention to fit into our small needs. BEA cannot possibly attend to our requirements. They gear themselves to big orders, to big traffic. When it comes to Gibraltar we are obviously very insignificant and very troublesome to them with regard to the return they get for our route.

Sir, I think it is absolutely essential, and I would have liked to have heard the Minister say something constructive as to how he was going to overcome that very important problem. Well, we have not heard about that. And where we have been successful like in Morocco, where I can see that there are more people coming, again, there, have we heard any real eagerness to reinforce that? Have we heard from the Minister how he is going to pour more effort into that particular sector from which I think we might be able to increase traffic? Not a word. And have we heard, and something that I have been saying on many occasions, how we can induce people who come over to buy more by giving them an import rebate on their way out? not a word about that. They are very difficult to achieve, but unless we do something like that we are not going to get as much as we should be getting from that particular market. I do not accept that it is impossible to do that because you do not know how much duty was paid when the item was got in. It is possible always to work it out on the last consignment to arrive. Where one can assume that it has paid more than the other because of inflation. There are many other things in that field that could be done to try and encourage people who come to Gibraltar to buy more whilst they are here. Nothing from them at all. We have heard for instance that yacht visits are increasing. Well done, very good. Again what are we doing. Have I seen anything anywhere near the Marina saying "Welcome to Gibraltar".—Something that will make it really enthusiastic to come into our place. Go round there and you will see the state they are in. Go around the Marina, the Marina that exists today. I would advise anyone to go and see what the position is there. Old cars lying about, impossible to go in and out by the way the things are parked, filthy and dirty. Any anyone coming on a yacht to that Marina, I just do not know how they come again, quite honestly. I am not demanding a

a new pier, all I am demanding is a little bit of imagination to make the approach to Gibraltar from that particular district much more attractive than it is today. Where is the imagination? The little things that count? Little things that my colleague Willie Isola, when he was the Minister of Tourism, gave a lot of a attention to. The product, what he used to call the product. And since he left all those little details are being forgotten. Forgotten for the big hotels that were never constructed; forgotten for the many houses that were going to be built that have never been built; and the little small things that count have been neglected. And of course the results show in the number of tourists arriving to Gibraltar.

How many of those who come to Gibraltar want to come again? That is a very important factor. Well, not by the way the figures are showing. Therefore, I would suggest to the Honourable and Learned the Chief Minister to give very careful attention to what is being said today because the responsibility is his in the same way as was the question of parity six years ago. Perhaps in six years time he will say: Yes, of course, this is very fine, we could have planted more flowers. I have just discovered that we should have had a much cleaner Gibraltar.

HON CHIEF MINISTER

I can assure the Honourable and Gallant Member that I shall be here to tell him.

HON MAJOR R J PELIZA

I have no doubt you will be in this House, although you say you are going to retire, I have no doubt about that. Well, let us carry on. And the best of luck.

Now, I mean one could go on on tourism, but I think that there must be other colleagues of mine who would like to say a good deal more than I have said. But now let us go to Port. We have the reclamation which has been spoken about now for a good many months, if not years. And what do we hear? We still have not got the clearance of the Ministry of Defence for that project. So all we are talking, all the question of the Ministry of Overseas Development not producing the cash, all that talk, and we still find that we still have to go to the Ministry of Defence to get approval. I mean at that rate can we really believe . . . .

MR SPEAKER:

In so far as the Reclamation is concerned, approval was sought for Reclamation between Nos. 1 and 2 Jetties, and new approval has to be sought for reclamation between the 2 and 3 Jetties. We must not waste the time of the House in matters that I think are clear.

HON MAJOR R J PELIZA

Mr Speaker, alright, but again I think we must at one point decide where we are going to have those things, otherwise we are going to go round in circles as we are doing with the PWD Garage. We still do not know whether it is going to go at the Slaughter House. Although I think it was the Minister for Development who categorically said: if I have anything to do with it it will go on the place that I have said, and now we hear today that this is not so.

It is a good thing that we have not got to ask approval from the Ministry of Defence, it is a very good thing, otherwise God knows whether we would have that Garage. And if we do not have the Garage, this is the point, we do not have the School. So it is the School, the Garage, and now the reclamation at the Port, and so we go on with all this problem going round and really making you dizzy after a while. I really do not know whether I am coming or going at this moment with regard to the Development Programme and I can well understand how mixed up the Minister himself must be, let alone his staff.

So, Mr Speaker, if we look now, and this is vital, at the figures for Development we find that the idea was in the last Budget to spend £5,776,000, and that in fact only £2,141,000 was spent. This left us £3.6m. of very good money from Gibraltar which was left unused. These were figures that were given to me. Mr Speaker, this is a lot of money, and so when I now look at the figures that are being presented in the present Development Programme, and I see that in Housing alone it is the intention to spend £3.3m, it makes me wonder whether this is fact or fiction. Because, quite honestly, the estimates with regard to Development have no longer any credibility. No credibility whatsoever. And we go down the line and we find . . . .

MR SPEAKER

What line?

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HON MAJOR R J PELIZA

I am talking now about the Summary of Receipts, Estimates of Expenditure, centre column. This shows what is estimated, how much is going to be spent on the project, and altogether, all being well, we should spend £6.8m. if that Estimate represents anything. I do hope that this can be achieved. But when I hear the way the new Development Programme is going to be conducted, how figures over £800,000 have got to have the approval, and even smaller ones, I am beginning to wonder that unless we start pretty early getting this off the ground, quite honestly I wonder whether at the end of the three years, we are going to come back and find that of the £14m. that could be used, half of it is going back because the Government have found it impossible to get the jobs done.

I can understand this. They have not checked the momentum of the Programme in the last few years and I think they are going to find it very, very difficult to get the labour force and the construction firms, and all that goes with it, to be able to get their Programme under way. I see again no sense of urgency or the question of Development. Everything that has been said here today has been very vague indeed. Hardly any figures of commencement and hardly any targets of completion. Therefore, when one looks at the figures and one looks at the performance of the Government in the past few years, it is sad but it is true, one has to confess it, I am not at all confident that what is written down in the Estimates for Development will ever be spent. I think the Honourable and Learned the Chief Minister must try and see what he can possibly do so that his Government is more effective, because otherwise, if he does not do something about it, and something drastic, Gibraltar will find itself much poorer for his not having taken the drastic action that is required to be able to see that this Programme is carried out.

A consolation, as far as I am concerned, is that it will not be for lack of money. The money will be there. It is obvious that the money is there. The money coming in through wages earned by Gibraltarians, full of dignity now, and not as before feeling that they were being discriminated against. In that way the economy through its recurrent expenditure should be able to take it, should be able to start balancing the account which I think we should be proud to balance ourselves and should be able, with the aid of HMG up to now, given an effective Government, to be able to better their social services in Gibraltar, and I mean not just the social services in the sense of medicine and education but also in the form of housing and better amenities all round.

I think the responsibility falls very squarely on the Government and although one has no praise for their past

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performances, one is hopeful that for the good of Gibraltar, when they come to report in the House in about a year's time, they can give us a much better picture than they have given us here today.

HON H J ZAMMITT

Mr Speaker, Sir, I think it is the third year that I follow the Honourable and Gallant Major Peliza, particularly at this time of the Budget session, and for once I would say that he has been quite constructive. It surprises me because when he stood up, on this side of the House we murmured something which sounded like: "Here he comes!"

I will say this, Mr Speaker, that I do not know whether it is his being on that side of the House now for the last five years that has made him all reason and sense and he has come down to earth. I am very pleased to be able to say that. Normally, as you know, I have had my little spice at this time of the year because he does tend to get carried away quite easily.

There are only one or two little points I would like to remind the Honourable and Gallant Major Peliza and one was when he said about the offer of £5 or £6 in 1972. I remember that very vividly, Mr Speaker, it is written in my mind indelibly because he said so here, at the opening of this House, but not during election time otherwise I might have voted for him myself, Mr Speaker. There was certainly no mention during his campaign at all of £5 or £6 increase in wages. That he said so, it is absolutely correct, but it was here in this House after he was defeated at the General Elections of 1972. So, Mr Speaker, I think that there are people that can refer to memory without going back to Hansard to be able to strike the nail on the head when the time comes.

Mr Speaker, I would like, of course, to refer to the two departments I am responsible for: Housing and Traffic, and I think that Housing would obviously deserve the priority that Members that have contributed so far have mentioned, and, of course, it goes without saying how very pleased I am to see that there will be a marked improvement in the building of housing, not only new but modernised, within the next 3/5 years. I have heard the Honourable the Leader of the Opposition say that I was having a very rough time, or words to that effect. Well, of course, I think he himself having been Minister for Housing for quite a short spell knows fully well what this Ministry entails not only as a Minister but to the staff of the Housing Section that have to put up with much more than a lot of people seem to realise. Quite a lot more

then should be expected.

Mr Speaker, over the past three years that I have been Minister for Housing, I have given a lot of consideration to the problem and it is at this time of the year when one can more or less try to put over the policy that one thinks would be able to alleviate, to some extent, the present predicament. Mr Speaker, because we have had the injection, hopefully of being able to construct some 450 new flats within five years, and to modernise 300 flats, of course, is ambitious and I can see smiles and grins on the other side of the House. Without any doubt at all modernisation cannot proceed, cannot in any way be successful, if there is not a realistic approach to the whole housing set up. By this I mean that now, and in fact Mrs Judith Hart herself commented upon the way that the architects and planners had produced a programme of work which is possible. These are not high faluted dreams, but it is possible, and in fact, Mr Speaker, already as my colleague the Honourable Mr Serfaty mentioned the question of Tank Ramp, Phase I of Tank Ramp is completely decanted with the exception of one family. Lime Kiln Steps is completely decanted and in fact there work has already commenced. At Lopez's Ramp work has commenced. But this cannot continue, Mr Speaker, until we get co-operation from the tenants themselves. I think it must be realised that we cannot modernise the flats that have to be modernised unless there is a reasonable reaction from tenants in pre-war accommodation. And with this, Mr Speaker, I should announce that the Government intends to take a very strong attitude to people who require to be decanted, and provided we can offer them suitable alternative accommodation, the Government cannot allow or tolerate, people sitting back and holding back the development programmes. We have had experience in the very recent past of some people trying to squeeze the lemon dry because they think they can do so because Government requires that particular flat, or house, or building, to be decanted.

I will go no further than that but, I say so here, and no doubt it will be made public, that Government will be taking very strong steps and will not allow itself to be dilly-dallied with thus delaying modernisation. The other thing that no doubt the Opposition would like to know, and in fact all members of the House, Mr Speaker, is that because of the modernisation programme running in par in some cases with the construction of new houses, there has to be a paralysation of the Housing Allocation Scheme. We cannot continue to keep allocating houses, other than, of course, before anybody jumps up, other than of course, Varyl Begg Estate when fit for human occupation. The other post war housing which becomes available will be retained exclusively for use with

the modernisation programme. For decanting purposes. Mr Speaker, it is only then that one is able to see that we can alleviate the situation. I know, and I am fully aware, that there are people who would be borderline cases in the context of the allocation of Varyl Begg who may find themselves in a very awkward situation. I accept this. I think every member of the House will accept it. But we have to go on with modernisation. We have to go on. Unless we do that we cannot continue to modernise flats.

HON M XIBERRAS

Mr. Speaker, if the Honourable Member would give way. It is a very serious statement that he is making. Does he mean exactly what he says, that the Housing Allocation Scheme will be frozen completely after Varyl Begg, that there will be no other allocation on points?

HON H J ZALMITT

I am saying, Sir, that for the time being there will be no allocation other than at Varyl Begg. All post-war houses that become vacant will be absorbed for the decanting purposes of modernisation. I am fully aware of what I am saying, Mr Speaker. New housing coming up could well be used. In fact, I think I understand what the Honourable the Leader of the Opposition means, and that is that I, as Minister, would like to retain the power to be able - I have the power - but I would like certainly at least backing that there are some very pathetic cases that require specific and special and particular attention. But I must say that as a general rule, allocations will have to come near to paralysation.

HON M XIBERRAS

Does this statement apply to new housing, apart from Varyl Begg, which the Government hopes to construct?

HON H J ZALMITT

At the moment, yes, Mr Speaker. The only place I can think where we have new houses at the moment that maybe absorbed for modernisation is, possibly, Rosia Dale.

Mr Speaker, the fruit of modernisation, and I know this is not a very popular move - well, I do not think a Housing Minister

can be popular, irrespective of how you move around - the fruit of modernisation can be seen of what little has been done. There is no good my saying, that we have done a tremendous lot, because we have not, and decanting, of course, has been possible, the greatest drawback on the modernisation programme, but there is no justification to say that we have done enough. We certainly have not. There are many problems, as was mentioned by my Honourable Friend, Mr Serfaty, in relation in particular to the modernisation programme where surprisingly enough we found a tremendous amount of people living alone. A tremendous number of poor old dears, and bachelors and spinsters and what have you living alone and we could not decant them because of the lack of bed-sitters. I was then very pleased to be able to convince my colleague, who saw reason here, and we were able to provide nine bedsitters at Glacis and eighteen at Prince Edward's Road. These again, Mr Speaker, will have to be used exclusively for the modernisation programme, so as to be able to continue. But I must say this, that the Housing Department after a lot of work, and a lot of looking into, have been able to decant all Phase I of Tank Ramp, which as my colleague said will be going out to tender any moment now, and we have already done Lime Kiln Steps and other places and in the case of Flat Bastion Road we have now seen the fruit being borne.

Mr Speaker, no doubt this morning, when the Honourable Financial and Development Secretary was talking about rents I think it made our spines shiver, but there are two aspects which were touched upon very briefly and one was of course the policy of Government of introducing a home ownership scheme. And it is here that a lot of work has been put into this, and although it is not refined to detail I think there will be a sense of pride into those people who would be able to buy their own property and from which security will obviously stem. The fact that rents are going up is nothing new today even though the Honourable Financial and Development Secretary brought the subject up. I have been hearing rumours of this now for the last month. Government has very carefully considered what the increase might be and we are trying to get a scheme that will be attractive to people and induce them to own their own property, which will be able to be used as collateral and certainly an investment in years to come. In a matter of detail, Mr Speaker, I would not like to dwell on that particular aspect too much because my colleague the Honourable Mr Montegriffo is Chairman of a Committee of Home Ownership and no doubt, I am sure, he will be delighted to be able to come out when the scheme has been devised and completed to be able to put it over in his own usual way.

Mr Speaker, the other aspect which is obviously of concern is the question of rent relief, and that is that we have a sub-



committee formed by the Housing Department and the Labour and Social Security Department looking into the rent relief situation so as to bring into a realistic line of what it ought to be. I should just mention, particularly for the Honourable Mr Bossano, that rent relief was introduced in 1959 and the tremendous sum of £2 was deducted from the salary at that particular time. So in being realistic it will obviously have to be brought into line with the present day increase in wages. Mr Speaker, I would just like to go back to the question of Housing and say that the Allocation Committee is not for the time being responsible, nor should they be blamed for allocations because this is now being done by myself using my prerogative as Minister for Housing in connection with the modernisation programme. No houses are being allocated at all on the points system and I would, like my colleague the Honourable Mr Serfaty, appeal to all those people who for some reason or other may be inconvenienced in being transferred over temporarily not to make life too awkward but to assist as far as possible. Of course, as ought to be known, we do give the people a number of options. We only offer them post-war accommodation with all the modern facilities, we give them the option of remaining where they have been decanted to, or the option of returning back to their own accommodation once it has been modernised. We supply such things as free transport and we do not impose upon them telephone charge connections and other little things of that nature, Mr Speaker. I would appeal very sincerely because Government has had to take the line that if a building is up for modernisation we certainly will not allow any person or persons to hold back the programme because he wants to have a place facing the east, south, north or west or a palm tree in front or behind. I am sorry I do not want to dwell on that one any more.

Mr Speaker, having gone very briefly over the housing situation, I would also like to say that the Housing Allocations Committee has been considering a new scheme to try to make it as fair as possible and try to do away with possible thoughts of injustice being caused. I think I cannot go any further on that Department. Mr Speaker, on sport, there are two or three things that I would like to mention very briefly, Mr Speaker. One is that it will be noted in the Estimates of Expenditure that we have made a particular contribution of £4,500 to the Gibraltar Hockey Association for their forthcoming trip to Germany and I think it would be quite proper for me here - it is the first occasion we have had to do this - to congratulate the Gibraltar Hockey Association for their very fine performance against Switzerland and to wish them the best of British luck in their trip to Germany. GHA are quite pleased with what we have done and I do not think anybody could criticise the money we are giving as being thrown down the drain. I think it is a very worthwhile cause and

already GHA has put Gibraltar on a pedestal that this particular sport deserves. So, therefore, as Minister for Sport, I would wish them all possible success and, as I say, it is not a question of winning or losing but a matter of playing the game and I am sure that our squad in Germany can certainly do that and give a very good account of themselves and be tremendous ambassadors for Gibraltar.

This year, Mr Speaker, also we will have the Commonwealth Games and a squad will go over to Edmonton. I will not disclose at this stage, because my committee have not, as yet, met to approve a grant, but again Gibraltar's flag will be flying there and again they are worthy of all support.

Mr Speaker, it was mentioned here about a year ago the possibility of introducing a membership scheme into the Stadium. If Members look at Head 22, page 69, they will now see that the Victoria Stadium is costing the taxpayer nearly £100,000 per annum. Although Government does not intend for one moment to draw any form of revenue to offset those £100,000 it is considered that the only way that we can keep a momentum in the form of financial assistance and include to add facilities, very much needed facilities at the Stadium, it will be necessary to impose a membership fee to sportsmen and an entrance fee to spectators. In this context, Mr Speaker, I have promised, and I certainly will before we discuss this in detail, the Leader of the Opposition and I think Mr Brian Perez who was at the time shadowing Sport, to give them a full account of what is intended. The membership fee will be £10 per annum. Hopefully I would like to introduce this about September this year. £10 per annum, which will grant the facilities that people are today obtaining for free. It will also allow access to all parts of the Stadium. In other words, we will not have places locked up from indoor sports to field sports, but once a person is a member access to all parts of the Stadium will be permissible. The advantages of being a member as spectator or participant is that it is found that most sportsmen practice more than one sport, but it still means you pay the £10, and not £10 per participation. It will mean also that in the case should there be any Government participation in footing a bill for some particular sporting event that members will pay 50% of the agreed entrance fee whilst non-members will be required to pay the full amount. Of the total sum collected 30% will accrue to Government and the remaining 70% will be poured to the sportsmen either by way of grants, financial assistance, or in the way of added facilities. Already, Mr Speaker, we find that in one particular sport, squash, it is virtually impossible for anybody to get a booking. Therefore, one of my ideas is certainly to be able to do our utmost to try and add facilities in that particular field. Mr Speaker, I know that members opposite, in fact I am sure somebody will not be very pleased

about this measure, but I think particularly the Honourable the Leader of the Opposition who has been a sportsman now possibly for too many years, will agree that nowhere in the world are facilities offered absolutely free at taxpayers' costs.

HON M XIBERRAS

It is precisely to avoid any undue opposition on this measure, which affects a cross-section of persons in Gibraltar, that I was hoping that the Minister before announcing the terms in the House would give this side of the House prior warning and information. In fact, what the Minister has done is to state the terms of what will happen and that, therefore, it is not in keeping with his undertaking to me in the House.

HON H J ZAMMITT

I am sorry. As I have said, before the Estimates are discussed in detail I will certainly give that to the Honourable Leader of the Opposition. But what I would like to say, Mr Speaker that it would not be fair, as the Honourable the Leader of the Opposition in his hockey capacity well knows, that the municipal grounds anywhere in the world cost money and they are paid for by participants. In fact, without being too mathematical about this, a fee of £10 is much less than, say, Sandpits Lawn Tennis are paying just to play one particular sport. If you boil it down to pennies then it comes down to something like 3<sup>1</sup>/<sub>2</sub>p per day which is not a sum that prohibits people from participation or as spectators. So, Mr Speaker, we will certainly have to introduce this measure, not may I say, as a budget measure, it has nothing to do with the budget at all. This was decided some time ago and it has been thrashed out with the Advisory Committee.

Mr Speaker, if I may just go back to Housing, I think I have said this but it probably requires more clarification. It is that freezing of the allocation scheme will be temporary. It is only to get the initial stages of modernisation going into operation. Once we begin to get a return then, of course, it is obvious that the allocation scheme will come back as hitherto. I thought I had made that clear but I am reminded that I probably did not make that clear enough.

Mr Speaker, we have not had a very successful year in sport mainly due to the blacking action at the Stadium which, thank God, is now over, but which I hope will not recur. We have not had a very successful year and sport has been quite hampered. In particular I commiserate with the Gibraltar Hockey Association because they had a number of international ventures and they have been quite hard hit. I will go no

further on that, I will just hope that we do not get a repetition of this in the future.

Mr Speaker, lastly I would like to make a brief reference to my other responsibility of traffic, and I think Members will see in Item 3 in the Improvement and Development Fund, Head 106, that we have £30,000 set aside for the shelter at Flat Bastion Road. Before anybody pops up and says, you said this last year, it is quite so. In fact, Mr Speaker, we have been unable to do this because we are advised by experts that it should be done in conjunction with the new housing at Flat Bastion Road that my colleague mentioned. It would be quite contrary to construction requirements to have a car park immediately under where they are going to start building and have traffic going in and out. The idea here is that the successful tenderer for the block of flats at Flat Bastion Road will be required to also tender for the requirements within the shelter for some 80 vehicles. So the £30,000 is there, and as my colleague mentioned earlier on, since this is from local funds, we do not have to have ODM approval or any other form of approval and I am told by the planners that this will be going out to tender so that work can commence, I think, in January next year. The £30,000, will not be enough to terminate that particular job but it will certainly give 3/4 months at the end of the financial year to get on as much as we possibly can.

Mr Speaker, there is little more that I can contribute to this other than to express my gratitude to the Housing Allocations Committee, to the Housing Advisory Committee, to my own Sports Advisory Committee, Mr Speaker, and last, but certainly not least, to my dedicated staff, who give much more than one should sometimes demand of them, particularly in the Housing Department.

MR SPEAKER:

I am not going to begin to believe that there are no other contributors, and we are not going to sit here until doomsday. I will have no hesitation within the next 30 seconds to call on the Chief Minister to reply if there are no other contributors.

HON J LOSSANO:

I was not quite ready, Mr Speaker, but in view that nobody else wants to talk I will stand up.

Mr Speaker, the Honourable Financial and Development Secretary has produced a very comprehensive statement which it is difficult to do justice to in the same day and I would have hoped to have had more time to deal with all the points that he has made in detail. I will not be able to, I am afraid. I would like in fact to start perhaps by starting as I did, in my contribution to the budget last year by making a couple of points about the world economic situation in answer to what he had to say and as I prefaced by saying last year in my opening remarks, where I made the same opening statement, I do not think in fact that the sort of considerations that apply to a national economy apply to Gibraltar but I do agree with him that it is important in fact to be aware economically and indeed politically of what is happening throughout the western capitalist system because in fact what is happening there may well change completely the parameters within which we have to function in Gibraltar. The Honourable Financial and Development Secretary in fact talked about the problem that exists in the major industrial countries and the fear that they have of reflating their economies because of creating an inflationary spiral. He mentioned the budget in UK on the 11th April where the £2,000m reduction in Government taxation has been greeted in some quarters as something that involves taking considerable risks with the economy. And although I am not sure whether in fact in saying so he was identifying himself with that particular school of thought or not, just in case that should be the case, just in case it should be the case, Mr Speaker, I would like it recorded that in fact the need to reflate the economy is something that most authorities in Western Europe are conscious of, but the manner in which to go about it is something that the system seems to be incapable of doing and it is a situation which we find ourselves now in Europe where there is massive unemployment, unemployment in the OECD countries of 7m people, unemployment in UK alone is 1½m and a problem where the mixed economy system that has developed and I think produced improving standards of living for working people since the war seems to have reached a point, in fact, where a lot of political figures are wondering whether it can go on in the sort of direction that it has developed up to now. I think it is important to realise this in Gibraltar because in fact, whereas we have got by the very nature of our economy, I think, more room for manoeuvre than almost any other community in Europe. I think we are unique in having for example, a labour force which consist of 30% of imported labour. I think we are unique in having such a large turnover in labour with new people arriving and leaving monthly, that in fact if there is a loss of jobs and a reduction in the numbers of employed we can absorb that painlessly in the sense that whereas there would be an economic impact, there would not be the sort of human problem that is created with unemployment. I think we have experienced some difficulty perhaps in placing school

leavers, as has been mentioned, but I believe that this is not a major problem, if in fact we can make our youngsters appreciate that there is nothing degrading in getting one's hands dirty to earn one's living. And I think that the new rates of pay that will be brought in with the implementation of parity could well in fact produce the right sort of incentives for people to be prepared to try their hands in non traditional areas.

But the problem in Europe will affect us if in fact the repercussions of being unable to deal with the economic crisis that the system is facing spills over into a political crisis. It will affect us because in fact we are not, although we may have an island economy, we are not an island, we are part of Europe, and if there were to be dramatic and fundamental changes in British society or in European society Gibraltar could not in fact be insulated from them. Now, I myself do not know the answer to the problems facing the European economy. If I did no doubt I would be in so much demand, Mr Speaker, that I would not be here telling the House of Assembly about it now. But I believe myself that there are certain inconsistencies in the system and that those inconsistencies in fact are not being faced by people who believe that you can cure inflation, or cure the problems that we have of unemployment, through wage restraint. The left of the labour party in UK has always believed in high wages as a means within the natural process of the market economy of the capitalist system as a means of providing the incentive for capitalist to maximise the use of labour. It is only in fact when labour is expensive that you give people the incentive to use labour productively. Now, the situation is that in order to make use of a surplus of labour that may be created by the introduction of greater technology and the replacement of manpower by mechanisation that surplus labour has got to be absorbed. It has got to be made to do something socially useful, and I think that it is here that the answer must be in fact an expanding public sector engaged in providing a higher quality of social services so that the terrible crime of a capitalist system which has got 7m people unemployed is in fact resolved through the useful employment of those 7m people. Now the problem within the system now is of course that we cannot employ people like that in Europe in producing simply more gadgets and more consumer goods because there is not a market for it, and the market cannot be created at will. We face the situation in the UK economy, to which the Financial and Development Secretary referred, where we have got at the moment 50,000 school teachers out of work, Mr Speaker, and we have got overcrowded classes. That is a terrible indictment of the system and it is only if in fact the political will is found in Europe to face those problems and resolve them that we will get in fact a continuation of the process that we have seen since the war: a process which I think is in fact bringing us closer to socialist society

through gradual reforms of the existing system. And I think that if we can in fact achieve the sort of society in which I believe, through a reformist approach, then it would be preferable that it should happen through a revolutionary situation which inevitably creates in the process a lot of victims. Now whether in fact Europe has got the will to do this remains to be seen, but we certainly face in my view one of the most challenging moments in the history of Western Europe, and if we are not conscious of it here in Gibraltar and it is not reflected in our budget, we are nevertheless in a very real sense a part of Europe. Not in a legalistic sense of whether we are in the EEC or not. We are in a very real sense a part of Europe and if there were to be a dramatic and fundamental change in Europe we would be caught up in it as well. So, since the Honourable the Financial and Development Secretary has kindly given me the opening by making references to the world economy I tell him that I could not in fact forego the opportunity of saying at this stage, the things that I feel are important and that we should occasionally think about as politicians and as people who are involved in looking after the welfare of our own community. Because this is a very real problem that everybody else in Europe is facing.

Regarding our own economy, the budget speech this year in fact contains a great deal which in the past, Mr Speaker, has been elicited by questions or by promptings from this side of the House. It is quite obvious that the Honourable the Financial and Development Secretary looks back before he makes his budget speeches to make sure that he is not asked the same question in two budgets running. I am glad to see that in fact he has made references to the way the rate of inflation in Gibraltar appears to be linked with the rate of inflation in UK and how with a time lapse the drop in inflation in UK is becoming reflected in Gibraltar in the first three months of this year.

Now I think the importance of that is in understanding that if that is a valid analysis, the effect of wages on local prices, it must follow that it is not as great as it has been thought. In fact in the private sector we have had over the last two years pay increases negotiated by my Union across the board of £7.00 in 1976 and £6.00 in 1977. This has produced a situation where today for example, a labourer in the construction industry is earning only 15p a week less now what the Government is offering in its offer of parity. So there would be, as far as the construction industry is concerned, there would be no immediate dramatic impact on their costs. And this is true also of the bulk of the employers in the private sector where the level of wages for a labourer today is roughly speaking in the region of £38, as opposed to something like £37.75 under the Government's offer of 100% of the supplements and 90% of the basic wage which

would be implemented from last October. Now, during that period we have had therefore the private sector paying out substantial increases, in percentage terms bigger increases than we have ever experienced before and we have not had that reflected in the index of retail prices. Because we have seen that the index of retail prices for example for the 12 month period has been running at 14%, at one stage very close to that of UK. At an earlier period, in 1976 in fact below the level of inflation in UK, and that recently it has been dropping, in a situation in fact where the private sector has been meeting substantial wage claims without having the benefit of a public sector market, as it were, from the wage earnings of workers employed in the Gibraltar Government and in the UK Departments. Now, I think it is not unreasonable to think that if the private sector finds itself in a situation of having to meet a pay claim at the same time as 70% of the labour force is getting a similar pay claim, which is not coming out of the resources of the private sector, the private sector would find it easier than it has done in the last 2 years. And, therefore, I cannot accept in fact that the Government is going too fast in implementing parity as perhaps was indicated by the Honourable the Leader of the Opposition. I think that certainly the task of the Government would have been easier if in fact parity had been introduced in 1974. For a start they would have been able to plan, in fact, the sort of claims that they would meet and the sort of rises that they would have to meet and plan the economy much better. And I think this is vital. I think a great deal of the problems that have faced Gibraltar economically over the last four years has been the lack of planning by Government. There have been I think two things, really, primarily. One has been the lack of planning by Government and I think it is absolutely vital that there is long term planning, this is in fact a central theme in any socialist approach to the management of the economy that there should be. But even today, even non socialists accept that there is a need, unless they are on the extreme right, in which case they call it interference, Mr Speaker, but I do not think we have got anybody in the extreme right in the House of Assembly. Of course I am quite willing to sit down and be told otherwise when somebody else speaks!!

I think a lot of people accept now, whatever their political persuasion, that there is a need for long term planning, and I think it has been the absence of long term planning that has been one of the factors affecting Gibraltar's economy, and I think undoubtedly the other has been the major disputes that we have had since 1972. They have caused a lot of dislocation to the economy of Gibraltar. I have been involved in virtually all of them, I do not accept the responsibility for them, Mr Speaker, I am just saying I was there. I think it is regrettable that it was impossible for the Government to be

persuaded by the arguments earlier. I am glad that they have been persuaded at this stage and I prefer in fact, Mr Speaker, to rejoice in their conversion than to recriminate them for not having been converted earlier.

I hope that in fact the basis has been laid for good industrial relations in Gibraltar. I am sure that in fact the major element that existed before when it was impossible to make any sort of progress at all, because the premises upon which the employers were working and the trade union movement was working were completely opposed. The situation, however difficult it may be from now on, however difficult it may be from now on and I am sure that we are not all going to become saints overnight, there will be disputes no doubt now and again in Gibraltar but the fundamental thing that was missing before was that we were not talking the same language. For as long as the Government was maintaining, as the Honourable and Learned the Chief Minister did in October 1974, that what the Trade Union Movement wanted in Gibraltar was an economic disaster that would be the ruin of Gibraltar. If the Honourable Member was ill advised at the time and genuinely believed that the Trade Union Movement was going to ruin Gibraltar, and the Trade Union movement believed it was the salvation of Gibraltar, then the situation was bound to be one of conflict, because there were two diametrical views as to what was the right thing to do. Now, it was in fact I think Sir Jack Scamp, the late Sir Jack Scamp, in fact who provided the first authoritative statement from outside Gibraltar saying that the basis of the essence of the arguments being put forward by the Trade Union Movement could not be faulted. When that stage was reached it was then a question of arguing as to exactly what the nature of that relationship should be. But as the Honourable and Learned the Chief Minister has said in his own statement, once it was accepted that there should be a relationship the other argument about the lack of control of the economy went by the wayside, Mr Speaker, because whether you had 80% or 70%, your lack of control was as great, the impact was only 70% of what it might have been if it was 100% but the lack of control was equally valid and once that was accepted in fact, that argument which was an insuperable one, because it was not a question of figures or statistics, or quantifying or doing any sort of exercise, it was a question of fundamental beliefs, it was only when that step was taken in fact that the basis for establishing a long term method of determining wages in Gibraltar was possible. I think that Gibraltar owes a lot in fact to Sir Jack Scamp. I think he made a very valuable contribution to improving industrial relations by virtue of his study of the situation, and the report, although at the time it did not look like it. But I think in that respect, it is quite clear that he laid a fundamental block in the building up of the case which has enabled the Official

Employers at this stage to accept the desire of the Trade Union Movement that wages and salaries should be linked with those of UK, and that the link should be that of parity with UK.

I think in that respect, Mr Speaker, we have to understand why it should be parity and why it should not be equivalence as was mentioned by the Honourable Mr Xiberras in his intervention. I think the problem with equivalence is of course that there is a risk that we will find ourselves once again arguing about what equivalence means. Whereas the fundamental argument that was put for example in the case of the TGWU, the strongest plank in the argument was that there was something inherently wrong in two workers in the Dockyard doing exactly the same job side by side and one getting more than the other because he was recruited in UK rather than Gibraltar. Now, in fact although this is undoubtedly discriminatory it was not in any sense racial discrimination because the locally recruited person could be, and in fact in some cases are, UK born. I mean an Englishman who comes to live in Gibraltar and obtains a job in the Gibraltar Dockyard gets paid Gibraltar wages and not UK wages. So it was not racial discrimination. But nevertheless it created a sense of resentment, it created a sort of atmosphere which is hardly conducive in fact to urging people to improve productivity and to work harder and to do anything like that, particularly when people could point to somebody who was getting twice as much for doing the same work, and working at the same rate and working at the same pace. So the elimination of the discriminatory element is achieved in fact by paying both the same wages. Whether in fact the UK wage will give the Gibraltar worker the same standard of living as he would have if he obtained it in UK is an extremely difficult thing to assess, but this is in fact what we would have to try to do if we talked about equivalence of living standards. In fact the Trade Union Movement, from the beginning, way back in 1974 was prepared to undertake such an exercise whilst maintaining that it would not be proved conclusively one way or the other. The essence in fact of the opposition of the Trade Union Movement last summer to the 80% and the enquiry was in fact that all the enquiry would do, Mr Speaker, would be to be an arbitration, to try and find a via media, to try and find a compromise solution between what the Government was offering and what the unions were claiming and that would not have produced a permanent solution. The unions were not prepared to go to the enquiry because in fact they believed that an enquiry would not be able to produce conclusive evidence that wages in Gibraltar should be 100% or 90% or 110% or any other percentage and that the argument would still have to be resolved at the negotiating table. The Government today accepts that with the opening of negotiations in fact the Government has accepted that it is impossible to prove conclusively whether the standard of living



or the cost of living in Gibraltar is identical. Indeed, one would then raise the question, if it was identical, identical with what? With the national average? With regional averages or with specific areas? Now I think the sensible approach would be to expect the cost of a range of products in Gibraltar to be within the parameters of the costs that are to be found in UK and, therefore, one would think that something was going drastically wrong if in fact in every single item we found that the cost in Gibraltar was higher than everyone of those items anywhere in UK, or lower, one or other, but in fact if part 3 had ever been necessary, which it was not, it would have been able to show that at the moment, in rents, in electricity, in food, in a whole range of products, by going to the underlined figures, not to the national average, but to the underlined figures produced by the Department of Employment in UK, one finds that there is a range of local authority rents in UK, from the rents in Northern Ireland to the rents in the London Borough, and that within that range are to be found the rents in Gibraltar.

So that they are not in fact outside what people are paying. Now, I do not know whether that sort of information will be ever required but certainly one will have to wait and see what Government hopes to do with the rents in Gibraltar. But it may well be that at some stage the Government will need to look at the whole range of rents that are used by local authorities in UK to see whether in fact the sort of rents that they want to fix in Gibraltar are way out or too low or too high.

The view of the Government last year that the Trade Union Movement should accept 80% and an enquiry - not just the view of the Government of course, the view of the Official Employers - found sustenance and support from a great number of quarters, including of course members of the Opposition, and if in fact today I would join the Honourable Mr Xiberras in criticising the Government for their delay in accepting parity, I would much at the same time remind him that by coming out in the middle of last year, urging the trade unions to accept 80% and an enquiry, instead of urging the Government to accept parity, he has assisted in that delay. He toughened the resistance of the Government for another six months but fortunately for no longer than that, Mr Speaker.

The Honourable Financial and Development Secretary has given estimates of the impact of parity on the Government's financial position. Regarding these estimates, on page 21, I would ask the Honourable Member when he exercises his right of reply, perhaps to clarify for me how he arrives at the figures there because they appear to be inconsistent with other figures that I have had in the course of the pay negotiations in fact, but which also refers to the position of the Government of Gibraltar.

#### HON FINANCIAL AND DEVELOPMENT SECRETARY

If the Honourable Member will give way. Would he like to direct attention to any particular figures, because there are rather a lot of figures on page 21.

HON J BOSSANO

The total cost to the Government of the Official Employer's offer is £6.5m. Now that £6.5m in fact is the sum that there is in the estimates but in fact the £6.5m was the estimated cost of the original offer with parity in October 1979. When the pay negotiations opened, Mr Speaker, the Government in fact produced estimates of costs where the total cost was put at £6.5m. Now, either in fact that estimate has been revised downwards and it is now £6.5m. to pay in 1978, or else it is even easier to pay increases in wages than I thought myself because the cost is still the same, notwithstanding the fact that it has been brought forward 15 months.

The figure given there in fact is of £2.9m for the retrospective and of £3.6m for wages in 1978/79 at the rate of 90% for six months and 100% for 6 months: that is when October 1979 was the date of implementation of parity or the second offer made by the Employers. And then the Honourable Financial and Development Secretary goes on to explain the estimates of receipts of the Government and finishes up with a total estimated net cost of the offer of £2.16m. which I assume is his estimate both in respect of 1978/79 and of the retrospective element. That is the estimate of the total cost. Now, in fact I do not believe that the £2.16m. net cost is an accurate figure, even if one accepts the assumption on which the Government's own work has been done. Those assumptions themselves in fact are open to some question. I think the element in respect of 1978/79 as regards the increases in the private sector and the receipt in income tax as a result of those increases in the private sector has been underestimated. I also believe, Mr Speaker, that the effect on employment in the construction industry of the development programme is something that has not been taken into account adequately and the effect that this would have on income tax receipt. I accept, let me say straight away, Mr Speaker, that I accept when one is estimating it is impossible in fact to produce an exact picture of what the outcome is going to be. I am simply pointing out that the assumptions on which the estimates have been done are ones that can be queried although obviously it is less valid an argument to query assumptions than to query deductions once the assumptions are accepted. I am doing both in fact, but I recognise that when one is talking about assumptions then one is in a grayer territory where the basis of the assumptions may or may not be correct but

can only be substantially shown to be correct in retrospect. So we deal with the first point, the question of the impact cost of the current offer. In fact the back payment, as I understood it, was calculated by the Government to cost £3.8m. and just in excess of £3m. taking into account the £250 lump sum payment which has already been made. This, together with the offer for 1978/79 of 95% in October 1978, which was calculated as being an average of 92½% for the 12 months, was in fact what produced an estimated cost in the current year of £3.45m., which together with the back payment in excess of £3m. produced the £6½m. as the total cost of the offer: that is of the original offer with 95% in 1978. Now, that in fact was expected to produce £4.1m in income tax, and obviously since we have the figure for this year's income tax yield of £5½m then we are talking on the original offer of an income tax yield of £4.1m. which would mean £9,600,000 unless the Government intends to reduce taxation of course!

#### HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, I do not know whether it will help the Honourable Member to develop his argument but the £5.5m. does of course reflect the 25% paid on the £250 lump sum. So that it is not necessarily the original yield which I believe, speaking from memory, was put at £5.1m. Just about £5m.

#### HON J BOSSANO

Thank you, Mr Speaker, that has cleared up that point.

Nevertheless the original estimate as I understood it was that the first offer by the Government which would have meant 95% in 1978, would cost the Government £6.5m of which £4.1m. would be recovered in income tax, and then there would be the recovery through indirect taxation which the Government was estimating at 5% of net disposable income, and the contributions from the UK Departments, leaving a situation where the net cost of the offer was expected to be something like £700,000 in respect of the backpayment and originally £1m. in the current year. The £1m. was subsequently corrected in fact by downward revision of £100,000 in the funded accounts, because the whole of a £1m was put in the funded accounts of course, and an upward division in the rest of Government revenue of £100,000. So that the net cost in the current year was £800,000 and the net cost of backpayment was £700,000, producing a net cost of £1.5m. out of £6½m. Now, we have a figure given here of £5.5m for the latest offer, or rather for the penultimate offer, the October 1978 offer, and a net cost of £2.16m. I feel it as important that the House and indeed Gibraltar appreciates just in fact how big

or how little the impact is. It is important that this should be done, although I am glad in fact that the Government has not attempted to paint a dramatic picture of woe about the economy or to say that it is all the fault of the unions for seeking parity. I am glad that this has not happened, but, nevertheless, in fact, when one talks about the burden on the taxpayer and so on, then I think it is important in fact to look at the figures in the light of a sense of proportion, and I think some of the figures themselves produced by the Government in their own statement give an indication of the sort of sense of proportion that we should have in this. In fact, it is quite clear that if the pay increases in four funded services were to be covered by increases in charges in those four services, and with the present level of employment in Gibraltar the overall Government revenue would benefit by having increase in surpluses. I think this is implicit in what the Honourable Financial and Development Secretary has said.

#### HON FINANCIAL AND DEVELOPMENT SECRETARY

Refreshing my memory, Mr Speaker, I did say in that passage, if I can find it quickly, that the, I think I called it the enticing prospects, did I not, would be, a prospect where the funded services paid for themselves. That would be the ideal situation.

#### HON J BOSSANO

Yes, Mr Speaker, but I think the importance of that - I do not know whether it will be an ideal situation or not, I think it depends on when one is at the receiving end or what - but the importance of that is in fact that if we isolate the wage increase element in the equation . . . I accept that the funded services in fact are in deficit at the moment although the exact nature of the deficit to a certain extent depends on the accounting practice that one adopts. But given that we start off with a situation that the funded services are in deficit or not in deficit at a given point in time a wage increase that was covered in these four funded services by increased charges, sufficient to meet the wage increase, would mean a surplus for the Government as a whole. So that in fact we find that the total cost to the four funded services is slightly in excess of the total cost to the whole of government. Now, this arises of course from the fact that if the Government pays workers in the Generating Station an extra £100,000 in wages they receive £30,000 back in income tax, but of course the charge to the electricity account is £100,000 and in fact the relationship there is the same as if Saccone and Speed raised £130,000 in wages and the Government

revenues benefit by £30,000.

But in fact in looking I think at the financing of these four accounts, one cannot in fact ignore completely that the overall Government position has got to be looked at the same time. I do not think one can look at the four funded accounts simply as if they were four businesses run by a private enterprise. It would be indeed a sad day for nationalisation, Mr Speaker, if that were to happen. I would, therefore, welcome in fact some explanation of what appears to be a discrepancy there because I feel that the figure of £2.16m does not tie up with the sort of figures that I have been looking at previously, Mr Speaker.

The position of the Government as regards their ability to meet the pay increase is one of course which the Government has to defend politically. In the course of the pay negotiations in fact, the Government made the statement that having accepted the claim for parity their financial position was precarious enough without any wage increase at all, never mind paying parity retrospective from October 1976. I do not know just how precarious the Government's financial position was before the pay increase but I believe that if it was in a precarious position part of the reason was certainly because parity was not introduced earlier, and I think that was a point that was being made by the Honourable and Gallant Major Peliza. Yes, quite apart from anything else in fact we would have avoided a number of pay disputes which have cost the Government money. In addition to that, I think that the economic activity in Gibraltar would have been generated in a different fashion if the pay increases had come at their due date instead of coming as they have come, since 1972, with a time lag, because I think that Gibraltar's economy will benefit more directly by an increase in the weekly pay packet than by a lump sum payment which I think is more likely to be spent outside Gibraltar. That is the situation we face at home.

I think another important factor that has affected the Government's financial position, which I myself pointed out was likely to be precarious if in fact the Government last year was aiming for a particular consolidated fund balance which was supposed to cover all sorts of contingencies. In fact I remember telling the Honourable Financial and Development Secretary last year that with all the lists of contingencies that he had mentioned, professionally, not politically, my reaction would have been that the reserves were too low, given that they wanted to take care of all sorts of things including, you know, delays in receipts from aid funds, the pay review and all sorts of things. But I think that one important factor which regrettably does not appear to be remedied even in this budget, and which I have

consistently opposed since I first spoke in the House of Assembly in October 1972, has been the question of budgetary contributions to the Improvement and Development Fund. The reserves today, Mr Speaker, would be £1.3m the better if there had not been four contributions to the development fund which I have opposed. I have opposed every single one of them. The first one was an absolute disaster. The first one was made at a time, in fact, when the money was not needed because there was a surplus afterwards and there was no other contribution for three years following that. We were told in October 1972, that unless we got that money in the Improvement and Development Fund we were going to be faced with bills at the end of the year that could not be paid, and then in 1972/73, 1973/74, in 1974/75 they had to put no more money in and it lasted them until 1976/77. Not only was it a disaster then for that reason, it was a disaster because the Government then would not accept that it was in a position to fund expenditure through issue of Government loans at a time when £1½m of public debt was being redeemed, which is the most appropriate moment for Government to sell stock, because it can go to people who have from the experience of gilt edge been stupid enough to invest for a long time in Government's stocks, and if they have not learnt by their experience, convincing them that they should carry on and exchange their existing holdings by new stock. So that was a good moment for the Government to sell Government stock to people who were going to be repaid £1½m, which probably was invested outside Gibraltar and of course investors tend to be conservative about their habits. Once they put their money somewhere they tend to leave it there, and, therefore, it is more difficult, and it has been more difficult for the Government since, to attract that money back to Gibraltar again. So the decision was a mistaken one on two counts, on the first count that the money was not necessary anyway, and that once it was put in the Improvement and Development Fund it could not be mobilised as if it had gone to what was then the reserves, the General Revenue Reserve as it was called then, what we call now the Consolidated Fund Balance, and secondly, that if it needed £1½m it could raise it then because there was an opportunity to raise money. Not only that: it took another three years to get the Government to accept that the Currency Note Income Account could take in more Government stock and that the Savings Bank could take in more Government stock because those funds were grossly under-invested at the time in Government stock. Eventually a change in the law was made to raise the amount that could be invested by making it a percentage of the total as it is today instead of being a fixed sum, which is of course logical particularly in a modern world where inflation is obviously here to stay and money supply will go increasing every year and consequently

the currency in issue will go on increasing. But even the physical limit of the money way back in 1971/72 was not being used up.

Today we find the Government contemplating raising millions of pounds in loans, so at least they have been converted to that extent that they are contemplating it. But I think of course that their job is much more difficult today than it was then because they are likely to face any sort of financial market, never mind one as small as Gibraltar with serious indigestion if after having done very little to raise Government finance by loans for a number of years they suggestly try and raise £3 or £4 million in one go. Now, I think in looking at the question of the public debt the only rational way to approach it is to look at the debt as a whole in relation to recurrent revenue, and to look at debt servicing charges in relation to current expenditure. In 1971/72 the public debt of almost £4m represented 70% of recurrent revenue of £5.7m at that time. It seems very high figure. Well, we are now down to 30%. It may be better. It all depends whether one wants to keep it at 70% or bring it down. But if there had been a deliberate policy to bring it down then certainly the way that it has been brought down, let me tell the House, is not by reducing the debt, it has been by increasing expenditure and increasing revenue, because in fact the debt in 1976/77 was £4.9m as opposed to £4m in 1971/72, but the revenue in 1976/77 was £16.4m as opposed to £5m. So in fact it is not that the Government has been making an attack on the reduction of the national debt, it is that the expansion of Government revenue and expenditure has left public debt looking very isolated as compared in fact to what it was in 1971/72. Now, undoubtedly in that respect the economy of Gibraltar today is considerably stronger than it was in 1971/72, when one thinks that the debt today is £4.9m and Government revenues in 1976/77, the last date for which we have the final figures, - I am using the final figures in both cases, which are to be found in the estimates. Today we have a ratio of 30%, as I say, of £4.9m as against revenue of £16.4m. We know in fact the £16.4m of course from the approved estimates, and the revised estimates and the estimates we have got for this year that that figure of revenue is now well outdated, whereas in fact the public debt has not been increasing since 1976/77 all that much. In 1977/78, I see from the statement of the assets and liabilities that the debt then was £5.7m, and of course I do not know what it was at the end of March because the figures have not been made public yet, but I am sure that when the final figures for Revenue for 1977/78 are available we will find that the ratio of public debt to recurrent revenue has again gone down.

The other statistics that I think the Government should look

at in this context is the question of debt servicing costs as a proportion of total recurrent expenditure. And there we can see again, looking at this period, that whereas in 1971/72 debt servicing cost was £457,000 out of total expenditure of just over £5½m and, therefore, it represented 8.2% of public expenditure; in 1976/77 the servicing of the public debt cost the Government £545,000, but then public expenditure had risen 300% to over £15½m. So that the cost of servicing the public debt had risen very little in comparison with the total Government expenditure, and the percentage in 1976/77 was 3.5%, or less than half of what it had been in 1971/72. Now, I think the importance of that is and the reason why I want to

draw attention to these figures on the part of Government is that I would not like to see in fact the development programme, the capital works side of the Government, inhibited by fears about the size of debt financing. What I would not like to see happening is that at some stage, because we are talking of many more millions of pounds, the fact that we are talking of millions of pounds may look as taking on a far greater burden than we have had in the past, because, in fact I would put it to the Government that the way in which it is done everywhere else, in every other economy in Western Europe, is that the burden of public debt and the burden of the servicing cost of the public debt are seen as being significant or not as a ratio within the context of the total of recurrent Government revenues and expenditures, and not as absolute figures in themselves. So that whether a public debt of £10m is big or small depends on whether the income of the Government is £10m or £50m. Now, it is quite obvious that the direction in which we are heading is a £50m mark and not the other way, and therefore....

HON CHIEF MINISTER:

The Hon Member will agree that it is vital in raising capital of the nature that we have to raise now, in the region of £8m, that we should seek to have the lowest interest possible because it is a burden for the users and the future users of the assets in capital and redemption payments.

HON J BOSSANO:

Yes, Mr Speaker, I accept that fully. I am not suggesting that the Government should borrow expensively if they can borrow cheaply. What I am suggesting is that they should not fail to borrow as they have done in the past and that in fact what I am putting to the Government is that if they have not looked at the figures in this light before, when the time comes, the thought of raising X millions of pounds should be seen not in the light of what the figures themselves are, but cognizance of the fact that in 1971/72 when they came into Government the public debt represented 70% of Government revenue and the cost of servicing the public debt represented 8.2% of Government expenditure, and that we are, now in terms of financial strength, in terms of conservative accounting policies, with a small 'c', although of course I am quite happy to say that politically the big 'C' might apply as well to the Government on some occasions, but in this case I am talking about a small 'c' the position is one of financial strength, in this respect. Now I feel that if the Government has claimed, as it has done, that it is in a precarious financial situation, that precarious financial situation is, to some measure at least, of its own making. I think that in fact if Government had been willing to raise loan finance earlier on in the day for the development programme, the

Consolidated Fund Balance, as I say, if they had not in fact made any contributions at all, it would be £1.3m the better off. If in fact I can still convince them not to make this contribution then at least it will be £330,000 better off. And if they had listened to me for the last five years then it would be £1.63m better off. I do not know yet, perhaps I will get some indication when the Hon Financial and Development Secretary or the Hon and Learned the Chief Minister speaks whether I have to rate my chances of success any higher this year than I have had to rate them in the past. The impact on the economy as a whole of the development programme, apart from the direct effect in creating the necessary social infrastructure for Gibraltar in terms of better housing and more housing of course lies in the multiplier effect that it has on the economy. And, therefore, Mr Speaker, again I think if I can point to the past, today's financial position would be that much better off if in fact the level of expenditure in the Improvement and Development Fund had been much closer to the level of estimates that we have been presented with in this House of Assembly financial year as a financial year only to see them drastically reduced when they come round again and we have the revised figures. In the last financial year, of course, we started off at the beginning of the year with a figure of \$57m which reflected the crash development programme of which we have heard nothing from the Hon Mr Serfaty, the Minister for Economic Development, Tourism, I think, he almost deserves to be called Crash Development Programme. But certainly the crash development programme never materialised and we find today a revised figure of, I think it is £2.1m, as the actual expenditure for the last twelve months.

Now, one needs very little knowledge of economies to work out that if the situation that we find reflected in these estimates, in terms of reserves, in terms of Government revenue, have resulted from expenditure on capital works of £2.1m, then if that expenditure had been £4m there would have been an improvement reflected on the Government running a side. I do not think anybody can doubt that. One may have difficulty in quantifying the extent to which that £2m extra of expenditure on capital projects would be reflected in terms of higher Government revenues, but that there would be an improvement I think is indisputable. Now, the sad thing of course is that notwithstanding all the shortfalls in our Estimates of the Improvement and Development Fund expenditure, all the shortfalls have been in UK Development Aid. Because if in fact it was our money that we were not spending then at least we would still have the money there, but because it is UK Aid Fund that we have not been spending we have lost twice over. We have lost from the beneficial effect to the Gibraltar economy and we have lost through not having spent the fund. And it is no good saying that it is carried over to the next programme. Of course it is carried over to the next programme but the fact that it is carried over does not mean that in the next programme we are going to be able to do twice as



much. A figure in fact of £5m last year was as a result of what was carried over in the previous year. And we can carry over what we did not do last year into this year. But if we kept on carrying over from each development programme to the next development programme we would finish up with a bigger capital works programme than the UK and with no greater possibilities of completing it. At least not before the Algeciras ferry arrives on the scene. And, therefore, in pointing to this I think it is right, Mr Speaker, and I think the Government itself by putting the emphasis that it has put on making sure that the current capital works programme is fulfilled as rapidly as possible is conscious of a need to do this, but I think they will perhaps bear with me if I take this opportunity of urging them to spend the money that they are planning in the capital works programme, because I am sure that given that level of economic activity, given the employment it would create in the construction industry, where today the quota for the construction industry for immigrant workers is under 600, whereas in 1975 it was 1,200. So we have got 600 less workers in Gibraltar who are 600 less people paying income tax, 600 people less paying social insurance, 600 less people spending some money, however much they remit home.

Now I am sure that some of the problems of the private sector would at least be assisted by the completion on time of the capital works part of the Government expenditure. I think so because in fact Gibraltar is a close system. There are advantages and disadvantages in this. It gives us strength and it makes us vulnerable if something goes dramatically wrong in Gibraltar then the impact I think will be passed through all the different sectors of the community. If something goes drastically wrong in the private sector, if the Government were to find itself with the MOD cutting drastically on its expenditure there is no doubt the Government would have a tremendous financing problem to face, because Gibraltar does not generate its own wealth. The most important source of Gibraltar's wealth, the most important source of foreign exchange, in fact is the sale of the services we render to the UK Departments. That and the Government's own long term capital works programme, whether financed by UK aid or financed by the issue of Government loans, are the most important. They probably account for something like 80% of the initial sources of generating wealth in Gibraltar, the MOD, the DOE and the Gibraltar Government capital works programme in my view account for something like 80% of the initial generation of wealth and I think that the tourist industry accounts for no more than 20% of the initial generation of wealth, because the impact of the tourist tends to be one where the tourist arrives in Gibraltar spends money and goes, whereas the impact on employment in Gibraltar creates a much more important multiplier effect. Construction workers eat and drink.

Yes, certainly, the Port is I think the most important real asset that Gibraltar owns. It is not easy in fact to know precisely how to exploit the Port to Gibraltar's best economic advantage and certainly I think it is absolutely true to say that the question of world trade and the level of shipping activity, which at the moment are going through possibly the most serious cyclical down-turn in the post-War period, limit in fact very directly the use that we can make of the Port. But I believe that the Government has got an opportunity to act in order to give the lead in a lot of sectors in Gibraltar. I think they can take an important part in association with the UK Departments in giving a lead as Official Employers because they have got a dual role. They have got a role as an employer and they have got a role as Government of Gibraltar. And if they can see things in a wider framework as Government then they should use their role as employers to make sure at least that that message gets to the right place.

I think in Gibraltar one of the advantages of our small size, I was speaking before in terms of the advantages and disadvantages as regards the economy, I think at a human level one of the advantages of our size, Mr Speaker, is that many of us wear more than one hat, and I think the important thing is that we should say the same thing whatever hat we are wearing. I think that is a way in which in their own sphere the Government can make a real contribution towards ensuring that we make progress, we develop Gibraltar's economy, and we raise the standard of living of our people. I can assure the Government that that is a message that I believe in and that I will waste no opportunity to espouse whatever the context.

I think the opportunity that we have before us now must not be wasted as so many opportunities have been wasted in the past. The Government I believe has taken the right decision in accepting the principle of parity. I think the offer that has been put to the unions, which my own union accepted in a general meeting, is a fair offer, even though it does not go the whole way towards what the unions were claiming. The impact on the economy can be seen from the figures. I think it is very significant that the relationship between increases in wages and economic activity and Government revenues should be understood by everybody, because we must not in fact I think fall into the trap which in my view people in UK and in other places have fallen into of thinking that in fact a lower wage increase is an unmitigated blessing. It carries a price as well. If people do not earn the money they have not got the money to spend.

The factor that is always used in looking at wage and salary increases in the context of their economic impact, apart from the cost of financing, is the question of pricing ourselves out of the market. Now, I believe that on the basis of parity with UK, since the markets that we are competing against is the Home Dockyards, nobody can use that argument validly as far as labour costs are concerned. If labour costs in Gibraltar rise at the same

pace and on the same occasions as labour costs in the Home Yards then the ratio at any given time will be the same.

I think as regards the Government of Gibraltar, it is right that the Government should use its labour force to produce the services that it renders the community as efficiently and economically as possible, and I think the Government has got the right if it acts as good employer to expect reciprocity from its employees and their cooperation. The view of course that productivity can be increased by simply giving sermons and exhortations is just not on. I believe that the Government, in looking at ways of increasing productivity should seriously look at two very important things. One is the equipment that people are provided with. I remember talking last year, Mr Speaker, about the pace at which somebody can work when he is digging a hole with a pick and shovel which gives him greater latitude to go faster or slower than the pace at which he can work when he is driving a mechanical shovel which is limited by the speed at which a mechanical shovel can travel. So that greater productivity does not necessarily mean working harder, it means working more efficiently.

And I think another important thing that the Government should devote its attention to is the question of planning, not on the scale that I was urging earlier on, that the Government should plan in terms of planning the economy, planning a three-year plan or four-year plan as I believe a Labour Party should do, but planning at a very small level. Planning at the level within the Department making sure that if a job is programmed to take place at a certain time and in a certain place the necessary requirements for the job to be done are there. It is no good blaming the workman if he gets to the place and he finds that the materials are not there, or that the store is closed, or the transport has not arrived. It is all very well to exhort to people to be productive but one can hardly expect them to rush around looking for work. That is a Management function. The Government is entitled to expect to see some cooperation but it cannot expect the whole of the initiative to come from the side of the labour force.

The private sector, Mr Speaker, we have said may well be faced with a reduction in employment in having higher wages. If we are talking about improved productivity we have got to understand that there are only two ways in which, within a given economic situation, improved productivity can be achieved, and that is by either giving the same people more work or doing the same work with less people. If we urge the private sector to improve productivity then if the private sector finds itself facing a stagnant market the only ways that the private sector can improve productivity is by reducing the number of people it employs. Providing the same level of services and getting the same amount of work

done. We cannot, in fact, condemn one and praise the other, otherwise we are showing that we do not understand what we are talking about. The private sector, in my view, is therefore, in a better position to increase productivity in a situation where we are facing an expanding economy, than otherwise. Because, in terms of shop assistants what does increased productivity mean? I imagine one would measure it by working out the volume or the value of sales per employee. I do not see how else one can talk about improved productivity in that sort of context. That situation obviously is one where it people have not got the money to spend and sales are stagnant then the employer will either try and increase margins or reduce costs. But if sales are going up then the employer is in a situation to improve the conditions of his own employees without having to cut into his own profit margins which, I believe, in the capitalist system is very abhorrent to employers.

The situation today in Gibraltar is that the economy is on the point of receiving an influx of money from outside Gibraltar which is greater than any that we have had in any of the years that I have been looking at Government Estimates in the House of Assembly. Just how beneficial that influx will be, when we think of the higher expenditure of the United Kingdom Departments, when we think of the level of United Kingdom Development Aid, just how beneficial I think depends on how efficient we are in making use of the opportunity that this gives us. I think there is an opportunity presenting itself in 1978/79 which, if we have a political will like I was saying in the context of the problems facing other European economies, if we have the political will in Gibraltar then we can look to 1978/79 with the sort of measure of optimism about the economic situation that the Hon and Learned the Chief Minister expressed.

In the case of the tourist industry the problems of fares and seats and hotel beds seem to be a vicious circle which never ends. I have never been greatly in love with that part of our economy. I think that it is better to have a flourishing tourist industry than not to have one, but whenever I look at something I always look at the other side of the equation, and I would want to know the cost as well as the benefit of anything that we do in any particular direction. I think that it is the only sensible way in which to approach things. Certainly I feel that Gibraltar has been getting a raw deal from the airlines, and is getting a raw deal today. To find ourselves in a situation, as I said in the motion that I brought to the House in the earlier part of this meeting, where a number of people that I was acting for in my trade union capacity were paid off a ship in Gibraltar and they could not leave Gibraltar because everything was fully booked for the next week, is an absurd situation. That we should have a blockade imposed by a hostile Government is reprehensible, but understandable, but that we should have a nationalised airline of a friendly government making it impossible for us to leave

Gibraltar because everything is fully booked: that boggles the imagination and, therefore, I do not know what the answer is in that area, but I am sure that unless the question of communications with Gibraltar is opened up, unless Gibraltar can be easily accessible to the outside world, then the potential of the tourist industry in Gibraltar is going to continue to be limited.

I think that that is a far more important factor than what we can do ourselves here to encourage the growth of tourism or, somebody might say that I am discouraging it with the sort of wage claims I put their way, Mr Speaker, but I believe that the more important thing is that people must be able to come to Gibraltar and to leave Gibraltar reasonably easily and reasonably inexpensively. If they cannot do it then short of subsidising bringing tourists to Gibraltar which I would certainly not support, I do not see what we can do.

The statement by the Hon the Financial and Development Secretary mentioned one other factor which is very important, and which the Government has not fully reflected in the Estimates of Revenue, and this is the growth of the money supply and the income that the Government derives from the operation of the Currency Note Income Account. During the negotiations this was a point that was made, although in the pay forum the Government's position was that one might well see an expansion of credit cards and an expansion of cheques being used as opposed to currency notes. I believe that by virtue of the nature of the composition of the labour force this is not likely to happen to the same extent that it has happened in United Kingdom or elsewhere. I cannot visualise the 2,000 Moroccan members of the TGWU suddenly taking a liking to Barclaycard, and this is where, as I was saying earlier, our smallness gives us avenues of tapping sources of revenue that would not be open to communities of our size that were an integral part of the national economy. The issue of Gibraltar currency notes, the same as the issue of Gibraltar stamps, is a source of revenue for the Government.

The growth of economic activity in Gibraltar will require, of necessity, a greater volume of cash in the economy. Even if it is just to make up pay packets there will be a much greater volume of pound notes required in circulation. I think that that has not been completely reflected in the Estimates of Revenue. I, therefore, believe that if the potential for economic activity that is inherent in the presentation of the Estimates brought to the House by the Government, if that potential is fulfilled in 1978/79 then the Government will finish up the financial year with higher income of direct taxation, with higher income in indirect taxation, with higher income as a result of a greater flow of money to the economy and through the Currency Note Income Account.

If the potential that is here is not fulfilled then, of course, even the figures that are there may prove to be optimistic rather than conservative, as I believe them to be. But I believe that the Estimates have been made with the intention of maintaining the level of economic activity that it indicates and, therefore, it is reasonable to say to Government at this stage that one expects that to be the case and that, therefore, one expects the eventual outcome for the Government finances to be better than these figures indicate.

The question of the financing of the funded accounts is something that requires serious thought and it requires, in my view, political decision. I do not think the funded accounts can be treated simply, as I said before, as if they were commercial enterprises, which they are not. I would remind the Government that when they produced the funded accounts the major reason given was so that we would have a more accurate idea of the true costs, which, as I had been complaining for a number of years, it was impossible to obtain from the notional accounts. Having an accurate idea of the true cost does not necessarily say anything about how that cost should be met, and if one is talking about electricity or about water having to pay for itself, which was the tone of the Hon Financial and Development Secretary when he called it a Trojan Horse, I can understand how much happier he would be if they did pay for themselves. We have already established that if they paid for themselves he would be able to emulate Mr Healy every year. Come here and give us money back!

I do not think he enjoys it as much as Mr Healy does and this is why we need a politician in his place, because a politician would like the opportunity of giving money away in order to be re-voted back to the House of Assembly year after year.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way, I should just like to say one thing. I hope that I did not give an impression when I was making my statement of either supporting the balance of the funded services for any particular reason. I was merely quoting facts from what would flow from the funded services. I did not express any opinion as to whether it was right or that it was wrong that they should pay for themselves.

HON J BOSSANO:

I think the Trojan Horse description indicated a certain amount of concern. It indicates some sort of antagonism towards a situation that exists now.

Let me say, Mr Speaker, that I am not criticising the Hon Financial and Development Secretary for doing this. It is quite legitimate for a professional to look at a set of accounts and want them to balance. But when we look at

these accounts there is a political dimension which I would not expect the Hon Financial and Development Secretary to exercise because he is not elected to the House of Assembly to take political decisions. I am not criticising him for this. What I am saying is that since, in my view, there is a political dimension, and I am addressing myself to the politicians in the Government benches, then I feel that there is a point to be made, which is that in looking at this political dimension it has to be remembered that, of course, Gibraltar's water and Gibraltar's electricity is expensive for one very important reason. Because Gibraltar is small and because we would not wish Gibraltar's electricity supply or Gibraltar's water supply to be dependent on the goodwill of our Spanish neighbours. Given that, we cannot look on the funding of these accounts as if they did not have a political dimension. What should we say to the people of Gibraltar if you do not want to pay X pennies or X pounds for your unit of water or electricity the answer is that we should obtain electricity supplies from Spain or water supplies from Spain, however vulnerable that might make us for as long as the view prevalent in Spain is that Gibraltar should be integrated to Spain. Therefore, the position in these two accounts has got to be looked at not just in terms of the sort of political view that exists, for example, or has existed in UK, which was mentioned by the Honourable and Learned the Chief Minister of the Government deciding, as a matter of policy, to cushion the effect on consumers, because in addition it has to be looked at that there is an alternative which can make those services cheaper, but an alternative that, in my view, is unacceptable politically because that alternative is based on the integration of Gibraltar's economy with that of the neighbouring Spanish territory. And, in my view, however strong and valid the economic arguments of such an integration might be the political argument is over-riding and is against it.

In my view it would be suicidal for those of us who do not want to see a Spanish Gibraltar to countenance the possibility that a Spanish Government, or even the whole spectrum of Spanish political opinion that was of the view that Gibraltar should become Spanish, should be put in such a strong position as to be able to use that as a means for putting pressure on us to try and make us change our minds about the way we feel on this issue. I wanted to make the point that that is a political consideration which is something that the Government has got to take into account and has got to make the point in whatever quarters it needs to be made if the time ever arises. Therefore, on the question of making the accounts eventually self-financing, which I think was the point made by the Honourable and Learned Chief Minister, I am putting him on notice that if he wants to make them eventually self-financing, then certainly if I feel that that factor is not being looked at fully then he can count on my opposition to making them fully self-financing.

The Estimates of Expenditure I find have improved to a degree that regrettably I have not been able to pick holes in them with the ease that I used to in the past, but I have been working very hard so as not to give up the reputation I have in this respect completely, and when we come to the Committee Stage I will be asking the Hon Financial and Development Secretary a number of questions. But, as I say, the range regrettably - on the one hand I regret it because it does not give me the opportunity, on the other hand I welcome it because of course it is an improvement in accuracy and in presentation.

Thank you very much, Mr Speaker.

MR SPEAKER:

Well, we will now recess until tomorrow morning at 10.30.

The House recessed at 9.20pm.

TUESDAY THE 25TH APRIL 1978.

The House resumed at 10.40am.

MR SPEAKER:

The last speaker on the motion was the Hon J Bossano. Therefore the floor is now open for any other contributor who wishes to participate in the debate.

HON M K FEATHERSTONE:

Mr Speaker, I am going to speak first on the two departments for which I am responsible, and then I will make some remarks of a general nature on this budget which has already been given the name of the "Parity Budget".

I would say first of all that as far as the Education Department in its relationship to the children, we have been at parity or even better than parity for several years. The ratio of teachers to pupils per class is better here than in the UK, so perhaps we are one up on parity and I can assure you that the advent of parity does not mean that we are going to reduce our standards. We are still going to continue with that one-upmanship. These ratios, for the information of the House, are in the primary schools 1 to 25, and in England it is usually 1 to 30; the middle schools 1 to 22, and in England it is about 1 to 26; and in the comprehensive schools, in the lower forms, 1 to 20, whereas in England it is about 1 to 22, and in the fifth and sixth forms, 1 to 10, whereas in England it is 1 to 14. So you can see that we are doing very well indeed and we are going to continue this throughout the coming year.



This year, as far as the Education Department is concerned, it is mainly a year of a holding operation and there are not any really big or radical changes. Therefore, I will only limit myself to speak where there are changes and give some explanation of the thinking behind them.

There is a change in the number of teachers and this is mainly because we are sending some of our teachers away on in-service courses. We also have the difficult situation which we have been trying for a long time to resolve of the Unqualified Teachers and especially those who, in the past, were known as Experienced Teachers. These people, with the implementation of the Scamp Award and the full acceptance of the Burnham scale were, as it were, demoted from Experienced Teachers to Unqualified Teachers. After a lot of research in Britain, and a lot of research by the Director of Education, and, I would add, the Chairman of the Gibraltar Teachers' Association, we have found a College which will accept them on a specialised course so that they can go and become qualified in one year in the UK and two terms of work in Gibraltar, lose their unqualified status and obtain qualified status without going through the normal long three-year period of training.

We hope, in this coming year, to send at least five of these Unqualified Teachers on these in-service courses. I would comment that these in-service courses which are very essential are very costly. We have the cost, first of all, of paying the salary of the teacher, then we have to pay for a replacement teacher, while that teacher is away and, of course, the cost of the course. Each of these courses is costing us something between £7/8,000 and I do hope that the recipients of the courses will appreciate how much the Government is doing for them in this way. Because we hope to send twelve teachers altogether this year, then our teaching staff will, as can be seen from the Estimates on page 23, increase by twelve, but of course it is the twelve replacements who are coming in and who are only on a temporary basis. The other increases that can be seen in the teaching staff stem mainly from the opening, last year, of St Martin's School. Because of that we now have a staff both at the old St Bernadette's and at the new St Martin's, and St Martin's is rather labour-intensive for teachers. We have about one teacher for every two pupils so that that increases the number of staff considerably.

The third and completely new item in the staff situation is the commencement of a School and Public Library service. We had sometime ago a visit from the British Council and they agreed to support Government very considerably by giving us a large number of books and other services worth, over a period of ten years, some £50,000, and already we have £4,000 of furniture and shelving. We have £5,000 of books already here, £3,000 worth of books on the way, £3,000 of books that we can order this year and £2,000 allocated for any repairs that

we may have to do to the premises where we hope to set up the library. Much as we would have liked to have had a fully-fledged scheme this year, the finances are somewhat restricted and we are going to start on a more restricted basis with only three people in the library service of which one will be away on training, but we hope to set up a Reference Library which will be a first class Reference Library and we hope, later on, to set up a Children's Library.

This, of course, will be hand in hand with the service to schools which will be enhanced and the schools will benefit from the library service that we are setting up.

The first item in the general expenditure of note is the question of books and equipment and this year we do not intend to increase the amount of money for books and equipment as we have done over the past five years. Over the past five years we have had steady increases of some 10/15% per year, and from all reports we are getting this is ample for the need of the schools, though, of course, we will keep a close eye on it to see if any shortages should arise. But we have had no complaints from head-teachers that they are short in any sphere and we think that we have got at the moment to a stage where ample supplies are made available to the schools.

The Scholarship Fund, Sir. We have had a fair measure of success with our Scholarship Scheme up to now which, as you know, has been a two-fold scheme. If pupils achieved a certain level in their 'A' level exams they got a mandatory scholarship and those who did not get a mandatory scholarship could apply and go through an interview system to see if they also could get a scholarship. We have been very obliged and very grateful to people who have conducted this most onerous task of interviews. It has become rather tiresome when you have to interview some 50 to 60 people all in the space of 2/3 days and there have been, for some time, a certain feeling that the interview system is perhaps not the best that we could have. We are looking at a new system, a system by which all scholarships will be made mandatory. This will possibly need some revision of the number of points that must be achieved and we are working on this at the moment. I would warn this House and the general public, however, that when we have decided on the number of points that will obtain a mandatory scholarship anybody who fails to get that number, which will be somewhat lower than at present standards today, will not be considered. There will be no interview system, it will be no good coming to me or to the Chief Minister, as people have done in the past, crying that we have just got one point less and couldn't we have a chance, etc. If we are going to have an all mandatory system it must be rigid and inflexible.



Certain good news for the scholars who are away at the moment: we are going to increase their allowances for the third year running by 20%. But again I would warn that the time has come, with this increase, where they are very close to the standards set in the UK and it cannot be taken for granted that 20% increases will continue year after year. We will keep a watchful eye on the inflationary system and if the increase that is required should be 10% then we will most likely give that figure, but this is the third 20% increase and I think 20% over three years is some 75% increase altogether so that scholars have not done too badly at all. The Teacher Training and Development, as I have said, is going to take in a number of in-service courses and we will also be sending some teachers for full training.

We are, to some extent, a little worried about the situation of our teachers in so far as with the mandatory scholarship scheme quite a number of people are opting to become teachers of the Spanish language, the English language, French language and we are finding that in certain areas we are becoming rather over-staffed, or we will be getting back teachers for which we do not have a vacancy at the moment. I understand that the feeling of the Hon Mr Bossano is that if you have more workers to do a job then rather than put workers out of work you should give them a little less work to do each and thus keep everybody employed. We could, of course, if we get a surplus of language teachers, cut down the number of pupils that each teacher is training, and thus take on all the staff. But this would obviously inflate the number of teachers that we have got and would create anomalies and would also create considerable difficulty in the actual classroom atmosphere. We might have to have two teachers almost in the same class. Therefore, I would warn scholars in particular that we cannot, in fact, we never have, although certain people have assumed that we do, we cannot promise a job at the end of their training simply because we have sent them on a scholarship.

We are sending some twenty-five people a year on scholarships and another dozen on teacher training and this is, to some extent, making our top level manpower, if anything, I would not say over-qualified, but we are getting more people than the community in certain areas can take. We do have other areas where we have need of people. The Civil Service has need of qualified brains and I would appeal to youngsters who are at the moment in their fifth form, taking their 'O' levels and thinking of going on to their 'A' levels, to consider very seriously what they wish to study for and what their jobs in life are going to be. The Civil Service has a lot of opportunities to offer to youngsters who are qualified and we need the top people if our Civil Service is going to maintain the high standard it has always had in the past.

There is not much else on the general expenditure, except that I would like to comment that there is a considerable increase in refreshments for Infants and Handicapped Schools. This, because I may be quizzed about it later, is explainable in that up till now the hospital very generously has given lunches to St Bernadette's School free-of-charge, but now that we have both St Bernadette's and St Martin's to supply the hospital has felt that they must make a charge for the actual food supply. This is really out of one pocket into another but that is the reason for the apparent sudden increase of some £4,000 in expenditure in this item.

Our financial aid to the Youth Council continues unabated. They are doing very good work indeed and the House can do no better than support this work which has brought very big dividends. We have a very small drug situation but it is being contained and much of this is being done by the good efforts of the Youth Council and the Youth Workers.

Holidays for children continues unchanged and this year we hope that the rent of accommodation for teachers will show a sharp decrease as we will have the Red Ensign Hostel available and this will bring costs down.

Two items of special expenditure: we need a new ambulance for St Bernadette's, the one we have at the moment is almost a write-off, the garage tells us that it is practically irreparable, and when it is sitting in the garage either waiting or being repaired, we have to hire taxis which works out to be very expensive. So we are putting in for what we call a new ambulance. It is actually a bus to take the children from their residence to the school. The other special expenditure item is something which is very dear to the heart of many people, and this is on the kick-around area at Glacis to set up a Youth Adventure Playground.

We have had a number of entities, the Rotary Club, Barclays Bank, the Gibraltar Regiment, all offering to cooperate in setting this up, and we hope this year that it will become a reality and that we will get a Youth and Adventure Playground which can cope with the need for letting off steam of some of our younger children, though of course it will bring with it a recurrent expenditure of some £5/6,000 a year. We are going into this with our eyes open. It is not going to be £10,000 this year as a once-and-for-all job, it is going to be £10,000 this year and the need in the future years for some £6/7,000 for the people who are going to administer this playground.

I think, Sir, that concludes what I have to say on the Education Department. It is, as I said, a year of a holding operation. There is nothing very startling in it and, of course, when we come to the Committee Stage I shall be very happy to answer questions on it.

The Public Works Department: there is nothing very startling in the establishment and salary side. There is put down an increase of some six in staff, but it can easily be seen that five of these are Clerks of Works who are officers paid by the ODM and are indeed very necessary for our modernisation programme. Once again the question of the Public Works is, like the Education Department, a holding operation, but we have made certain changes in the format of the Estimates and these can be seen amongst the Public Works expenditure side, mainly under the heading General.

The first of these items which I would like to point out is that we are putting an actual figure for leave and sick pay for workmen. In the past this was hidden under each separate head but today we have put the leave and sick pay for workmen as a separate item and it does come up to a very large figure indeed. I would like to say a little about this question of sick pay. I have some figures which have been prepared for me week by week on the incidence of sickness. I find it rather worrying that over a fairly long period of time the average sickness is 10% or more. That is, one person in every ten is away sick at least once during the week. Since there was a recent agreement with the union that the number of days of uncertificated sick leave could be increased from three to ten the increase of uncertificated sick leave has been tremendous. Whereas before this agreement the number of people who were taking sick leave without a medical certificate was somewhere in the region of one in five, it immediately jumped to one in two, or one in one and a half, and one hears, though one may not give full credence to it, but one hears tales, especially around Christmas time: "Oh, I have got to go and buy a pot of paint, I am going to take a day's sick leave tomorrow and paint the kitchen". This, Sir, I think is an abuse of a sick leave agreement which is a very reasonable and justified agreement, but I would ask that on the side of the worker it is used only when the person is really sick and not when he wants an extra day's holiday.

One of the other worrying aspects in this question of sick leave are those days when there are specific Moroccan feasts and the numbers suddenly disappear. We had some time in September one hundred and twenty one people missing from the Moroccan labour force, all sending in doctors' certificates. It does seem to us to be a rather strange coincidence that they can all be sick just at the time of these feasts. We intend to keep rather a close eye on this and if we find any genuine offenders we shall have to consider taking some strong measures to try and cut this down to a reasonable extent.

HON M XIBERRAS:

We are rather interested on the numbers employed, especially amongst industrials, because figures on the non-industrials, of course, we can get from the Estimates. Will the Hon Minister be able in the course of his

address to say something about that?

HON M K FEATHERSTONE:

The total number employed in the Public Works. I have got the figures from September last year. It fluctuates from a low of 856 to a high of 867. So that as you can see we have got some weeks 112 people sick out of 800. During the special Moroccan feast weeks, we had 155 sick out of 800, which is a pretty high figure. The average is some 80 to 90 every week and this does seem to be a rather high sickness incidence.

The second new point that we have put under General Expenditure is the provision of protective clothing. This is rather a bone of contention. It appears now that everybody in the Public Works Department, and I presume also in other Departments, feel they have a claim to protective clothing. The expense this year is jumping by some 500% on protective clothing. We have had claims which many people might consider to be exorbitant in so far that if the weather is drizzly people will walk to work and get somewhat damp in so doing. Having got to their depots, if they are then sent to do a job in Flat Bastion Road, they demand protective clothing from the depot to Flat Bastion Road. They say that this is a condition of employment: they must be supplied with raincoats or jackets or anoraks or something, even though when they get to their place of work they are indoors.

We have had three or four unofficial sporadic strikes on this question in the last year, and, as I say, it has been a very worrying situation. It appears that as fast as you can settle one claim and possibly agree to give protective clothing another sector immediately comes up with a similar claim. We had the painters and the plumbers demanding it when the plumbers were given protective clothing because they were working outdoors. Then suddenly the painters demanded it, and the carpenters, and eventually it seems that we are getting to a stage that everybody that is working for the PWD will have protective clothing then the public should know full well that they are going to have to pay for it.

The third item under General Expenditure which shows a considerable increase is something which before was a hidden increase and that is the purchase of small plant and tools. This is now put as a separate item, whereas before this was put in the headings of each separate department. The only people who purchased small plant and tools before were those in the Maintenance, Water and Garage sections, but the people in the Roads Section have to buy shovels etc. The people in the Sewers Section used to have this expense put into the actual departmental head, but now it is put as one separate item and that is why it looks like a very severe increase, but it is not really. It is only that we think the accountancy is better served by showing it where it should be rather than hidden away under the separate head.

Four of the different services we provide have got fairly steep increases: these are the pumping of the salt water, the pumping of the fresh water, the disposal of refuse in the refuse destructor and the operation of the distillers. The majority of this increase has been due to the increase in electricity in the past year, and as we are threatened with new increases in the cost of electricity then I am afraid these figures are going to be somewhat low and we will have to come eventually for some supplementaries to make up for the increased costs.

As I have said before, I think I said it last year, the Public Works is a service department, and we try at all times to give good service. But we cannot do this, Sir, if we are going to be subject to indiscriminate sporadic or non-sporadic action of an industrial nature. We had last year a severe period of time in which our service was not as good as it could have been because of the blacking of the sewage pump at the Victoria Stadium. This was over some dispute concerning two ladies and I sometimes wonder if it is not a socialist policy the greatest good for the greatest number. Yet we had hundreds if not thousands made to suffer for two people when the whole of the dispute could have been settled by going to arbitration and coming to a reasonable solution. We had polluted water, in fact the water at Bayside has still not fully recovered. We had a nauseating smell which some of our school children had to put up with, even while they were sitting their 'O' level examinations, and the people in the Tower Blocks had to put up with it every day for considerable periods.

We also had, Sir, a period of power cuts. Now power cuts, I must stress, not only puts out the lights in peoples' houses, but it does something to the Public Works Department which is very serious indeed. It shuts down our distillers. Last year we got very nearly, in the water situation, to the point of no return. Our distillers were shut down because of some form or other of industrial action and we were still supplying water at the normal rates. We got to within four days of getting to the point at which we could not guarantee the safety of the water or even that the water would be there. I would urge the unions, before they go into these sharp industrial actions, to consider all the ramifications. Especially the ramification of the water situation because this, to some extent, is playing Russian roulette with the peoples' welfare. And as you know, in Russian roulette sometimes the bullet hits you in the brain and there is not much you can do about it afterwards. If our water supply should go beyond the point of not return it would be weeks, if not months, before we could get back to a reasonable situation. The dangers to the health of Gibraltar, we have been informed, would be something tremendous. The water mains would possibly suck in pollution from outside because they did not have adequate pressure in them, and this would take a very long time to clear. I urge the Union to keep this very much in mind before they, if ever they do, and I hope they do not, but if ever they do contemplate industrial

action again, the water situation is something which our lives depend upon.

Sir, over the past year we have had in the Public Works Department a very high incidence of overtime and I understand that as part of the parity situation review it is acceptable that the amount of overtime should be decreased. Hitherto, Sir, we have had overtime on a Saturday and the amount of production during that Saturday's work has been abysmally small. It has been minimal. We have had many complaints from the public that they have seen workers sitting down doing nothing, listening to transistor radios, absolutely getting money almost under false pretences. This, as it is paid from the public purse is one of the greatest disservices that can be done.

We will, we hope, continue with a measure of overtime but we do hope that during this overtime period real production is kept up and we are able to get back for the wages paid out some benefit which means that overtime is something good for the community and not just an extra method of getting money into the pay packets.

HON MAJOR B J PELIZA:

If the Hon Member will give way. Under Personal Emoluments in Head 20 where you have an increase of £30,000 in overtime, does it mean that under the new policy this will be reduced? Is that a figure based on the overtime that you expect to pay at the current rates or does it mean under the policy that you are stating that that figure will come down?

HON M K FEATHERSTONE:

Let me explain what that overtime is. Obviously if you have a certain number of your workforce doing overtime, your industrials, then you must have some of your PTO IVs and PTO IIIs who supervise them and are classed as non-industrials also doing overtime. If we cut down for example, on the Saturday overtime there will be no need for the PTO IVs and PTO IIIs to do overtime and, therefore, this figure will reduce also.

One thing that we are willing to look at, and we are already considering some of the means by which it may be done, are productivity schemes. I am sure this will be very dear to the Hon Mr Bossano's heart, and possibly Mr Xiberras's. We firmly believe that if the work is done quicker then a cash reward can be justifiably put into operation. If we get hard work, hard work, good work from our direct labour force there will be no need to think of term contracts. The reason that we have been thinking of term contracts in the past is that we find that they are doing the job just as well and very much quicker and so it is up to the direct labour force, if they are dead set against term contracts, to show that they can do the work themselves just as well.

And as I have said we are willing to look into productivity schemes. I think we are already doing this on the question of demolitions.

The industrial labour force can work well when it wants to. I would like the House to know that recently we have re-laid a sewer in Cornwall's Lane and the highest congratulations must be given to the gang that did that job. We could see progress from day to day at a really extreme rate and I think that the PTO in charge and the men in that gang deserve the highest congratulations of this House and of the general public for the work that they did and for getting it done so quickly and that the least disturbance was caused. This would be one of those instances where productivity schemes could definitely be justified. We have had, as has already been said, some discussion on the PWD Garage, and as has already been commented it is not going to be at the Slaughter House site after all. The Government is not inflexible and we are willing to listen. I will not say where it is going to be but I will comment that if the Hon Mr Bossano wishes to visit his men he will not have far to go. I would like to say a few things about the Development Programme in which I was.....

HON P.J. ISOLA:

Would the Hon Minister give way for one second. Will the structure that is in Gibraltar be alright in the new site?

HON M K FEATHERSTONE:

Yes, exactly the same structure can be used. We have not lost anything on the structure.

To return to the Education Department for a moment: in the Development Programme, as you saw last year, we opened St Martin's School. We have had very good results from it and the Hon Mrs Judith Hart was very impressed when she saw it. For the coming year we plan to get started very soon, in July I think, with the First School at the Varyl Begg Estate. This will be a job lasting some eighteen months so that we hope it will be in operation by January 1980. The Girls' Comprehensive School, as you have heard, has been accepted by the Minister for Overseas Development and we have already asked the architect to prepare the working drawings even before the Project Committee has accepted the project. We have little fear that it will be accepted and the time scale is that the working drawings, which are reasonably complicated, will take some nine months to get ready. We must then, because it is a large value job, go out to tender in Gibraltar, in the UK and in the rest of the EEC, and the tender period will take something like three

months. So that we hope that the project can start as far as laying the first brick is concerned, which seems to be the worry of many people, by June next year. And, if all goes well, we should have this school ready within two and a half years of laying the first brick.

We are going to spend a certain amount of money as it were "tarting" up St Bernadette's School which is in rather a poor state at the moment and does need a facelift. I hope the Hon Mr Xiberras does not consider that unparliamentary language. I have not been called to order.

We come now to the Public Works side of the Development Programme: we have already mentioned the Public Works Garage; we are going ahead with the winning of sand from the upper catchment area, and this, we hope, will make us self-sufficient in the sand situation.

There is one point I would like to bring up and to warn the House rather strongly about. This is the question of the purchase of vehicles and plant. I am one hundred per cent with the Hon Mr Bossano that if a man only has a pick and shovel he cannot work at the same rate as if he had a mechanical digger. I would comment that for some time past we have been allowing our major equipment, our lorries, compressors and various other items of machinery, to deteriorate at a faster rate than at which they are being replaced. Many of our lorries are kept on the road by the miraculous work that is done in the workshops. They have lorries that are 16/18 years' old, for which no spares are available and they have to fashion the spares themselves or think out schemes one way or the other to get the lorry back on the road. It is not, in my opinion, good economic sense if a lorry needs to be six months in the garage to be six months on the road. We have got to come to a realisation that all our equipment must be given a useful working life and as soon as its working life is over, and this must be done on a realistic basis, it must be replaced.

I am very happy to say, and I am sure the Carpenter Section of the PWD will be happy to hear, that the Wood-working Machine, which is 45 years' old, is being replaced this year. This machine turns out work which 50% of the time is not suitable. It is so given to poor workmanship that the carpenters have to do twice what they could do once with a new machine, and possibly very much quicker with a new machine as well.

This year we are purchasing a number of new vehicles. Not as many as I would like, but I do hope that this House appreciates the need for proper mechanisation and for keeping our machinery and lorry fleet up to a good standard.



One of the items in the Improvement and Development Fund is a small figure for the reprovisioning of some Stores at Ragged Staff. I am happy to say that the Stores on the left, as you go down the hill to Ragged Staff, which used to be MOD stores are going to be handed over to the Government and this will alleviate our Stores position very considerably.

We are obviously going to spend a reasonable sum of money in development on new sewers, on renewing our water mains and salt water mains, something which I know is very dear to the heart of the Hon Mr Xiberras.

Another big improvement, which has been long overdue, we have got a reasonable sum for improvement to depots. I went round the depots at Christmas time and some of them are pitifully poor. It is not justified in this modern day and age that you should have a depot for some three hundred men with only one shower and it is imperative that something is done to improve these depots. This year we have got a figure of some £30,000 to get on with the job. Something which has been promised for a number of years and which at least I am glad to see will come to fruition. Now, Sir, just a few words on the question of parity.

HON M XIBERRAS:

There was, I think, the transfer of certain funds, what I take to be or transfer of.....

MR SPEAKER:

Is it a matter of policy?

HON M XIBERRAS:

It is. About the structure of the Department and responsibility of the Department. I think the Housing Department has something like £600,000 for maintenance and painting of Crown Property, over and above what they had last year. I was wondering whether there had been a shift in responsibilities and a consequent shift in labour force from one department to the other.

HON M K FEATHERSTONE:

No, Sir, this is what we might call a book transaction. Since obviously we are going to have a Housing Fund in which maintenance must figure, then the cost of the repairs and maintenance are being put in the Housing Fund and then it will be transferred back to Public Works as the sub-contractors for the Housing Department. We will do the work. The staff and the employees will continue with the Public Works.

Now, Sir, on this question of parity, we are now going to get in Gibraltar the same pay for a certain class of worker as he would get in the UK. And I would pose the question: do we get the same amount of work from that worker as we would get from the worker in the UK? Because if we do not, then to some extent we are paying better than parity. If we are getting more work from the local worker than the UK worker, and I am talking about the UK worker in the UK then of course, it would be the other way round. But I feel, to a great extent that the amount of work produced per man hour here is less than in the UK, and this has been very strongly put to us by the Development Programme team that came out here. They commented time after time: "You are asking for all this amount of money to get all this amount of work done: are you really able to do the work?" We have answered: "Yes, we can do the work". And I think we can do the work if we all pull together and if we get a real day's work for a real fair day's pay. This is something which is an essential if parity is going to be what we expect it to be.

We had many years ago the theory by the Hon Major Peliza of high wages, high productivity. I am not going to say the wages were high, they were definitely on the improving standard, but in many cases the productivity did not go up at the same rate. We are now going to have some 50% jump in wages. I do not expect a 50% jumps in productivity. I would look forward, and I would be happy with 15% improvement in productivity, and I would urge anybody that has anything to do with the industrial labour force and the non-industrial labour force to see as far as possible that they do give a fair return for the fair wages they are going to get.

We still have to see if parity works. Parity is going to mean a completely new way of life for many people. It will mean that a greater percentage of the person's income will have to be spent on the essentials of life: on rents, on electricity, on water - and I will not say the telephone is an essential, but it is a fair necessity and people will have perhaps less money for the frills and the consumer goods like colour television, than they have had in the past. I hope that the situation will be satisfactory in all directions but it will be a change of life. Gibraltar is moving into a new era. Parity is something which has been spoken about, but I wonder if everybody that has spoken about it has fully appreciated all the ramifications. I hope and I am sure that given the goodwill, Gibraltar can move into the era of parity with success and with satisfaction to everybody.



HON G T RESTANO:

I want to associate myself with the remarks yesterday by members praising the Hon Financial and Development Secretary on the new presentation of the Estimates. It certainly makes the study of these Estimates a lot easier but I think it is a pity though that the new presentation should have been marred by the necessity of having to make last minute adjustment. I recognise how difficult it must have been this year to prepare these Estimates and the comments are in no way made as a criticism of himself or his staff. My comments are made as a matter of fact only because it also made the position of members on this side rather difficult after having spent several hours studying the Estimates and having afterwards to re-adjust and re-appraise at the very last moment.

One point that the Hon Mr Collings made in his statement, also referring to the preparation, was the difficulty of training staff in accounting and then only to find that these employees are transferred elsewhere. For the Hon Member to have made the remark it is obvious that he must have encountered this difficulty on more than one occasion and I think he is perfectly right in bringing this matter to the attention of this House.

I concur entirely that it is a ridiculous situation, when one takes the time and trouble to train somebody in a particular speciality and then have that person transferred. I think it would appear that somewhere along the line there is either administrative inefficiency or perhaps just a lack of adequate communication between departments. I certainly think that this matter should be thoroughly investigated at the appropriate administrative level in order to cut down on these sort of occurrences.

The next area I want to touch upon is telecommunications. Although only a brief mention was made by the Hon the Financial and Development Secretary regarding the improvement in this field I was surprised that the Honourable and Learned Chief Minister should fail to make any mention of this matter in his statement, because a tremendous advance has been made by the government in at least having installed a semi-automatic system and I must congratulate the Minister for this. It is a very good achievement. I was doubly pleased also to hear earlier in this meeting that quotations were being sought to purchase equipment to go one further, to go fully automatic. I cannot stress enough how important I consider efficient telecommunications to be in the promotion of Gibraltar as a viable centre, as much for tourism as for investment services, not to mention the added potential revenue from extra traffic which necessarily accrues from the lack of delays. I know for a fact that much revenue has been lost in the past from persons exasperated by the lengthy delays, cancelling their international calls. This occurs certainly, for

example, when the fleet is in port, when a great deal of potential revenue is lost. But it also happens throughout the year. Since being elected to this House I have at every possible opportunity pressed the Government to take action to put Gibraltar on the map telecommunicationwise. I am extremely happy that this has partly been done and that a completion of the process appears to be close at hand.

The other aspect which is of equal importance, and I might say also of equal satisfaction, is the decision by Cable and Wireless to spend £1m. in Gibraltar to instal another satellite station providing many, many more lines than we could ever have hoped for. But here I must express my serious concern at what appears to be Government policy. Cable and Wireless, as I have said, will be setting up an earth satellite station which could give us approximately sixty lines with the outside world, compared to the five lines which we have. This is a tremendous improvement in our situation but it would appear that the Government is not prepared to give Cable and Wireless, who after all are investing £1m. a guarantee and an undertaking that they will have first choice of dealing with all calls, once this installation has been completed. I do not know whether the Government is trying to keep its options open with a view of negotiating tactics with Spain and the Working Parties on Telecommunications or even perhaps whether the guarantee has not been given on account of the talks which were held in Madrid between senior officials of the Telephone Department and their Spanish counterparts some months ago, but what I do know, Mr Speaker, is that however many lines may be offered from Spain what we must not do is cut down on our guarantees to Cable and Wireless. The financial consideration must not come into this area in any way whatsoever.

HON CHIEF MINISTER:

If the Honourable Member would give way, may I ask on what authority he is saying that we have refused to give a guarantee to Cable and Wireless that we will not take the traffic with the earth satellite?

HON G T RESTANO:

Mr Speaker, is the Chief Minister saying that guarantees have been given?

HON CHIEF MINISTER:

I am not saying anything. I am asking him a very straight question. The Honourable Member must make himself responsible for making a series of accusations based on facts and I ask him to say where he got his facts from?

MR SPEAKER:

I will say this. You do not have to if you do not want to, but you must make yourself responsible for the statement.

HON G T RESTANO:

I make myself responsible.

HON CHIEF MINISTER:

You are making yourself responsible for a lot of silly things.

HON G T RESTANO:

What I am trying to say, Mr Speaker, is that even if we were offered cheaper rates we should not, in any way, not give that guarantee to Cable and Wireless that they will have the first option in all international calls.

HON CHIEF MINISTER:

They have not even asked for that.

HON G T RESTANO:

I remember in last year's Budget the Honourable the Chief Minister stating that the lack of progress in communications then was due not to the Government but to other entities. He also said that on telecommunication we could not go it alone. Here we have now been given support from Cable and Wireless and I consider that they should be given every guarantee possible.

Next, Mr Speaker, I would like to turn to the Port. The Hon Financial and Development Secretary, in his statement yesterday, mentioned the radical increase in container traffic that the port had seen during the last twelve months and the expected increase that he foresaw for 1978. The sum approved during the visit of Mrs Hart for filling in between numbers 2 and 3 jetty subject, of course, to final project approval, will go a long way to solve the problem created by the container situation at its present level, but it is my contention that however welcome this development may be it only caters for the present and actual needs. I would say that if the Minister for the Port had a crystal ball that would permit him to see into the future it could well be that he would be able to see that this particular development only puts right the present problem and perhaps that of the immediate future but what of the longer term prospects? I would say that this development should be considered no more than stage 1 of Port Development and that the Minister should already be actively looking into at least the next two stages. Far be it that we should from these Opposition benches suggest what the shape of the next two stages should be: that is his responsibility; nevertheless, I feel that I should urge him not to be complacent because he will be receiving about £1m. He must already start working on

the next stage. By this I do not merely mean the re-siting of the Port Office and Signal Station, which should have been completed already.

An aspect of the port which was highlighted yesterday by the Hon Financial and Development Secretary, in fact he thought fit to mention the fact twice, was the windfall to Government caused by the laying up of the Ottawa. To our economy £85,000 is certainly a very pleasant windfall, but as he so rightly said 1977, and it is predicted that 1978 and 1979 as well, will show a serious depression in shipping resulting in the laying up of many vessels all over the world. In a depressed market ship-owners, who will find themselves obliged to lay up many ships, will obviously be very cost-conscious. As far as possible they will try to lay up those ships where costs are lower. The Hon Financial and Development Secretary expressed the hope that some other ships might find Gibraltar a suitable port to be laid up in. I would respectfully suggest to the Hon Member that at £85,000 a year the Port is far from being an attractive port for laying up vessels. I think Government should seriously consider altering its charges in this respect. I would suggest that two rates of berthing charges be made. The present ones should be retained for vessels making the normal uses of the Detached Mole for repairs etc but perhaps it would be a useful exercise to levy reduced rates for laid-up ships. One could then compete adequately with certain ports in Italy, the Greek Islands, the Scandinavian Fjords, all of which charge far less for ships being laid up. Surely, Mr Speaker, it would be preferable to obtain a revenue of, say, £30/40,000 than none at all. We have certainly had a windfall with the Ottawa and it would be a great pity if no other ships were to come to Gibraltar for that purpose.

I would like to go into another matter, Mr Speaker, and that is Government spending. There is concern in Gibraltar and rightly so on the way Government spends its money and makes purchases, and as the Chief Minister very rightly said in his statement to the House yesterday, the Opposition Parliamentary Group shares that concern which is why, on behalf of the Group, I wrote to him saying that I would be asking for specific detailed information on items of Government purchases and sources of supply in all departments. The Hon and Learned the Chief Minister made reference in his statement to the persistent rumours about alleged malpractices in the purchase and supply of stores to Government, and it is only right and proper that these allegations should receive a thorough investigation. In the same way as the Hon Financial and Development Secretary made reference to apparent discrepancies between purchases and issues in Government Departments.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way. I did not use the word "discrepancies", I used the word "excess" of purchases over issues. That is a very, very different thing.

HON G T RESTANO:

I stand corrected, Mr Speaker, I am sorry. But there is another aspect which I consider should be looked into and that is whether the Government is getting the right value for money. Is Government in fact paying more for purchases than necessary? In last year's budget speech cost-consciousness was bandied about liberally. What is cost-consciousness may I ask? Surely, in the sense in which it was used last year it meant firstly that there was need to economise on the actual use of supplies, but secondly it also meant that Government should not be purchasing at inflated prices. I think this may well be happening, not necessarily because of any malpractices, but perhaps because of inefficiency or perhaps lack of knowledge. Because not enough emphasis has been given to try to obtain supplies at the best prices. From my own experience in business I know that it is a frustrating and sometimes tedious business to try to get best value for money. But if this process were not carried out on a regular basis in the private sector, for example, many firms would be out of business. If, for example, in the private sector an agent sells tinned peas but finds that his source of supply is more expensive than his competitors he must either forego selling tinned peas or try to find another source, another supplier who will sell him this commodity at a lower price. The trader will always attempt the second alternative because he is in a competitive market. But Government buying does not seem to work out that way. I feel that a much more commercial approach is needed in order for Government to get better bargains in what it buys. After all Government purchases are quite considerable and one thing a trader knows is that the larger the quantities he can guarantee buying the greater the discount he can obtain. I fear that much of this has been neglected up to now.

Turning to the Medical and Health Department, I think that the last point I was making about getting better prices for bulk-buying is apt. I would suspect that much more thought should be given to ensure that the best prices are obtained, especially in view of the high cost of purchases. Last year the Minister stated that a Contractor's Committee had been set up to look into this matter and I wonder what the findings of this Committee have been. Last year also I noticed that the Public Markets were being subsidised and I know that this year the subsidy has increased to 64%. And whilst on the subject of subsidies let me turn to the funds.

Obviously heavy losses have been incurred and the Government now proposes to rectify this position partly by an increase in charges. On the Water Fund, whilst not wishing to anticipate the recommendation which may be made by a Committee which was set up last year to investigate losses, I would nevertheless say that it is quite possible that physical losses, unnecessary physical losses, may have occurred for a number of reasons and for a number of years. Government should satisfy itself that that undertaking is streamlined to avoid the continuation of such a situation and perhaps losses in income would then be less. It is vitally necessary for Gibraltar that there should be an ample supply of water. Not only for the local population and tourism but for shipping as well.

Most ships calling at Gibraltar require this commodity and if it cannot be obtained they will have to go to another port. The next time these ships are in our vicinity they will go of course to the other ports where the supply of water is guaranteed instead of calling at Gibraltar. So it is of great importance that supplies are always available and I welcome very much the deep drilling exercise that will be taking place.

With regard to the Telephone Account, I said earlier that improvements in facilities given by that Department due to new equipment would result in extra traffic and in fact at an earlier part of this meeting the Minister for Municipal Services stated that there had been an increase of about 30%. I would imagine that with the installation of a fully automatic system there will be a greater increase in the traffic, and I wonder therefore if there is any justification in increasing the telephone charges. Would not the increases in traffic bring in the necessary revenue to cover the losses?

Much was heard yesterday, Mr Speaker, about the Chief Minister's optimism. My Friend the Hon the Leader of the Opposition warned him not to be slap-happy and I would say to him that when he means to say that he is optimistic he should not say that he is not optimistic. And I read from his statement where he says that: "It is still my hope that Government's optimism is not only misplaced but that it will become to be shared by the House as a whole."

HON CHIEF MINISTER:

A clerical error. The "no" has been put in the wrong place.

HON G T RESTANO:

Well, Mr Speaker, it may be a clerical error, but I would say that it was somewhat careless of the Chief Minister not to have spotted this error in what is after all a major budget statement.

MR SPEAKER:

May I say for the purposes of good order, that this is a budget statement to the extent that it is the Chief Minister's contribution to the Budget debate. He has assisted himself by referring to copious notes. That is the most I am prepared to accept in so far as a contribution by anyone to any debate. The point now at issue is the difference between what you say he said and the statement he made on the enquiry. Of course, that was a statement, a ministerial statement.

HON G T RESTANO:

Anyway, Mr Speaker, obviously the £14m. that have been received are an extremely welcome matter and it would certainly.....

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member would give way, £14m. have not been received.

HON G T RESTANO:

That is really a technicality. That is perhaps like when one says go slow and one does not mean go slow. They will be received, or we hope they will be received, and it is a very welcome thing. It will be a boost to the economy and I hope that they will be able to be spent in the three years that are left to the Government. I take note of the assurances given by the Hon the Chief Minister that the Government will do everything in its power to ensure that that money is spent, although I have my grave doubts about that.

The Honourable and Learned the Chief Minister also stated yesterday that he proposed to make available house purchases for Government tenants. There are serious implications in the purchase of houses by tenants and a very serious study will have to be made. On this side we would want to know what conditions the Government would want to impose on the persons who are being offered to purchase their flats. I hope it does not go the way as those other good suggestions at Budget time, like insurance premia, and cottage industries, and what have you. They all went by the board but I hope this one does not.

On the parity issue, Mr Speaker, quite frankly I am perplexed at the turnaround of things. I remember last year at Budget time being criticised by the Honourable Minister for Labour and Social Security for having been involved in an exercise giving shop assistants.....

HON A J CANEPA:

More than parity.....

HON G T RESTANO:

No, Sir, not more than parity and I will quote from what he said: "There were very high wages that were negotiated by the Chamber of Commerce and the Transport and General Workers' Union, not this last occasion but the year before and which gave shop assistants drastically 100%" and further along in his contribution he called these "unnecessarily high wages". Well, that, of course, may be his opinion: I wonder whether it is still his opinion because after all he is going to give parity in retrospect back to the time when he was saying that they were "unnecessarily high wages". Anyway he has not contributed yet and I will be most interested to hear what he has to say on the matter now.

Certain areas in the private sector will be affected and some will not be affected. It can immediately be seen that businesses selling price-controlled goods, for example, on very low margins, may well be very affected by having to increase their wages and go up to parity, and I can see the tourist industry being affected, and I hope that the Government will take an understanding and sympathetic attitude to those areas which are most affected in the private sector, because after all they do render a considerable service to Gibraltar.

The last point I want to make, Mr Speaker, is the question of overtime which has been touched upon by the Chief Minister and the last speaker. I think it is a matter of concern and I hope the Government and the Union can resolve that particular problem effectively.

MR SPEAKER:

We will now recess until this afternoon at 3.15pm when the debate will continue.

The House recessed at 12.05pm.

The House resumed at 3.20pm.

MR SPEAKER:

We will now continue the debate. The last speaker was Mr Restano. Are there any other contributors?

HON I ABECASIS:

Sir, by tradition my speeches are always very short, and they are short because I do not like to say more than what I should say and also because I believe that after one or two members have spoken the Hansards show a mere repetition of facts. I will limit myself to saying what I think I should say especially on my departments.

First of all, I will start, Sir, by thanking my Hon Friend the Financial and Development Secretary for mentioning in his speech that the largest increase in Revenue was that of the Philatelic Bureau. He quotes a figure of £895,000 which in fact was increased by a few other thousands to £906,000. This figure was achieved throughout 1977 and 1978, and if members opposite would want to know the breakdown of the sales of stamps on philately, I would say that our own little set-up in Gibraltar sold over £190,000. Our agents in the western hemisphere, the International Governmental Philatelic Corporation, sold over £368,000, and the Crown Agents £347,000. These huge sales, and I am quoting the Financial and Development Secretary, do not come about just like that. They are mainly the results of great efforts done, not only by the Minister but by the staff of the Post Office. I must place on record my gratitude to the staff of the Department, both male and female, for the tremendous work they do not only locally but when we go abroad to sell our stamps.

We have attended lately three international exhibitions which have proved very successful. We have been in Amsterdam, in San Marino and also in London. Many people will tend to believe that to go to one of these exhibitions is a jolly. It may sound a jolly at face value because you leave Gibraltar and you go into Europe, but it is a little bit more than a jolly. When you have a stand in an exhibition you open at 8 o'clock in the morning, you close at 8 or 9 o'clock in the evening and the job is not over. After dinner you have to sit down and prepare to replenish your stocks so that early in the morning the following day you are in a position to carry on selling your stamps. So there is a lot of work involved in the outings to different capitals in Europe and I say Europe for the time being because as you may hear later on we may go further than Europe in order to expand the sales of our stamps.

Mr Speaker, going through last year's Budget I noticed one particular remark made by the Hon Mr Restano and I quote: "Measures that I can see that have been put forward to attract possible investment from abroad is philately where of course one has to see much more clearly whether in fact the revenue is going to be well above the added expenditure that the new department is incurring". That is exactly word for word what Mr Restano had to say last year. I hope that the reorganisation of the Philatelic Bureau has proved a success and Mr Restano will be satisfied that the expenditure involved is justified.

The programme that we have in mind, Sir, for this year is one of four issues, and I may add here that we have four issues because we do not believe in bringing out an issue every weekend. In order to maintain the interest of the collectors and in order that the collectors may keep pace with the issues of stamps as and when they come out we keep our stamp issues to a minimum of three or

four per year. Next week, on 3 May to be precise, we are going to come out with a new issue, which is new in every sense of the word. It is a stamp which is depicting Gibraltar taken from space by the Skylab 3. This is an innovation and we hope that it will be a successful issue in the Gibraltar/Europe scene. This issue will consist of two stamps, one of 12p to cover the airmail rate to Europe and one of 25p to cover the registration fee.

On 12 June we shall be commemorating the 25th Anniversary of the Coronation. We hope that this issue will be as successful as the one when we commemorated the Jubilee. Anything connected with Royalty is normally a success so we are issuing a set of four stamps depicting Palaces and Castles, including Balmoral, St James' and Windsor Castle. The set will consist of four stamps, as I stated, one of 6p for surface mail, one of 9p for the airmail to UK, another one of 12p for airmail to Europe and one of 25p again for the registration fee.

On 6 September we shall be commemorating the Jubilee of the RAF in Gibraltar and there will be a further set of five stamps depicting aircraft which at one stage or another have had a connection with Gibraltar, and the stamps will consist of 3p, 9p, 12p, 16p and 18p. These figures are not arrived at just like that, they are just intended to cover special rates of postage from the local to the Americas.

Finally on 1 November we shall have the usual Christmas issue which will consist of four stamps of 5p, 9p, 12p and 15p and they will be depicting paintings by a famous German painter Duhner. We have selected that particular painter, Sir, because he is a German and because we have intention to go to Germany to initiate a contract with a German firm to sell our stamps in Germany. That does not mean to say that we are not happy with the way the Crown Agents are handling our sales, we are happy, but we believe that we can do a little better in Germany if we had a man on the spot.

Another innovation, Sir, is the Gibraltar stamps. I am sure members of the House have received Gibraltar stamps. It is a pamphlet that gives details of our programme, of our policy and what we intend to issue in the future.

Several members have spoken of the success of the sales of philately and I have mentioned the hard work involved behind it. To reflect how popular our stamps have become I only need to quote the sales of 1969/70, just before this Government took office, when they amounted to £24,000 per annum, which compared to £906,000, if my calculations are correct, that means that we have sold thirty-eight times over, which is not bad, Sir.



Going back to last year's Budget speeches I remember saying specially to the Honourable and Learned Mr Peter Isola, that it was my intention to introduce a Saturday delivery. This is already in operation, and as you will see from the Estimates, it is our intention to carry it out throughout the year. We hope to give a better service in exchange for the increase we had in the local postage stamps to 3p.

Another thing I would introduce, that is the stamp-vending machines, have now been installed in the Main Street office. One will be installed shortly in the South District and another one at the Air Terminal. It is also our intention, Sir, to have one of these machines installed at the Varyl Begg Estate, where we cannot give a service as we give in Glacis to have a fully-fledged Post Office, but there will be facilities for the selling of stamps and for the posting of mails. These machines do not issue stamps individually, they come out in sachets which are very comprehensive and have stamps to cover postage addressed anywhere in the world.

Before I finish, Sir - I told you it was going to be a very short speech I think I said 11½ minutes and I am ranging now about the ten-minute mark - I would like to mention two particular speeches of last night. One by the Hon and Gallant Member Major Peliza and a mention also on what Mr Bossano had to say. On Major Peliza I would just say thank you very much for having praised the sales of stamps at the Post Office and also for mentioning that I should take over Tourism. That is the prerogative of the Chief Minister. We are too disciplined on this side of the House to prompt or to suggest anything of the sort to the Chief Minister. I would have preferred if he had kept it at that, praising the sales of the stamps rather than suggesting I should take over Tourism. What I did not like was the destructive barrage against my Honourable Friend on my right, the Honourable Mr Abraham Serfaty. I think it was unfair to blame him for everything that has been done or has not been done. The Hon Major should be aware that at least two Members on his side, the Hon and Learned Mr Isola and the Honourable and Learned Mr Brian Perez were, together with my friend Mr Serfaty and myself, in the talks with British Airways and they know how strong a fight Mr Serfaty put up in order to increase the flights to Gibraltar. It was somewhat unwarranted therefore to say that if there are not more flights to Gibraltar Mr Serfaty is to be blamed. It is not, Sir, one has to be realistic and accept the facts as they are.

The other mention, unfortunately Mr Bossano is not here, I was very impressed and I listened to him for one and a half hours. I wish I could speak for one and a half hours myself, and I was very interested to hear all he had to say. He sounded to me very, very sober, very sensible, very reasonable. I only hope and pray that he will be as sensible and as responsible and as sober as he was last night during the next three years so that the Government

can be able to implement the Development Programme they have in mind, and not just sabotage it by making us buy the highest petrol for working our machines in the Generating Station, stopping our distillation plant etc. etc. etc.

Finally, Sir, when we come to the Committee Stage of the proceedings I will be only too pleased to answer any question any Honourable Member opposite may care to put.

HON J B PEREZ:

Mr Speaker, in view of the fact that parity has been the main issue in this year's Estimates, I have asked myself two questions. The first one is, what is the gross cost of parity? And I think this question has already been answered by previous speakers, and I do not intend to dwell on this any further, but the second question I have asked myself is in fact: who will bear the next cost of parity? I think that the answer to this question lies, in my submission, in the contribution made by the Honourable and Learned the Chief Minister yesterday, in particular where he said, and I will quote from the statement that he made: "from the purely financial point of view, our consultations with the British Government in considering the claims for parity on this occasion, established the fact that that Government was prepared to agree to parity without curtailing its spending in Gibraltar. As far as their own domestic finances were concerned, we were advised that given substantial increases in the charges for a number of services provided by the Government, as well as a reduction in overtime working, the very substantial cost of accepting parity could be met."

In a nutshell, Mr Speaker, as I see the position, the net cost of parity will be met by substantial increases in both electricity, water, telephone and rents which, in turn, will reduce the respective deficits, and this accordingly will lessen the budgetary contribution which would maintain our own level of reserves. That is how I see the position, Mr Speaker.

I think the Government has presented their Estimates in a very fair manner and I would particularly support the statement made by the Hon and Learned the Chief Minister in connection with making our Municipal Services self-supporting, but that this had to be done due to problems affecting the public sector and people with fixed incomes, due to the parity issue, on a gradual basis. I support that entirely, Mr Speaker.

The Chief Minister also stated that a further £0.3m. would have to be raised in order to increase our level of reserves. I think that the Chief Minister would agree with me and I think he would have preferred yesterday to have informed the House that due to the very healthy

state of our economy, due to the fact that we may have had large surpluses during the past two years, there is no need to increase the level of reserves. Furthermore that we could afford to continue making large contributions to our Municipal Services and still meet the net cost of parity.

So, how can we go about improving our economy, Mr Speaker? I think, being realistic, that the best way and the more realistic way of doing this is by the promotion and expansion of our tourist industry. Unfortunately, I believe that this has been a rather neglected area throughout the years and it is in fact a great pity since I believe that Gibraltar has a tremendous touristic potential. A tremendous potential and one which I do not believe we are exploiting to its full capacity.

The Hon Financial and Development Secretary, in his contribution last year, predicted a decline in tourism in Gibraltar. His figures this year proved him to be correct. Once again, yesterday in his contribution, he once again informed the House that he again predicted a further decline in tourism in Gibraltar. In fact, Mr Speaker, I feel that the whole issue of parity will have an adverse effect in relation to our hotel industry in Gibraltar. I realise that parity will inject considerable capital into our economy, chiefly from payments made out by way of wages by the MOD and the DOE, but it is clear in my mind that the public sector shall shortly have to follow in the same line.

In connection with our hotel industry, I fear that there is a great danger that we may price ourselves out of the market, since intended tourists to Gibraltar will not only be faced with high fares, as compared, for example, a tourist travelling to Malaga, but also more expensive hotel beds. I think the question of parity will also affect the SGIT fares and charters which are the bulk of traffic coming to Gibraltar. I would, therefore, suggest to the Government to consider helping our hotel industry. Whether it be by way of a subsidy or whether it be by way of providing them with the opportunity of having cheaper water or cheaper electricity bills. I definitely do ask them to consider very seriously to help the hotel industry in Gibraltar because otherwise it will have a disastrous effect and it will in fact cause a further decline in our tourist industry.

Also, Mr Speaker, in view of impending events, in view of Working Committees being set up, I think that it would not be too optimistic to say that we can see a ray of light at the end of the tunnel and certain events may occur throughout either this year or the next, I sincerely hope they do, which will give an impetus, a boost in our tourist trade in Gibraltar. But we must ensure that if this comes about we will remain competitive, that our hotels will remain competitive and be able to compete with neighbouring countries.

I am fully aware that our economy is dependent on defence spending and UK aid, but I do not think that we must put all our eggs in one basket. We must endeavour to make our community more self-supporting, and this I would repeat, we can achieve by expanding our tourist industry.

Mr Speaker, what are the main problems surrounding our tourist industry in Gibraltar? I would say the first problem is the frequency of flights. I think the present number of flights are totally inadequate. The airlines seem to be of the opinion that by cutting down on frequency the seat capacity on flights will increase. In my opinion, Mr Speaker, this is not the case in Gibraltar since the more seats that are available the more people who actually take them up. What we require is a daily scheduled service to go with charter traffic. But we must draw a happy medium between them.

My personal criticism of the Honourable Mr Serfaty, the Minister for Tourism, is that too much emphasis has been given to charter traffic at the expense of our scheduled airline. As an example of this I would refer to the recent support by our Minister on an application to the CAA for the sale of bucket seats. This, I am afraid, is only conducive to a reduction in frequency of our scheduled flights. I think in this respect what is needed is some consideration for some Government participation on the airline. Or, at the least, I would ask the Honourable Mr Serfaty to reconsider the motion proposed earlier on this year by my Honourable and Learned Friend Mr Isola, as to getting together with all the people concerned. The second problem affecting tourism.....

HON A W SERFATY:

If the Hon Member would give way, I do not think it is fair to say that I supported the application for the sale of bucket seats. There was an application that a certain number of seats should be offered to Forces families and friends and in fact the CAA authorised a small percentage of seats to be sold in those charter flights. But to say that the Minister for Tourism who must also be concerned, because I do give, in spite of what the Honourable Member has just said, a lot of importance to the scheduled flights, to say that the Minister for Tourism is outright in his support for the sale of bucket seats, I do not think is fair on the Minister.

HON J B PEREZ:

Mr Speaker, let me put it another way and I will retract my previous statement. He may not have supported it, but he generally did not actually disapprove of their application. I will put it that way.

The second problem affecting the tourist industry in Gibraltar is in connection with fares. I think that the fares to Gibraltar are extremely high compared to, for example, Malaga. There is also another aspect of importance in connection with fares, and that is the location of departures from the UK. For example, a tourist living in the north of England who intends to come to Gibraltar would first of all have to travel all the way down to London. Say, for example, he was travelling with his wife and children, at considerable expense in train fares, taking account also the time of departure in the UK which is very early in the morning. There is also a considerable expense in hotel bills for this Mr X who would come over with his family, and this is what people look at before planning their holidays. It means a considerable extra expense on a tourist wishing to come to Gibraltar and this, Mr X, would obviously look at the price of what it would cost him to go to, say, Malaga, look at the price for Gibraltar, add on the hotel bill, add on the train fare and we cannot really blame him for going to Malaga because it will prove much cheaper than coming to Gibraltar. These are three problems that I can see and three problems which have to be tackled.

Furthermore, the Hon Financial and Development Secretary mentioned that although there was a decline in tourists coming to Gibraltar he said there was an increase in the daily visitors, or visitors coming over from Morocco, and there was an increase in yachts calling at Gibraltar. Let us first of all take the visits from Tangier: I will be interested when the Committee Stage arrives to see how much of the money which we are being asked to vote for promotion will be actually spent on promoting Gibraltar in, say, Tangier and Rabat. Since we know that people are coming to Gibraltar from that part, we ought to encourage more people to come.

The second thing is that I would ask the Government to take a good look at the port area, because to my mind I would honestly and sincerely designate that as a slum area. That place could do with a shaking up. I do not think it gives a very good first impression to the tourists coming over to Gibraltar.

On the question of the yachts I was very glad to hear the Hon Mr Serfaty say that the steel girders for frames had arrived for the new marina and that shortly work is expected to commence. I think there is no doubt in my mind that the new marina will undoubtedly attract more yachts to Gibraltar and will be a great asset to it.

Another problem is the tourist facilities in Gibraltar. Here again these could be improved. If I may remind members of the House of my last year's contribution in this House in which I said there was a general lack of watersport facilities in Gibraltar being offered to tourists. I do not think the most difficult aspect for

the Government is in fact to find willing investors, or people who are prepared to come and invest in Gibraltar and set up centres. I think the biggest problem that we have is finding suitable sites in Gibraltar. This is due, unfortunately, to most of our waterfront being occupied by the MOD. I realise that when the Government request sites the answer usually given, and I can well understand the frustration of the Hon Mr Serfaty, the usual answer he gets is that it is needed for defence purposes or that the MOD intend to put it to their own particular use. I would ask the Government to see whether they could seek some clarification and, if possible, a re-definition of defence purposes in this respect. I would ask members of the House to go on a tour from Varyl Begg on the seafront in a southerly direction and you will see for yourselves. If you start with the Services' residences, Chilton Court, Edinburgh House, you come to Rooke, you come to the dry docks, which I do not think are ever used, all being occupied by the MOD. We then come to the Royal Gibraltar Yacht Club which is one part we do occupy, but then once again we come to the Coaling Island and, in my submission, the Coaling Island is completely under-utilised. I think we could do very well to try and get some portion back in the hands of the Gibraltar Government. We then come to the part of the Technical College site; we have the United Services Sailing Club, we then come to the Camber which, at long last, is now I believe, in the hands of the Government. But even inside the Camber itself we have the 2 Queen's Regiment who have their club there, who have their slipway. Then we come to the Governor's steps landing, also another place which I do not think is being utilised, I hardly ever see it used, and to which we, the Government of Gibraltar, this House, could put to very good use in connection with our tourist trade.

It has also come to my notice, Mr Speaker, that there was an international tobacco firm which was interested in setting up a factory in Gibraltar. I think that they did not meet with much success since I am told that they also found it very difficult to find a suitable site for this purpose. It is indeed very regrettable. It is very sad that this is the present situation, but this is surely what Gibraltar needs.

HON A W SERFATY:

Mr Speaker, if the Hon Member will allow me. There was a representative of an important tobacco factory here last year and we encouraged them to come here. We made certain offers and they said that they would not be able to come to a decision until later this year. That is the position.

HON J B PEREZ:

Mr Speaker, my information is that they found it quite difficult to find a suitable site. The point I am trying to make is that there is a lot of waste area in Gibraltar. There is a lot of land which is not used which comes under the MOD, and it is a great pity that most of this land should not be in the hands of the Gibraltar Government.

The Hon Financial and Development Secretary also gave as a cause to the decline in tourist industry on wage restraint in the UK, and my suggestion is in this respect to try and promote Gibraltar in other European countries. For example, this would have a dual advantage because it would enable Gibraltarians, take for example, France, it would allow people from France to come over to Gibraltar at a cheaper rate and it would also allow Gibraltarians to travel to France at a much cheaper rate than having to fly all the way to London and from London all the way back to France.

Mr Speaker, I have endeavoured to try and be constructive in this matter and can only wish that due consideration is given to some of the ideas and some of the proposals that I have put forward in this respect.

On the question of housing, both the Honourable and Learned the Chief Minister and the Honourable Mr Zammit stated that a new and vital part of the housing policy would be a home ownership scheme. I think, Mr Speaker, that this is an excellent idea. The most important advantage that Government will have on this is that if people own their houses it will accordingly reduce considerably the expenditure side on the maintenance of these houses by Government. There is no doubt about this, that this is a very good idea and I sincerely hope it is carried out and it works successfully. May I, however, ask the Government to consider three very important elements, or three important propositions in this respect.

One is that there must be a restriction on the right to sell a particular house. Let me give an example. If I am at present a Government tenant and I am given the opportunity to purchase my house, which I do, I should not be allowed to subsequently go and sell it to Mr X and then make a profit on this and put my name again on the Housing List. That is one proposition that I would ask the Government to consider. The second proposition is the one of personal occupation. I think this is also very important because otherwise you would have Mr X purchasing a Government house, deciding he wishes to go back to the United Kingdom or go even to Spain, and rent the house to somebody else and then he would be making a very good return due to the price of housing in 1978, and then this would be to the detriment of the housing policy.

The third proposition, Mr Speaker, is one for the health of young married couples. I see from the speeches of both the Honourable and Learned the Chief Minister and the Honourable Mr Zammit that the House Ownership Scheme will only apply to existing tenants who will be able to purchase. I would ask Government to give some consideration to the possibility of allowing young married couples to be able to participate in this scheme because otherwise we are finding ourselves in a situation where most of the youth of Gibraltar, being unable to find housing accommodation, is being forced to leave Gibraltar. This is a great pity and something we must try and avoid.

There is one other thing which I think I left out in my first proposition of selling. I think Government should see its way to putting a clause whereby should the tenant wish to sell, should he have to leave Gibraltar for any reason whatsoever, I think there should be a commitment or an undertaking by the Government to re-purchase the house at a set price, because this would be fair on the side also of the tenant. There is another point on the housing scheme that I would like to raise and that is, we have heard the Government saying they intend to increase rents on Government dwellings. What I have not heard is what effect, or what changes, if any, are envisaged in connection with private landlords. If any changes are proposed in the Landlord and Tenant Ordinance because as most members know private landlord's cost of maintenance of property is in fact also going up. For example, we may get a public health officer coming round to a private landlord and saying: "Well, you have got to put new gutters, and you have got to put new plaster here; there is dampness in this wall which you have to..." etc etc. I think the Government must also take private landlords into account and to make some provision or some allowance to enable them to put up their rent correspondingly to the Government increases on rents because costs go up for both sides.

On the question of sport, Mr Speaker, I think that 1977 has been a very important year for Gibraltar especially in the international field. To take some examples we have increased interest in international participation or motor cycle trials, boxing, athletics, clay pigeon shooting, and others. And most important of all, hockey. I say hockey, not because I happen to be the Secretary of the Gibraltar Hockey Association, but because there is an item in the Estimates of £4,500 which we are asked to vote, and this, as all Members of this House know, is in fact the trip that the Gibraltar Hockey Association, after beating Switzerland will be making to Hannover to participate in the European Nations Cup.

In my last year's Budget speech I asked the Government to encourage international participation by financial help and I can only have words of praise for the Honourable

the Minister for Sport Mr Zammit. I sincerely trust that this Government policy will continue.

The Honourable Mr Zammit also spoke about the introduction of a £10 membership fee for sportsmen who use the Stadium. I intended to make quite a number of comments on this, Mr Speaker, but I shall refrain from doing so in the light of the Minister's undertaking to provide this side of the House with full details of its operation before its implementation. I will only say at this stage that I do not disagree with the principle. I think there is much to be said in its favour, provided it is not unduly restricted on sportsmen in Gibraltar. From what I have heard I do not think this is going to be the case, because I am told that the contributions received, about two-thirds of the amount, will in fact go to sporting associations themselves. So they will be getting their money back which has been contributed by their own individual members, and also it will go to providing better facilities, like more squash courts etc. There is only one point that I would ask the Honourable Mr Zammit to consider and that is whether in fact it is a good idea to bring schoolchildren into the payment of this £10. It is not? I am glad to hear that because my worry is that we may have a family with four or five children and then this would be very restrictive on the family.

There are two further points that I would ask the Hon Minister to consider, and that is since we are told that Government is to have a new adventure playground at Laguna Estate, I would just ask the Government to consider whether in view of the increasing demand or involvement in the sport of skateboarding whether it would not be possible to have some provision for this sport there before we have an accident in the streets. This I would ask the Hon Minister to consider.

The second point I would ask him to consider, and, in fact I was rather surprised not to hear him mention it is in connection with the swimming pool. I do not know what proposals have been made or what the Honourable Minister intends to do, or what his view is. Perhaps I would be prepared to give way if the Honourable Minister wishes to inform the House on the question of the swimming pool.

HON E J ZAMMIT:

Mr Speaker, I am sorry, I should have mentioned something about the swimming pool yesterday, but I can say at this stage that the question of the pool was brought up in the talks with Mrs Hart, and Mrs Hart's team were not very

enthusiastic about the building of a purley pool, that is one of these pre-fabricated pools, because in the best of circumstances its maximum life span is about 25 years. They were not at all pleased with any structure of this calibre. In fact the roof which the catalogue described would not stand up half the wind prevailing in that particular area of Gibraltar. I have not, however, given up hope, Mr Speaker. The team looked at this quite sympathetically, that there should be some contribution from ODM, some contribution which I am told we may be able to get in the form of raising our own loan within Gibraltar and I have not for one moment dismissed the possibility and I will continue to pursue the possibility of having a 33 and one third metre pool of permanent structure within the precincts of the Victoria Stadium.

HON J B PEREZ:

Mr Speaker, I am grateful for the contribution of the Honourable Mr Zammit. I am glad that he has not given up the idea and trust that he will see a way to provide Gibraltar with a swimming pool. I think that is something which is much needed and trust that he will do his best on this. Mr Speaker, I have nothing further to add.

HON MAJOR F DELLIPIANI:

Mr Speaker, my contributions to the House are usually brief and I try to make a point, but I would like to make a general comment on the debate which we have been having today, and that is to praise the Honourable the Financial and Development Secretary and his team for the excellent work they have done, under great pressure, in preparing all the relevant documents, Estimates, etc for this House to consider. Being a very young member of the Government and in the House, one of the things that impressed me most is the high quality of officer that we have in our Civil Service. This was ably demonstrated in the financial support we had in our good friend Judith Hart. It was most impressive the backup that Ministers had from all the civil servants. I would like to express my thanks publicly in the House to all of them.

The Hon the Financial and Development Secretary gave his views on firstly the European economic situation and the Hon Mr Bessano gave his views on the European economic situation. We are all talking now of money in terms of Gibraltar and parity and a word which the Honourable the Leader of the Opposition mentioned, equivalence. I must confess that I was totally against parity, and not because I did not think that the workpeople were overpaid and did not deserve more money, it was because I thought that it was not the right formula for Gibraltar. But I



cannot think now of any other formula except parity. There are various weaknesses in having parity but there is no better formula than parity and that is why I have accepted within Government the question of parity though I was against it. I believe that the basis of a society is that the lowest paid worker, the most humble worker, should have a decent basic wage with which to maintain a certain standard of living. After that comes more money for doing this, more money for doing that, but the basis of a progressive society is that the most humble workman has a living standard basic wage without having to go into social overtime, even though they are not working, they might be accused of not working, it is still a lot of hours away from the family and from their children, and this, I think, is socially wrong. Nobody can argue against the basic wage and with parity there has been a tremendous improvement vis-a-vis the humble members of our society. But I did not believe in parity. For example, if there was a need for a gamekeeper in Gibraltar - and I mention one post which we do not need because otherwise people might think I am talking against a particular grade - there might be no one in Gibraltar or only one person who might have the qualifications to be a gamekeeper and, therefore, we have to offer certain incentives to attract this person. In the UK there might be a thousand people after that gamekeeper's job. So it does not follow that parity in that sense should work. But I cannot think of a better formula than parity and that is why we are accepting parity.

The Hon Mr Bossano mentioned, and I agree with him, that the big bone of contention in Gibraltar had been the fact that you had a UK-recruited worker working beside a locally-engaged worker - I said locally-engaged worker, I did not say Gibraltarian worker - both working together side by side, and both being paid different wages. Of course, this must be frustrating for them. It must be really frustrating because I in my capacity as a trade unionist have been through this experience. There was the question of the allowances, a UK worker got so much for climbing a 100-foot high ladder, a local worker got half of that for being in the same danger and these things have been corrected. But I think the Hon Member on the opposite side, Mr Bossano, is being a bit too optimistic about future industrial relations, which I would like to share with him but I fear there are certain elements still within the Union, a small element, who through ideology think that the struggle against the establishment must go on, no matter how good conditions are. This struggle against the capitalist system, establishment, must go on. And I would join them in this struggle if I was living in Peru, in Chile, in Uruguay, in Paraguay, but their ideology is completely misplaced in Gibraltar and I would ask the Hon Mr Bossano, if he can hear me in the ante-room to use his influence to try control this certain element within his Union who are out to destroy Gibraltar and its establishment no matter how good their working conditions are.

To get now to my Department, I made what I would call a rather alarming statement on the generating capacity of our own Generating Station some time in November of last year, and people are wondering "Well, nothing really happened, we only had the odd couple of hours this day and the odd couple of hours the next day". Let me assure you that we have had terrific problems in the Generating Station and there would have been some drastic power cuts lasting many, many hours, if it had not been for the cooperation that we have had from the MOD through the Inter-Services station. And I would like to take this opportunity to thank the MOD for the help they have given us during the winter period. The months ahead in the Generating Station are going to be crucial in order to be able to get to grips with the backlog of work which occurred over the past, for different reasons, I do not like to look into the past, we must look forward to the future, and let us hope that with good management, with good industrial relations between the Union and middle management and everybody concerned we can really get to grips with our Station so that next winter we will not have any more problems.

I think at this point I should mention the future of the Generating Station and to bring to the notice of the House the importance of extending our generating capacity. I should mention that last year our peak load was 13.5 megawatts. This year the peak load has gone up to 14 megawatts. At the rate that this increase in demand at peak load is going, during the next 3/4 years unless we really start to plan things and really get to grips with things, all this marvellous development programme that we have, housing, marina and all the rest will not work. I am glad to say that we are moving forward quite quickly in the right direction.

On the question of the Fire Service, I have quite an impressive list of services that this Department gives to Gibraltar and that there does not necessarily have to be a fire for their services to be available. I have a breakdown here: entering premises on behalf of people who have been locked in, rescue operations, etc, and they are kept very busy indeed and I am very proud of this service. It is a service that certainly in my time as Minister has given no trouble at all as far as industrial relations are concerned. There is a good working relationship with the Union. The men are extremely happy. The public at large acknowledge that they give a good service to Gibraltar. I would like to place on record my thanks for the hard work they do. People might say: "Well, they play volley-ball all day". They do not play volley-ball all day, the volley-ball is very much a part of their duty, which is one way of keeping fit. It is no use having a fireman climbing up steps and collapsing because he has not got the fitness to do it.

On the question of the Telephone Department some rather wild accusations from the Hon Mr Restano about Cable and Wireless were flung across. We have made no decision on the question of Cable and Wireless and the satellite and the future of the international services because there are Cable and Wireless interests, there are our own personal interests in the Telephone Department for Gibraltar's benefit, and also the British Post Office comes into the picture. Let me assure the House and Mr Restano that we are certainly very grateful to Cable and Wireless for the interest and investment that they are putting into Gibraltar for the benefit of our community and I am sure that we shall be able to work out some kind of modus vivendi or formula whereby these investments are safeguarded.

HON MAJOR R J PELIZA:

Could he expand on the aspect of this satellite? Could it bring some sort of employment to Gibraltar? Is it world wide? Could he expand a bit on what this represents?

HON MAJOR F DELLIPIANI:

Yes, though I am not a technical man. At the moment our telephone circuits to the UK go to Tangier and from Tangier they go to France by cable and then by microwave over the channel to Britain. It is a French-owned cable where Cable and Wireless acquired certain circuits. With the earth satellite system we will be able to have an increased capacity to beam from our own satellite ground station to an earth satellite which we would have in a permanent position and they are beamed down to the United Kingdom and there, through the British Post Office Distribution System, to any part of the world. In fact, we will have what we have now, which is a direct link with any place in the world through the earth satellite.

As regards the Telephone Department, we do get rather a lot of complaints about the time the operators take to answer the trunk service and to answer enquiries. I am glad to say that we had a visit from a member of the Chamber of Commerce and we showed him the facilities that we had available and he appreciated that we were rather short of space and equipment. And the equipment we need, which costs a lot of money, will be quite useless if we go into the question of ISD, which is International Subscriber Dialling. There is no use in spending now thousands of pounds to alleviate the situation which might go on for a year or two and then scrap the lot because of International Subscriber Dialling. What annoys people in fact is that they say they have been half an hour on the telephone trying to get 95 and 00, but really usually it does not run into half an hour. It

appears to be half an hour because you are not actually seeing it. If you go to a doctor and you have an appointment at three o'clock and the doctor's consulting room is full of people and you know you are not going to go in before three quarters of an hour or so, you take it quite calmly. If you pick up a telephone and half a minute later nobody is answering you, you wonder where the guy is. And he is busy because he has only got two hands and he has got a limited amount of equipment. Let me assure you that we are trying to improve. The men are working a lot of overtime, but there are no more bodies we can put because we have not got the equipment.

I think the Honourable and Learned Mr Brian Perez mentioned the question of a tobacco firm being interested in setting up a processing factory in Gibraltar. I was involved in this because this gentleman came to see me on the question of the electrical requirements of the factory and I also gave him certain information on the water side. He wanted to know how much it would cost and how much he would be able to take, and I gave him this information. Only last February he wrote saying that no final decision had been made. He hinted that there was another country involved, which was Malta, and it is a project which he has to present to his directors to consider whether it is going to be Gibraltar or Malta. The facilities have been offered to the Company. The requirements that he needs in water and electricity have been assured to him, and he has promised to write back to me personally on this matter. Mr Perez can rest assured that we are interested in providing the small industries in Gibraltar which will generate employment for our youth.

In summing up, Mr Speaker, I would like to emphasise that I look forward to the most important things in the history of Gibraltar, and I refer to industrial relations. I look forward to better understanding between management and employees based on mutual respect, on getting a good day's work for a fair wage. But I warn the Honourable Mr Bossano that there are still certain elements in his union who are not interested in industrial peace, all they are interested in is their socialist ideology which is completely misplaced in a society such as ours.

MR SPEAKER:

I am sure I would not be wrong if I said that Mr Isola has been raring to go for hours now.

HON P J ISOLA:

Mr Speaker, there is one thing that I do not think any Honourable Member has said, and that is that the advent of the present Financial and Development Secretary to

Gibraltar has seen to my mind some fairly accurate estimating in the revenue and expenditure of Gibraltar, which has not been apparent in his predecessors, although I am quite sure that he must have something hidden away somewhere in his Estimates for a rainy day. I think that the Revised Expenditure and Revenue Estimates for 1977/78 and indeed the final out-turn of 1976/77, show that the estimating is very accurate. I certainly would like to congratulate the Honourable Financial and Development Secretary on that because it helps all members to address themselves to the problems of the economy. There is, I think, a certain amount of optimism expressed by members on the other side about the economy and I do not think I can say the same about the Honourable Financial and Development Secretary. I do not think he has actually expressed optimism. His words have been fairly full of caution. It does not surprise me, Mr Speaker, because there are alarming trends in the economy.

To take the Revised budgetary position for Gibraltar for 1977/78, it appears that instead of an estimated deficit of £921,000 it is estimated that we shall have a deficit of £1,626,000, which brings the Consolidated Fund balance down to £1,926,000. And then I notice, after hearing the address of the Honourable Financial and Development Secretary and of the Honourable and Learned Chief Minister that the Consolidated Fund balance is expected to end up at the end of March 1979, after the increase in electricity, water, rent and indirect taxation that we have been led to believe we shall be asked to approve, we shall be left with an estimated balance in the Consolidated Fund of £1.5m.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way. I think he has got the figures a little bit wrong. The figure of £1.9m as he correctly quoted it, is of course the estimated balance at the end of 1977/78. If he will recall I then said that there was an overall improvement in relation to 1977/78 expenditure and revenue combined of some £457,000. I then went on to make the corrections relative to the increased charges and also the effects of bringing parity forward from 1 October 1978, which is the basis upon which the Estimates are formed, to 1 July. I am making allowances in that, of course, to supplements and what have you, and I ended up with the figure of £1.323m. That, for the Honourable and Learned Members' information, does not take into account the extra indirect revenue to which the Honourable the Chief Minister made reference. That is without taking that figure into account.

HON P J ISOLA:

Am I right in saying that then, once the revenue-raising measures are taken into account, the Revised Estimated Consolidated Fund Balance as at 31 March 1979 would be about £2.4m.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry, Mr Speaker, I do not see how the Learned Member gets that far. I would make it about £1.6m.

HON P J ISOLA:

Mr Speaker, which means that the Estimated Consolidated Fund Balance as at 31 March 1979 will be about £1.6m, after taking into account the budgetary measures, which means that on a budget of an expenditure on Government estimated revenue and expenditure of £24m, plus another £7m, which are put to one side the Improvement and Development Fund, we can forget that, but out of a Government expenditure of £24m, roughly, we are going to have a Consolidated Fund Balance of £1.6m which, of course, is about two weeks' working capital in one year. I do not necessarily agree with them but it certainly goes against all the principles Financial and Development Secretaries have been preaching to us since I have been in this House. To me it indicates that certain risks are being taken by the Government in the presentation of their Estimates for 1978/79. We hope that they are successful. But the economy as a whole, which seems to me, looking at these figures, after large deficit at the end of this year, and next year a much reduced Consolidated Fund Balance, looking at those figures on their own I would imagine the Government should be a little bit worried about the situation.

We hope, on this side of the House, that the granting of the controversial parity may help this, but again on that the problems have been skimmed over rather lightly by the Government. I think my Honourable Friend Mr Xiberras has pointed them out and it seems, as far as parity is concerned I would associate myself with a lot of what the Leader of the Opposition has said on that. On this side of the House we have always believed that high wages and high productivity are the answer to an economy like Gibraltar. We also, and this is not inconsistent, though it has been made out to be slightly inconsistent by the Hon Mr Bossano in his contribution to the House, which was quite balanced and a very sensible one, and that is we did consider that the Government's offer of 80% at the time, plus arbitration, was a reasonable offer in all the circumstances. And

we said that having regard to the economy as a whole, and having regard to the position of Gibraltar, the position of industrial relations and so forth, and as being an opportunity to bring some peace to Gibraltar, but fully conscious, we have no hesitation in saying, that in an arbitration or in an enquiry the figures that would come out from them would be figures verging on parity, and must be figures verging on parity. And the principles of parity having been accepted in the Scamp report, the linking of wages and salaries in UK with wages and salaries in Gibraltar, it was in our view a matter of time before it came. But we are conscious, as I think the Government ought to have been and I am sure they are, we are conscious of problems that parity brings, obviously, because for the Government to implement parity is not a very difficult exercise because of the tax they will collect from the Ministry of Defence employees, and from the fact that if they are short of money all they have to do is raise more taxes to pay. So it is not such a difficult problem for the Government. But we do not feel that the way it has been brought in is necessarily going to be helpful. Because bringing parity is, as it has been brought in or we hope will be brought in, brings its problems. And we have doubts as to whether these problems have been faced and have been catered for. And, of course, as the House has heard and as we have said here on this side of the House, it is mainly with the private sector that we are concerned in this particular aspect of the problem. Because obviously, as the Honourable Mr Bossano said, the granting of parity with the UK has brought necessarily into the economy a lot of recurrent revenue from the UK spending departments. There is no question about that and the effect that that will have, we on this side of the House are hopeful and confident that they will be to help the private sector out considerably in their problems and in their predicaments and in their needs themselves to pay parity. Not only that, of course, it also helps, and this goes without saying, in improving the quality of life in Gibraltar for the average person.

But, of course, parity brings with it responsibilities, as it has already been pointed out, and a lot of situations have to be sorted out. I do not think that in gestures of shaking hands across the floor of the House and niceties from one side to the other we must forget the real problems that underline the Gibraltar economy and the real problems that underly industrial relations in Gibraltar. It seems to me that one of the most serious problems we have in industrial relations in Gibraltar has not been argument or theories, but has been personalities. It has been a reluctance on one side or the other to see the point of view of the other side.

We are not trying to apportion any blame at all but there is a problem in Gibraltar and it is a very serious one. We hope, and we trust very much, that the words that have been spoken by the Honourable and Learned the Chief Minister to the unions, a very real gesture on the part of the Government and the Official Employers in giving them parity - and it has been a very big gesture, Mr Speaker, because some members of this House have reminded the Government of what they said in the past about parity. So the Government has made a real and genuine gesture to the unions in the cause of industrial peace in Gibraltar. There is no question about this. And it seems to me, listening to the Honourable Mr Bossano, that the union seems to have accepted this as a genuine gesture and I think I heard him use the word "permanent" in his expressions about the settlement of a permanent way of sorting out wages and salaries in Gibraltar. And when I hear the Honourable Mr Bossano use the word "permanent", which he very rarely uses in this House except of course in talking about the relationship between Gibraltar and the UK, when he used the word "permanent" I listened and I hope that he meant everything he said and that he himself, whatever the pressures there may be on him from owner factions or other people in the leadership of the Union etc, that he himself will maintain what he has said in this House on this question. Because obviously as the Honourable Minister, Mr Dellipiani said in his statement, that the problem of industrial relations is the biggest problem that we face in Gibraltar today, and in fact the people of Gibraltar face, because it has affected everybody in Gibraltar in a very real way in their day to day life.

Having said all that, Mr Speaker, we cannot ignore the facts that have been given to us by the Hon the Financial and Development Secretary when looking at the position of the private sector. There has been a drop in employment in the private sector. In the building industry it has been about 30%. We are all hopeful that the Minister for Tourism, Trade and Economic Development, as I was telling him outside in the lobby, Mr Speaker, who runs the private sector of Gibraltar because he is responsible for every aspect in the private sector, it is up to the Minister for Economic Development to improve on the dreadful performance of his department as far as development in Gibraltar is concerned in order to get the building industry back on its feet again, and get proper full employment there and full economic activity which must affect the whole of Gibraltar. There is no question about it in my mind that whatever excuses there may be about this, the drop in development spending since 1974, and this has been a continuous drop year in and year out, has contributed in no small way to the problems in which the private sector finds itself today.

Mr Speaker, there is also another significant factor which the Hon Financial and Development Secretary has mentioned, and that is the drop of 15% in employment in the private sector other than the building industry, which he referred to, and which was mainly Gibraltarian employment, and the drop in employment in the hotels of 30%. When you get these downward trends they are very difficult to change upwards again unless remedial action is taken. We have found this, Mr Speaker, with the greatest respect of everybody concerned in it, we have found this, have we not? in communication. Once the scheduled flights start going down they never seem to go up. It was ten and it went down to seven: Everybody shouted "impossible we must have ten". And then from seven it went to six and "we must have seven". And then from six it went to five, "and we must have six". And so it goes on. Once you get a downward trend in anything it is very difficult to arrest. There is no question that in the private sector, in certain important and significant sections of the private sector, this downward trend is on at this present time and whereas parity on the extra purchasing power that it puts in the hands of people in Gibraltar may help in some of these sectors, there are clearly some in which it is not going to help: The obvious ones, as has been mentioned by Hon Members on this side of the House, are the hotels which are already running pretty empty and in which there has been a decline in employment levels of 30%. And we have got this report that Hon Members received from the Economist Intelligence Unit which predicted the possible closure of hotels in Gibraltar, and which has also said that the hotel sector is not viable. We do not know whether this will take place or not, but we do know that if it does this will have serious effects on the economy. It has effects on the economy and it has effects on people who live from the hotel industry, and among those we must include, the taxis, people working in the hotels, investment that the hotels could themselves generate. All these people are affected.

Mr Speaker, the trouble, as far as the hotels are concerned, is that it is not going to help them just giving them relief in relation to water and electricity. Of course, I think there is a clear case for giving them relief, because if they have to pay higher wages and they are running half empty for whatever reasons, and on top of that they are going to have to pay parity, and on top of that they are going to have to pay increased water and increased electricity charges, it is quite clear that if the report of the Economist Intelligence Unit can be given any sort of weight, that hotels will be run out of business in Gibraltar and that, of course, affects the economy.

The Hon Mr Bossano mentioned they had almost got parity in the building industry. And this is so. And one hopes that that industry is really geared to meet parity. The only thing is that it has not got the work to do but, hopefully as a result of the new and revitalised Minister for Economic Development that side will be looked after. But there are other sectors in the private sector: I have mentioned the hotels. I understand it. I know, and certainly this is one reason why I think it is a good thing that the Minister for Labour is going to follow me, because he may put me right. There has been a lot of talk about the private sector already having given almost parity and it would be interesting to know exactly on what this is based. My understanding of the situation, I may be completely wrong here, but my understanding is that certainly clericals in clerical employment in the private sector, of which there are large numbers, I do not think are anywhere near comparable to salaries in the UK. Shop assistants have been mentioned as having got parity. As I understand it, again I may be wrong, and here there are problems, of course, as to parity with what section in the UK, but as far as I know they have not got parity with the UK. And there are a number of other areas in the private sector that have not got parity, and, of course, the employees in these sectors will rightly be asking for parity. Of course, the private sector is going to be efficient - and again that was another word that I was very happy to hear the Hon Mr Bossano mention in the course of his address, that we have to become more efficient, and I think then he was referring to the Government. And this is true, and the private sector will have to become more efficient. They will have to give parity and they will have to adjust themselves to it. Whether they have got time to do it or not, that is the problem. It has all come so suddenly as far as they are concerned. We hope they will but they will have to become more efficient and there will be redundancies presumably as a result. That is how this terrible capitalist system that gives parity works, I believe.

Mr Speaker, if that is the case, and we all know that there are these problems, we have not heard from the Government - they have got over their problem - we have not heard from the Government how they hope to help the private sector adjust themselves. The private sector who are paying their taxes, they have to pay more electricity, more water bills and all this. It is all a very good thing having parity but we have to think of the economy as a whole and we have to help the economy as a whole. And if we are convinced, as I think Hon Members are convinced, that parity is a good idea and that this may bring solutions to our serious industrial problems and may result in improved efficiency and productivity throughout Gibraltar, and we all join in hoping that this sort of wish expressed from the Government side will be a reality, then the Government



has to say what it is going to do to help these various sectors along. This we have not had at all from the Government. We have had no assurances on the matter; and it is a bit worrying too, when one hears from the Financial and Development Secretary that as far as the Government is concerned employment in Gibraltar has gone up 15%. And although, Mr Speaker, I have every respect for the Government offices I think there are a lot of people in Gibraltar who wonder what this extra 15% number of people are doing. Because as far, I say this not entirely in jest, because as far as the people of Gibraltar is concerned they can only judge Government performance or Government achievements, by results, and in that respect as far as productivity of the Government as a whole is concerned in completed schemes, in ideas and all these things that help bring a community up, the performance has not been very good. We have not had very much and one cannot but be slightly disturbed by the picture painted, for example, by the Minister for Public Works who tells us frankly of the amount of work that is not done. Not about the work that is being done or what his Department has done, but tells us about what his Department has not done. And he was very frank about this. And I think that the Honourable Mr Bossano had a very good point when he said that it is not always the fault of the worker. Management also has a responsibility and I think that if I was a worker and I found that my management did not seem to worry whether I put a brick over there or whether I moved something from here to here, and happy to pay me overtime and to certify that I had done my work, if I was a worker I think I would have to be a very, very, highly sophisticated and conscientious worker to say "but I must do some work".

I think, Mr Speaker, that what the Minister for Public Works has told us is really a dreadful indictment of Government management. Management must manage, and if management cannot manage, and if the workers see that management does not manage, then how can you expect the workers to be productive. I think the workers have to be led. This is the chain of responsibility from the General down, and it is the same in business, and it is the same in the Government sector. The Government has no right to spend the taxpayers' money or to allow it to be literally thrown out of the window because it does not want to manage. Having heard what the Hon Mr Bossano said about management and efficiency, and having heard about what the Chief Minister said about the olive branch that has been put up - he did not actually mention that, I am interpreting his words that way - I hope that for the sake of the £23m that we spend in

Gibraltar, on our administration and on our management, and to which everybody is contributing, I hope that the net result, I do not know whether it must be out of increased productivity or of better management, but I hope the net result for the people of Gibraltar will be a big improvement on what has been happening in the last three years.

Mr Speaker, now that I am on the Public Works Department, I must remind the Minister that in last year's Estimates we did provide to increase his departmental staff, and I am sure a lot of the 15% that the Financial and Development Secretary was referring to went to the Public Works Department when they received an increase in qualified and technical staff from 108 to 136. And of these, if I may and I think it is pertinent to note, at least 21 were, Mr Speaker, believe it or not, Works Supervisors. So that last year we were promised, when we in fact on this side of the House question the increase in the establishment in the Public Works Department to such a big extent, we were told then that this was necessary in order for the Government to carry on with the Development Programme in which at that time they said they were going to spend £5.7m, and which we now know is only....

HON M K FEATHERSTONE:

I think I said last year that as a result of the Scamp agreement a number of people who had been industrials and were graded as Leading Hands became Works Supervisors on the non-industrial staff.

HON P J ISOLA:

Yes, but then there were, Mr Speaker, a number of PTO IVs appointed and engineers. Anyway we had an increase from 108 to 136, so that there were something like thirty new people. And in this year's Estimates I notice we have an addition of Clerks of Work. All we ask from the Government, and especially from that Department which has such an enormous annually recurrent vote, and right through the life of Gibraltar, all we would ask that Department is to produce.

If management is just going to sit back and say we do not do anything, why have management, Mr Speaker. Why have Clerks of Work if they are going to do nothing, they are not going to "inspire" and get people to work. What is the point of this, what is the point of it all, Mr Speaker. We need, for example, looking at the Improvement and Development Fund the Government Estimates for it

is £7.1m. Gibraltar needs that money to be spent and it needs it because it is the only way you keep the public sector going. It is no use hoping that a miracle will happen and other factors will come into play to help the private sector. On present planning the Government needs to generate economic activity and this is what they have failed to do in 1973/74, 1974/75, 1975/76, 1976/77, 1977/78. This is what they have failed to do. All one has to do is look at all the Estimates of all these years and I can quote figures to the Government on it. Their spending on the Development Fund has not been higher.... The spending in 1972/73, that is six years' ago, has not been exceeded since. That is a terrible indictment despite inflation and everything else.

So, of course, we have to be critical of the Minister for Economic Development, he is the man responsible. He is an awfully nice man and we all think he tries his best. We all know that he is perfectly genuine, but it is on his shoulders that this responsibility lies and, of course, on the Minister of Public Works to provide all the qualified staff, and we are worried that the Government can respond. There is nobody on this side of the House, and I would imagine on the other side of the House, who seriously thinks that the Government is going to spend anything near £7.1m next year. We hope, Mr Speaker, that we shall be proved wrong, because if we are then at least the private sector will not be in the difficulties, the people in employment in the private sector are indeed the whole of Gibraltar will not be in the difficulties that we find ourselves now as far as development is concerned and of course a lot of aspects like housing, the schools and so forth. We had the case of the Public Works Garage, Mr Speaker, we are told that we are soon to start there. We have not actually been told officially, presumably because the Government has not got the funds. It has been agreed to move, but if they have not got the funds yet, Mr Speaker, I will tremble to think how long it is going to take for them to get it, to put it out to tender and to have it built. I personally think that the estimate of £150,000 on the Public Works Garage site this year is not going to be spent. I hope I am wrong. Thinking a bit lightly, if I may, Mr Speaker, it would not have been such a bad thing for Gibraltar as a whole if the Hon Mr Bossano had been a member of the Government because we would have had parity two years' ago, presumably, without all this industrial problem and strikes. We would have had our Public Works Garage by now. We might even have parity for the members of the House of Assembly! We are all going to represent us in this respect?

That is the problem on the Improvement and Development Fund. There are so many items in it that frankly on past performance we cannot see the Government delivering the goods. And if they do we will be the first to congratulate them and admire them for it, but we are very doubtful.

Mr Speaker, whilst on the Development Programme I would like to refer to housing and the very disturbing statement that the Minister for Housing made in respect of direct allocation of housing. I heard him say that once Varyl Begg was allocated completely there would be no more direct allocations. He used the word "temporary" and that is a word we really are very suspicious of. He used that word because housing was going to be used for decanting and modernisation programme. That is a very disturbing statement, Mr Speaker, because we all know that there are a great number of people on the housing lists, some better off some worse off, but obviously still quite a significant number of people in very dire need of housing. I think there is something wrong with planning, if in order to get on with modernisation, you must sacrifice direct allocation of housing. We must keep up at least a trickle if nothing else. We were aware on this side of the House, and I think we warned the Government of this in years gone by, that after Varyl Begg we did not see anything coming. What happens after Varyl Begg?

HON H J ZAMMITT:

If the Hon Member will give way. I think I do owe the House clarification. I do apologise, I may have given the wrong impression, Mr Speaker. When the Honourable the Leader of the Opposition asked me a question on this, I replied that all new housing was going to the modernisation programme. I think that by that answer I may have given the impression that all the new houses that we are building within the Development Programme are going to be used for that purpose. I would like to make it absolutely and utterly clear that that is not the case and I am sorry if I have inadvertently misled the House or the media. What is going to be used for the initial stages of the modernisation programme is Rosia Dale, the Glacis bedsitters, Prince Edward's Road bedsitters, and the Penney House flats, or whatever is decanted as a result of Penney House. But not that there will be a complete paralysation of the allocations system for the next Programme. That is not the case.

MR SPEAKER:

The mistake may have arisen when you stated that all new construction was going to be used for this purpose and

you did not make clear whether you meant including or otherwise. Perhaps the Hon the Leader of the Opposition might wish to seek clarification.

HON M XIBERRAS:

There were three stages in the Minister's statement. The Minister made three statements in fact and the last statement he has made is rather clearer even now. But without wishing to move into my Learned Friend's territory, I think a formal statement is required from the Minister to make this absolutely clear. Because I do not know what buildings are really involved and what exactly the Minister intends to do with the housing allocation lists. I take the fact that it is not a complete freezing, but even then as no doubt my Honourable and Learned Friend will continue to say, it is a matter for concern.

HON P J ISOLA:

Mr Speaker, I am obliged to the Hon the Leader of the Opposition for those remarks because it would be in the general interest if the Minister were to make a formal statement of Government's exact intentions in this respect because while he was talking I noticed that the housing which he says that is going to be used for decanting: the Glacis bedsitters, Prince Edward's Road bedsitters, Rosia Dale, seem to look to me from the spending side that they are projects that are soon to be completed. Whereas the ones that he did not mean to apply his remarks to, and that is Lopez' Ramp and Lime Kiln Steps and Tank Ramp, of course, they are just beginning. They are not going to be allocated for a long time.

So certainly, I think there should be some formal statement from the Government on this because even though they may only be a small number of flats in this list that he has mentioned, and Penney House for example, they are nevertheless the only completed flats that are going to come on to the market in the next 12/18 months or more probably. If that is the case, I think Government should consider keeping a small proportion for allocations. Why, if we have been having modernisation for two years, we know the problems there are in getting people out who may not want to get out, who may say: "I will only get out if you promise me this or promise me that". We know that that sort of talk, even though the Minister may be firm, is bringing delays. And we know we are going to have flats and houses empty whilst these delays are thought about, talks about, possibly taken to the courts. I think accommodation in Gibraltar is much

too valuable to allow that sort of thing and I think it would bring enormous troubles surely on the Government if people on the housing allocation scheme with high pointages had nothing to look forward to after Varyl Begg for what period of time: it would be useful to know: a year and a half, two years, for a fresh allocation. I think that would be very demoralising apart from being a little unfair.

HON H J ZAMMITT:

I think this does call again for clarification. The Hon Member has mentioned that there should be some trickle or something kept in reserve, but I think I said it clearly that I did want to keep that right as Minister for Housing to consider the specific, very demanding cases.

Mr Speaker, the other thing of course the Hon Member has probably failed to listen to me yesterday and I certainly said that Tank Ramp was already decanted. There is nobody to decant from Tank Ramp except one family for which we have provision. Tank Ramp, Phase 1 is decanted completely. Lopez' Ramp is decanted, and there are only two or three persons there whose flat can be modernised without the need to decant them. We were told originally that the flats could be modernised without necessity of decanting. Likewise, Sir, Lime Kiln Steps was decanted. In fact, it was decanted well over a year ago.

Mr Speaker, if my memory serves me correct Rosia Dale should be ready in June/July next year, or earlier than that, and what we are aiming for is that between the houses that I have mentioned that will be built, Rosia Dale which has 38 units, what we are aiming to have is something like 88 between Rosia Dale, Glacis, Prince Edward's Road and the remaining Penney House. Considering that we have to construct or modernise....

MR SPEAKER:

Yes, but let us not have a debate within a debate. We must not do that. It is one thing to clarify matters, another to debate.

HON H J ZAMMITT:

Well, Mr Speaker, I think I have clarified that some areas have been decanted already.

HON P J ISOLA:

Well, Mr Speaker, I should say we are less disturbed after hearing him but we are still very disturbed, and I think it would be in the interests of the public at large, and people who are particularly interested in this, that is applicants for housing, it would be of great value to members on this side of the House anyway, and I am sure to the public, if the Minister were to find himself able to make a formal statement on the situation with regard to housing and future allocations, so that people may know where they stand and to avoid misunderstanding from members of this House possibly being misquoted by the media.

HON H J ZAMMITT:

I do not want to accuse the press media it is that I may unwittingly have given the wrong interpretation. In fact even my colleague has got that interpretation.

HON P J ISOLA:

Mr Speaker, if I may finish with the economic development programme, and speak, shortly only, because we have had so much debate on this in the House that it seems to be almost unnecessary to repeat it, but unfortunately it is a very important field in the economic life of Gibraltar, and that is the air communications aspect and complaints that we have heard from all sides of the House about the inadequacy of flights to and from Gibraltar.

There is no doubt in my mind that the present situation is a serious one particularly for hotels and particularly for the travel industry, and through them, of course, the people who live from the private sector: taxi drivers, shops, small businesses and so forth. I believe that the most constructive thing the Government could do in this field and in putting new life into the private sector is to invest in the London/Gibraltar route. That is the decision that the Government has to take and cannot keep away from indefinitely. I will say why, Mr Speaker: the scheduled airlines are running a service to Gibraltar to make a profit and nobody can blame them for this. It is in the interests of the scheduled airlines to achieve a high seat occupancy. They can only do this by providing less seats than are in demand because that is the only way you ensure that your aeroplanes go reasonably full. It is a very simple thesis and it is a perfectly correct one. It is a well known fact in scheduled flying that people book seats for a particular flight

and then do not turn up and they get no financial penalty. As a result they can go with that same ticket and get on another flight on another day, on another aeroplane. That is a well known fact. Accordingly the airline contract rely on a 100% booking. If they have got 100% booking of a flight they may only get 70% full up. So they have got to take a few risks and overbook a little. When they overbook a little then perhaps they get a 90% or 95% load factor which is very high. That is what is happening on this route, and it is happening because the scheduled airlines make their judgement of what their business is for the next year. Their judgement on that invariably conflicts with the judgement of the Minister for Tourism. This is a reality.

The Honourable the Minister for Tourism says that there are going to be more people coming next year, and they say, no, in our judgement there is not and we are cutting down. But actually the Honourable the Minister for Tourism is right there, because if the airline provided instead of five flights they provided seven flights a week they would not get the same high seat occupancy they get today. They would still get, in my view, a sufficiently high seat occupancy to give them a profit on the route but they would not get 95%, they would get 85%. That is still very good indeed. The scheduled airlines are not prepared to do that and the big bugbear to the scheduled airline is the charter traffic. This is true. British Airways especially have been very sensitive, not just in Gibraltar but in other places, with charter competition because charter competition is cheaper aircraft, cheaper fares, they pre-book the whole flight, they give a special price, they may fly from Luton, they do not have the overheads that the big national airlines have, and, therefore, they can compete favourably with the scheduled airlines. As soon as the scheduled airlines see a flight go to a place like Gibraltar where they know the tourist traffic is limited, as soon as they see one charter flight go to Gibraltar they then want to take off one scheduled flight to compensate them. This is their theory.

I note the Minister nods his head and indicates he does not agree with them. I do not agree with them but we do not control them, that is the trouble, Mr Speaker. He does not agree with them, I do not agree with them, but the net result for Gibraltar is that there are less scheduled flights, and it is indeed a downward trend which has to be arrested. The only way, I think that this problem can be met is the way that it has been met by most countries. That is that the Government has taken an interest in their airline. In other

countries they have taken the whole lot but, of course, in Gibraltar I would not recommend that to the Government for one minute because frankly their performance, I do not mean this particular Government, I mean performances of governments in commercial spheres have not been very happy ones. So I would not recommend that to the Government, but what I would recommend very strongly to the Government is that they participate, that they get into it, and from inside they can do a bit of underwriting. If the Minister says we should have seven flights a week, their business partners tell them: "look seven flights a week, we lose money". Our Minister can say: "alright I will underwrite two flights to a particular level of profitability. It is in my interests as a Government, in my interests for my community that requires its mail or its newspapers, it is communication with the outside world in these times and it is in my interest that this should occur, and I feel that we are not going to lose money, so I am prepared to underwrite it". That way, they have no choice but to cooperate. It has to be from the inside because if it is from the outside then you may not have the same control over the operation.

Mr Speaker, if the Minister reflects, I think he has done everything he can to try and get more flights and more people to Gibraltar. He has done that, I do not doubt it for one minute, but he has not succeeded and we have not had the results. The results are that less and less people are coming to Gibraltar every year. That is what the Economic Intelligence Unit says and other factors and he has got details and figures about it. So, therefore, Mr Speaker, that is a decision that has to be taken, and when you think that the Budget of Gibraltar is £25m a year our expenditure is running at, a Government investment of a couple hundred thousand pounds of £300,000 on something so vital to the economic well-being of the community would not be a bad investment. In fact it is a better investment than some investments the Government has been investing in.

Mr Speaker, I do hope the Government takes that to heart and face the facts. The other alternative is to get everybody, as we proposed in a motion that was defeated here, to get everybody involved in the tourist industry together and Government give a lead and say: "this is what we do not want" and we have got to get together and do it. The Minister has said that is impossible, he told us, it cannot be done. If it cannot be done then the Government has to take a more effective part in the operation.

HON A W SERFATY:

I said yesterday that I am negotiating with interested parties in Gibraltar to get the Government involved in charter operations. I do not want to say that the companies on the schedule are dishonest, not by a long shot, but we have to be very careful if, as the Hon Member suggests, say, five flights should be financed by the airline companies and two by the Government, I am very much afraid that perhaps it would work out that the load factors on those flights will be higher than on the other two financed by the Government. The situation is full of difficulties.

HON P J ISOLA:

Mr Speaker, I am sure there are difficulties, and I will not go into the arguments with the Minister on that because I do not think it is worthwhile. The Minister saying he is going to invest in charter aircraft, the Government is going to do that. Well, when he does it and when he announces his terms we will be able to say whether we agree or we do not agree, but on the face of it this would seem to be an unwise move because the only results it can have is to drop the scheduled flight to Gibraltar which are the only really firm stable airlines operating in and out of Gibraltar. But on his head be it. Mr Speaker what we say is that it is possible, if the Government gets in, it is possible to control the things that he has expressed fears about.

As far, and I must take the opportunity that the Minister is here, as far as the port and tourism and revenue to Gibraltar it is quite obvious to me from what the Hon Financial and Development Secretary has said that the port is an important part of the economy as indeed are tourists coming from Morocco. Again I would seriously recommend to the Minister to look carefully into how we can promote Gibraltar further throughout Morocco. It is obviously a market that is near and is easy to get to, a ferry boat big enough could bring as many people as it can to Gibraltar: explore that market, because, Mr Speaker, unless the Government does positive acts that would help what we call loosely the private sector economy of Gibraltar, unless they do that, then the transition period or adjustment of that part of the economy to the new revolutionary parity situation that we have in Gibraltar the transition will be a very difficult and painful one.

Therefore, Mr Speaker, with these few remarks, I would on behalf of the Opposition appeal to the Government that in having granted parity in Gibraltar as an employer, and with which we do not disagree, with which we agree,



this brings to them responsibilities to the community as a whole. This responsibility will have to be discharged not only in the labour and social security field but will have to be discharged too in the promotion of economic activity in Gibraltar to enable the private sector to absorb the effects of this situation and to be able to build up as well, to be able to arrest the recession of which the Hon Financial and Development Secretary has spoken, although not in those specific words, that seems to be occurring within the economy.

MR SPEAKER:

We shall now have a recess of just over half an hour for tea.

The House recessed at 5.30pm.

The House resumed at 6.20pm.

HON A J CANEPA:

Mr Speaker, I think that most members of the House who have taken part in this debate and expressed certain misgivings about the effect of parity have indicated that they are looking to the Government to try and do something to alleviate the impact on those who are going to be adversely affected, and I think it is true to say that to some extent they look to the Department of Labour and Social Security as being the channel through which the Government will try and protect these people that are on fixed incomes who might be affected in this way. But I would like at the outset to remind Hon Members that in order to lessen the impact of parity on people who are on fixed incomes and supplementary benefits and on other small pensions, one should not necessarily and entirely look to the future because the fact is that whilst wages and salaries in the public sector have remained static for two years, there have been improvements in the level of social benefits so that you now have at the moment, pending the increases in wages to be brought about by parity, you do have at the moment people on social benefits relatively far better off than what they were post-Scamp.

The relativity between the rate of supplementary benefit, for instance, with the basic wage of the labourer is, today, in favour, by a considerable margin, of those on supplementary benefits. Because, as I say the pattern has been in the last 3/4 years to increase these by a good 20%, which has invariably been in excess of the rate

of inflation, and, therefore, the gap has been narrowed. The Hon the Leader of the Opposition need not shake his head because I have got facts and figures which I can quote if necessary in Committee to prove the points that I am making.

The rate of supplementary benefits today is a higher percentage of the basic wage of the labourer than what it was 3/4 years' ago because we have been improving supplementary benefits and the basic wage of the labourer has remained static. The point that I am making is: do not entirely look to what is to be done in this year, but see what is to be done this year against the background of what has already been done, which has effectively put these people ahead.

The Estimates of the Department for which I am responsible, Mr Speaker, naturally continue to reflect generally all these increases which have been brought about by the improvements connected with the implementation over the years of the Government policy on the social and welfare services. Financial provision is therefore being made to take account of the general review of social benefits which it is intended to carry out, following established practice, in January 1979. I intend to bring legislation to this House after the summer recess to provide for the next increases in the level of Old Age Pensions and related benefits.

We do not expect to see the Employment Survey for April 1978 reflecting the increases in average earnings which are going to follow the implementation of parity. Therefore, if the Government were to base itself on the employment survey for April 1978 and use that as the basis for arriving at the level of Old Age Pensions in January 1979 we would not be sufficiently far-sighted. Therefore, what in fact will happen is that I will be asking the Government Statisticians before the summer to provide me with a projection of what he anticipates will be the full effect of the implementation of parity on average earnings, and I will use that projection as the basis of the legislation which I shall be bringing to the House in October. It can be anticipated that average earnings will have increased to about £60 a week after the effect of parity has been felt. Therefore, we must be thinking in terms of a level of Old Age Pension for a married couple in the region of £30 a week. It is now £22.50 here in Gibraltar, so it will be another substantial increase. I think that I saw in the Healey Budget that pensions are going up in the UK in November to £31 for a couple and it is going

to be of that order here in Gibraltar. I cannot be very precise but we are going to be thereabouts. This is being reflected in the Estimates of the Department in Item 10 - Retirement Pensions. Old Age Pensions are not paid out of General Revenue, as the House knows, they are paid out of the Social Insurance Fund, but Retirement Pensions, which are very closely linked to Old Age Pensions and which are payable to a small category of more elderly people who back in 1955, when the scheme started, were already too old but yet young enough to pay for five years, these people get Retirement Pensions out of General Revenue, and the provision which we are making in the Estimates of my Department takes account of what we think is going to happen and hence there is an increase of over 50% in the provision which we are making in the Draft Estimates before the House.

There is also a very considerable increase of over £60,000 in Item 7, Supplementary Benefits. As I have already said, we have been increasing these regularly over the years by a good 20%, and we have just had an increase in January, Supplementary Benefits were increased on 1 January. They are to be increased next January, but we are proposing to give an interim increase in June to married couples who live on their own, and to single persons who live on their own and are drawing Supplementary Benefits. They are already on full rent relief - I will have something more to say on rent relief in a moment - but they are going to be affected by the increases in electricity, water and we want to protect them. So rather than wait until January next year there will be an interim increase of about £2 a week for couples and about £1 a week to single persons. It works out to about £8/9 per couple a month and about half that for single persons, and we think that that will be sufficient to carry them over until January next year when they can anticipate other increases.

Also the telephone allowance, which members of the House may recall we introduced last year: that if necessary can also be increased. It is a small matter of 20p or 30p a week, whatever it is, but it will mean that these people will not have to give up a telephone because telephone charges may increase. It is a small but significant way, I feel, in which we can protect these people. At the moment the philosophy which is guiding me is that it is those that most need to be helped, and whom we can identify directly as needing help who should be helped to tide them over till January.

We do not, however, have any plans, let me tell the House, at the moment to increase Family Allowances. These have been increased very considerably in the last two or three years and a family does not, at this particular juncture, need to be helped by an increase in Family Allowances because they are going to benefit from the increased wages which parity will bring. In any case the Government cannot afford it at the moment. The Government finances are not at a stage that we can just now afford to increase Family Allowances. So we are concentrating on people who will not have the benefit of what I call a parity income. Families with children will have the benefit of a parity income, if they are employed in the official sector. If they are employed in the private sector, they have already had substantial wage increases.

Hon Members will note that there is an increased provision in the Estimates of the Department, but that is not because we are increasing Family Allowances again during this financial year. That covers the fact that last year when we increased Family Allowances we did not make specific provision in anticipation of the Budget. The decision to increase Family Allowances was taken too late to reflect that in the Budget. I warned the House about that last year and we had to vote, in the course of the last financial year, £57,000 supplementary expenditure. That is going up now by another £16,000 to £283,000 because, whereas the increases last year were paid from July, for nine months only, obviously in the current financial year these increases must be provided for for a full year.

Persons on Supplementary Benefits who do not live on their own and who are getting the same rate of benefit as those in receipt of Elderly Persons' Pension again will not get any increase until January. The thinking here is that these are people who are not dependent on Elderly Persons' Pension or on the Non-Householders' rate of benefit to make ends meet. That is not the purpose of that particular benefit, but the House will notice that there is an increase in Item 15, Elderly Persons' Pension of over £64,000 bringing the provision to over a quarter of a million pounds.

The Hon Mr Kilberras had something to say in the course of his intervention about the clawback. Up to the last financial year any person in receipt of Elderly Persons' Pension with an income in excess of £2,500 a year paid the whole of the Elderly Persons' Pension back in income tax, but then you do not expect that a person with an income of £2,500 needs to collect

Elderly Persons' Pension in order to survive. With an income of £2,500 aged over 65, and that income could either be from his former employer's pension or from dividends on investment, they would not require a small sum of £5 a week to make ends meet. But, nevertheless, in the earlier part of the meeting of this House we revised that figure considerably, and it has now been set at £4,500, which is a very considerable sum of money, parity or no parity. Any couple with an income of £4,500 aged over 65, with the additional tax relief that people aged over 65 get, should be able to lead a comfortable life without being dependent on Elderly Persons' Pension, and that is the thinking which is behind what one is trying to do.

Turning to other matters, the House will note that there is an escalating commitment on the subvention to the John Mackintosh Homes, which is item 17 on page 44 of the Estimates of the Labour and Social Security Department. I think that the time is fast approaching—well perhaps I should not say fast, it may not happen this year—we do have to keep in mind, and the Hon the Financial and Development Secretary and myself are thinking along these lines, we may have to think in terms of introducing a social tax which will be entirely devoted to financing the subvention on the John Mackintosh Homes, to financing the running of a residential home for handicapped persons, which the Government has committed itself to endeavour to introduce in the next Development Programme after the present one, and for which I had a very sympathetic reaction from Mrs Hart. I think that if she is in office when the time comes there should not be any problem about it. This is something we cannot get away from, we do have to provide a residential home for handicapped persons and the running of the Homes at present costs in the region of £50,000 a year, so we must begin to think in terms of a social tax. It could be for instance by way of something extra on gambling; it could be a surcharge on postage stamps, the important thing is that the taxpayer would know that that tax is being specifically earmarked for this sort of purpose instead of raising taxes generally and out of that mass of taxes paying for the running of these social projects, which is what we are doing now. It is an idea, it is something that we are thinking about, and I welcome suggestions from other members of the House as to the suitability of this. But note that it is an escalating commitment of over £30,000 for running the Homes and with inflation running up at the rate which it is, with wages going up in the John Mackintosh Homes again, the House can have no doubt that we may have to come back for further provision. It is a commitment which the community must undertake. There is no point in shirking it. But how we finance and how we face that commitment, that is a matter that we ought to give some thought to.

On the question of the hostels we have just closed down the small hostel at North Pavilion which was in a very bad condition and we are intending to carry out some further rationalisation in the hostels linked to the quarter of a million pounds which we have obtained for the renovation of the Casemates Hostel, and which we hope will put that hostel into a decent condition and be able to be the mainstay of our accommodation for the next decade. A quarter of a million pounds will be spent on improving ablutions, cooking facilities, the roof is in a state of disrepair and we are proceeding with that. There is some provision in this year's Estimates and in fact telegraphic approval of £71,000 from ODM to go ahead on that. I have already told the Moroccan Workers' Association and the Moroccan Delegation who were here last week that we are putting the charges up at Casemates in conjunction with the first parity wage. As soon as 100% wages are paid that week charges will go up. They are long overdue. I have been holding back because wages were depressed but charges will go up from £2 to £4 a week. This is an effort to wipe out the estimated deficit of over £50,000 in running the hostels.

Before I turn to other matters I wish to deal with the question of rent relief. The rent relief scheme at present is a rather archaic one. It goes back to 1959 and but for a relatively minor revision in 1975 when we last increased rents, nothing has been done about it. There are a number of anomalies. For instance, whereas a couple on Supplementary Benefits, say, getting £18 a week, are on full rent relief, a couple who may have an income of £18 a week from other sources, not from Supplementary Benefits, do not get full rent relief. In fact, after the formula they would be paying at least £2 a week rent and, therefore, if they live in any house where the rent is less than £2 a week they are not eligible for rent relief. Yet in the case of a couple whose sole income is an Old Age Pension at £22.50 a week, that couple are on full rent relief. So we have noticed that there are anomalies which have been accumulating over the years as social benefits have gone up at a faster rate than rents have gone up, at a faster rate relatively speaking than wages have gone up. So we are carrying out an in-depth study of the present rent relief scheme with a view to introducing a new one. To introducing one that will put the position on a more realistic footing so that people whose income is equivalent to persons getting Supplementary Benefits will at least be treated as fairly as they are.

Again there is an anomaly with wages. Whereas a labourer with a wage, in the public sector, of £27 a week pays rent, and in many cases full rent, even

though he may not be getting anything extra from overtime or from a second job, nevertheless a couple with £22.50, as I say, do not pay rent. It is obvious that there are anomalies and we mean to revise the whole thing and introduce a new scheme by the summer. In other words in conjunction, at the same time, as rents go up.

Before I turn to more general matters I want to mention briefly the question of Industrial Training. At the moment, in the retail trade, in spite of the extent to which there may be problems of employment there, training continues at introductory, at the basic and at the advanced level for shop assistants. In all 24 persons have attended these courses in the last year, which I do not think is bad at all.

As regards the unemployed persons, only a handful have attended.

In the Construction Industry we have had two or three first-year apprentices from the private sector attending at Landport, and it is certainly hoped later on this year, again in conjunction with the Youth and Careers Office, to recruit in the private sector another two or three youngsters to start apprenticeship courses. The House will recall that last year I made a statement regarding the introduction of a labourer to full craft course. This has now been realised and there are at present six labourers under instruction: four plumbers, a mason and a painter, and we have also held the usual shorter courses on scaffolding, on-the-job instruction and specialised instruction to apprentices and trainees who are sitting for the City and Guilds Examinations.

There has been quite a successful course of instruction run by the Gibraltar and Dockyard Technical College on the servicing of television sets. It is only a small industry. Again we are meeting the requirement of the industry their needs, two or three attended these courses, and there is no problem about putting some more of them on at the drop of a hat.

With regard to gardening, something that we hoped would be a tremendous success, I am sorry to say that although the training scheme got off the ground and there are at present six young people attending, we have not been very successful with the girls. The girls, I am sorry to say, are tending to leave. The Public Works Department are making provision to recruit another two or three apprentices. I am afraid, Sir, that young girls have got to think again. They have got to change their attitudes. Traditional areas of employment are not going to be open to them. They must

change their attitudes. They must be prepared to take up, once the tourist industry picks up, they must be prepared to take up employment in hotels, for instance, when that becomes available. They must be willing to take up the apprenticeships that are being offered to them, and also we are hoping to have some success in getting one or two light industries off the ground for which an interest has been shown: textiles, air conditioning equipment, which will employ 25/30 young people. If this gets off the ground, and the Government is being helpful in this respect, young girls must think in terms of taking up these jobs. I have seen young Maltese girls working in factories and there is no reason why Gibraltar girls should not be able to do that.

Last, but not least, on the question of industrial training, the hotel and catering industry, hotels in particular, about which we have heard so much. The three young men that we sent on scholarships for the hotel industry have completed their studies in an excellent way. They have all been successful and their reports have really been excellent. The two youngsters who are still there and who will be finishing later on this year are also doing equally well. Therefore, Mr Speaker, we have now a trained cadre, a nucleus of young men who have also undertaken on-the-job instruction courses, ready so that the Government and the Industrial Training Board, which is shortly to be reconstituted and thereby we hope give an impetus in industrial training, ready to have their talents and their skills drawn upon in order to resurrect what were very successful apprenticeship schemes in this industry.

I have been impressed by what I have heard about the need to help the hotels. This is only a small suggestion that I am making. I realise that the hotels cannot afford to carry passengers but if they are willing to consider taking on apprentices in the autumn of this year I feel that I might be able to persuade my colleagues - I have not consulted them but I am prepared to stick my neck out - to consider assisting them, not just with the training but assisting them by perhaps subsidising the wages of young apprentices so as to encourage the industry to take them on. It is an idea that if they are forthcoming in this respect I shall try to give it sympathetic consideration. It is only a small thing but it is a step in the right direction.

That, Mr Speaker, brings me to what has been the crux of the debate of the last two days: the issue of parity and related matters. In the past what sharply

divided Honourable Members in this House on the question of parity was undoubtedly its very close connection with party politics undoubtedly. Parity was a party political concept very closely linked with the issue of integration, and that, undoubtedly, has bedevilled my Party's attitude, if you like, towards the issue of parity in the last few years, inasmuch as it ought to have done the same thing for former members of the Integration with Britain Party, and that is what has disappointed me in the last two days about their attitude to the implementation of parity. That whereas they were very enthusiastic about it in the last decade, in the last few days we have heard all the snags, all the problems, all the difficulties about parity which we were pointing out in 1974 and which no one seemed to pay a great deal of notice to. I am disappointed to the extent that the Hon Leader of the Opposition was in fact more enthusiastic in advancing one hundred and one reservations about parity than in welcoming it.

As I say, the history of this is linked with the Party political struggle, and to that extent the whole thing is unfortunate, but it is a reality. I hope that what I say will be taken by Hon Members opposite in the same constructive way because it is meant in the constructive spirit in which there have been criticisms of the Government from the benches opposite. I think the debate in the last two days has been a very constructive one. I think that to that extent the House today is able to debate matters much more dispassionately than what it used to, and I hope that what I say will not be taken as an attempt to score debating points. I am just expressing my point of view. I am just expressing what I consider sincerely to be my views about the issues and the problems that have surrounded the introduction of parity in the last few years. I would like to commend the Hon and Gallant Major Peliza, before I forget, about the manner in which he spoke yesterday. In common with my colleague here I have criticised him more than once about the manner in which he speaks. I have never doubted his sincerity but yesterday not only was he as usual sincere but he put the matters across much more low-key and he did extremely well. I am not being patronising and I am just stating a fact. I accepted his criticism in particular of my colleague. I accept his criticism of the Government yesterday as being well meant, as being constructive and, therefore, whatever I say now I hope will be taken in exactly the same spirit.

It is true, as the Hon and Gallant Major Peliza said, that they started preaching parity ten years ago, and in this House in 1969, in his opening address, if not referring to parity in so many words, the high wage/high productivity economy was certainly intended to be along

those lines. What I think is unfortunate is that for whatever reason, and they may have had problems with the other Official Employers, unfortunately they did not do a great deal themselves during those two years and ten months in implementing parity. That is why, when the Hon and Gallant Major Peliza, in 1972 from the other side of the House, spoke in terms of wage increases of £5/6 a week, and I do not know whether those were meant for a labourer or for people higher up, for non-industrials whose salaries are double, say, a labourer's, this has never been made clear, but he cannot blame me for thinking that that talk of £5/6 did sound rather hollow against the background of the Marsh Award in 1970. The Marsh Award of 1970 was a 15% award in two stages. 10% and 5%, and industrials did not do very well out of that award.

As I say they may have had problems. They may have felt that they were in for a longer stay and they may have been thinking by April 1972, following a demonstration on that famous Budget when the TGWU demonstrated and there was a joint press release issued by the Government and the TGWU, they may have felt that they were on the track then to achieve parity.

HON M XIBERRAS:

Would the Hon Member give way. If I remember rightly the total increase in 2½ years in wages, including cost of living formula payments, was 37%.

HON A J CANEPA:

The cost of living payment came later on. The cost of living was a direct consequence of three one-day strikes. But when there was a General Review of Wages and Salaries in 1970 not a great deal was done about it. I remember also that in that Budget of April 1972, I think there was a demonstration following the Budget and..... sorry no, prior to that, sometime in 1971, I think it was, in connection with productivity payments, the Transport and General Workers' Union were making a great deal of noise about discrimination. I remember Michael Feetham waving four fingers, £4, in front of the television cameras, and again they may not have been very successful. I was not aware then and I am still not aware now of what the IWPB Government tried to do in order to eliminate the discrimination between United Kingdom workers and Gibraltar workers. I do remember one thing, that in November 1972, shortly after I came into office, they tried to seize the opportunity of an amendment to the Control of Employment Ordinance to



empower me as Minister of Labour to make regulations to do away with discrimination. Of course, that was resisted. I also remember the Hon and Gallant Major Peliza moving a Motion in November 1973 on the issue of parity which led to very heated debate in the House. November 1973, a substantive motion which he moved referring to the aspirations of the people of Gibraltar to achieve parity with the UK. But, as I say, that was from the Opposition Benches and not from the Government Benches.

Reference has been made to the casualties of parity. Certainly people on fixed incomes, undoubtedly, particularly at a time when interest rates are falling, particularly at a time when the rate of inflation is about 10%, and, therefore, later on this year perhaps they can only look forward to an increase of about 10% in their Government pensions, or from the MOD pensions at the end of the year in December, again of that order about 10%. Those people are going to suffer a real cut-back in their standard of living for a while at least. But I am not sure to what extent something can be done about them. People on fixed incomes whose incomes are less than Supplementary Benefits if they apply for Supplementary Benefits obviously they will be entitled to them but not others. Others may have to struggle a bit until matters settle and things pick up.

Workers in the private sector? To what extent are they going to be casualties? I think that it is natural that there should be concern about the private sector. We had this concern in 1974 ourselves but I think that it is being overstated. The fact is that as the Hon Mr Bossano said, and he mentioned an article in Saturday's Chronicle about it, as he said yesterday, the private sector in the round has had increases of £7 a week in October 1976, £6 a week the following year, in October 1977. So you do find now labourers, and allied workers at that level, have a basic wage not far short of £40 a week. The bakery industry, the building industry. I am quoting facts. The Hon Leader of the Opposition need not shake his head, this is gospel truth. This is a fact of life. They are already getting nearly £40 a week basic wage. The statutory minimum wage for a shop assistant aged 20 is £32.30 a week. Therefore, because there have been these substantial flat rate increases in the last two years the only thing that is outstanding for these people is the increases which will become due later on this year, in July I would imagine, perhaps some minor adjustments in one or two cases where there may have been something in the nature of an interim award, but nothing terribly substantial. I can understand that when workers in the public sector get considerable sums of money in retrospective payments those in the private

sector may not like it, but the fact is that those in the private sector have been getting such increases week after week after week at a time when money was worth more and that this has enabled them week after week to better face the increases in the cost of living of the last two years. Whereas people now getting retrospective payments are getting those payments at a time when money has lost value. So, if they will do their sums they will realise that increases of £6 and £7 a week in the last eighteen months works out to be a very substantial sum of money.

The Hon Mr Restano once again raised the question of shop assistants and again I said last year that in my view the wages of shop assistants were unnecessarily high. Compared to UK perhaps they are not. The fact is that shop assistants are badly paid in the UK but compared to what clerical officers in the Gibraltar Government have been getting, compared to what Qualified Teachers at the lower points of the scale, compared to what nursing staff have been getting and other white collar employment where qualifications are required for entry, shop assistants have been well paid in the last 2/3 years. In some cases, in October 1977 - I do not know what the position is now, I do not know whether they have had another increase in UK - but at some point of the scale in October 1977 they were at parity or thereabouts. Not very far off parity. What happened in fact in the private sector in 1974 and 1975 was that shop assistants got substantial increases at the time when, particularly in 1975, perhaps they were not all that necessary because they were also getting equal pay. Equal pay came into force in December 1975 and, therefore, since the majority of shop assistants at that time were females, already, because of the implementation of equal pay, they were entitled to considerable increases. In addition to that they got very, very, substantial increases. That is the date in my mind, when the problem of employment of shop assistants really started and we can point to the figures in my Department to verify that. To that extent I think the increases were unnecessary, but I also remember that in those days, in 1974, the Chamber of Commerce criticised the Official Employers for having very poor industrial relations, which perhaps we did and pointed to their very good industrial relations. But, of course, if industrial relations is all about good industrial relations, if the price that you pay is that you give in without any strife, without any industrial unrest, which is what has happened, by and large, in the private sector except for the bakery industry because under the other hat that I wear I have controlled their prices, it is only the bakery industry which has had to put up with a 2/3 weeks' strike. I take my hat off to them in that sense

and I have always tried since then to help them out of their difficulties, to help them to arrive at reasonable wage settlements because, as I say, at least they suffered two or three weeks when there were considerable losses, not just to the workers but to the industry itself. But, as I say, if the attitude is that you just have to give in to any claims then perhaps you are always going to have good industrial relations.

In 1974 the arguments that the Government was using, one of the two or three key arguments that were being used for resisting parity, was precisely the effect that parity was going to have on the private sector. But at that time the Government was in splendid isolation. The Chamber of Commerce did not appear to have any worry about parity in 1974, and it was only in 1977, when we had the prolonged blacking action that - not that one looks at the Chamber of Commerce or anybody else to come in support of the Government - but it was the first occasion when they stuck their necks out and supported the offer on the table of 80% coupled with an enquiry as being fair and reasonable. Perhaps they were seeing the writing on the wall. Perhaps they could see that the Official Employers were going to be pushed inevitably to parity, because we had got much closer to it after Scamp, whereas in 1974 the odds were against reaching parity, certainly in one fell swoop. But now that they saw the thing getting very much closer they started getting worried and they supported the offer of the Official Employers as being a fair and reasonable offer, as did in fact the Opposition.

This is my analysis of what has happened. I do not pretend to have a monopoly on sound judgement but this is the way that I have seen it developing. Yesterday it was said: "It is a question of whether parity is good on balance". I think it was the Hon Leader of the Opposition who said that. But that is a far cry to what we have heard in the past. In 1974 Hon Members opposite were not saying anything about whether it was on balance the right thing or not. There were very few reservations being voiced about it. Therefore, the way that I see the process in which parity has been arrived at is that first of all in 1974 the Government was against parity, no question about it. After that dispute there was the Scamp enquiry and the Government accepted Scamp without a shadow of doubt in the cause of good industrial relations. Before the Union accepted Scamp we accepted it in the cause of good industrial relations because already we were establishing a wages link with UK. Whether it was 100% or at 70% or at 72% the moment that the wages link with the UK was accepted the Government lost its

flexibility, its manoeuvrability in the field of wages, to that extent. If the Government had not accepted Scamp it would have been crucified by the Unions and by public opinion in Gibraltar because it would have been seen as the main obstacle to industrial peace. The Unions could then have adopted the tactic of accepting Scamp, which they did not initially, and in the face of the official public sector, the employers, refusing to accept Scamp, the finger would have been pointed at them as being the main obstacles to industrial peace. It was for the sake of good industrial relations that it was accepted.

The Unions were not satisfied. It was only a partial victory for them. Perhaps not even a victory in extra time, perhaps a draw, and the Government recognised the direction in which we were moving. We saw this, and that is why in our Party Manifesto for the 1976 Elections, having accepted the wages link with Britain, we said that we would continue to apply the principle of a wages link with Britain progressively. In other words, we already could see that 80% was not going to be the end of the road, and I certainly never thought that equivalence was the right approach because it was going to bring about a problem of monitoring equivalence. I thought it is either parity or nothing because at least with 100% parity you accept the rough with the smooth, the swings and the roundabouts. Therefore, there is not an argument the moment that Mr Healy decided to drop 1% on the tax rate or we decide to put another 5p on a bottle of whisky, because that is altering the equation of equivalence. So it was either one thing or the other, and we said.....

HON J BOSSANO:

I do not like interrupting, but in fact I accept entirely what he has said because I feel that this is the correct approach, but surely the whole essence of the position of the Government in the middle of last year, in wanting an enquiry was to establish equivalence. What was the enquiry for, to establish parity at 100% or another percentage?

HON A J CANEPA:

We were thinking of an enquiry which would establish whether the economy could afford parity, whether the burden of it could be afforded by the economy.

As I say, in our 1976 Manifesto we said: "we shall continue to apply this as far as the economy can withstand and ever mindful of defence spending, ever mindful

of the ability and willingness of the UK employers to pay, without any cutback in manning levels."

In the meantime there have been wage agreements concluded in the private sector in 1976 and 1977 that, if you endeavour to establish a comparison with the UK, put them certainly 80% and in some cases 85% and perhaps even 90%. As I said in the case of shop assistants even closer to 100%. The Union have done what I would have done in their position, they have blazed a trail in the private sector, established a higher percentage than what the public sector is offering, and then used that as leverage. I would have done that if I had been in their position. To that extent the ability of the Official Employers to withstand parity has been undermined. That is a reality and to my mind that is a fact of life. But as I say you do have major employers in the private sector paying well over 80%. In some cases the direct result has been a cutback of about 30% in the labour force. This is a fact of life.

Talking of labour force, Mr Speaker, I think it must be made abundantly clear to the Hon Mr Isola that the increase in Government staff has certainly not been entirely in the Public Works Department. Not at the level of industrials. The Works Supervisors were just industrials being taken over to the non-industrial field. There have been more teachers employed, 20/25, because of recruiting problems and because of the departure of the Christian Brothers. In the last 2/3 years we have set up a Consumer Protection Unit. Not a large staff but that has added five or six. More Prison staff because of our problems etc. But I would agree certainly with the Hon Mr Isola that if you have more staff, and better paid staff, the Gibraltar taxpayer is certainly entitled to a better return for his money, and it must be the business of Government to see, in cooperation with the Unions and the Staff Associations, that that is the case. People are going to be much more critical about lack of effort, lack of efficiency, lack of productivity and I think we all have a duty, Government, management and Unions, to see that the taxpayer gets a reasonable return for his taxes.

On the question of the decrease that there has been in the employment in the private sector, and in particular the building industry, I would like to correct the figures which the Hon Mr Bossano mentioned yesterday where he referred to the quota. I knew the quota had been at 1,200 about eighteen months or two years' ago, but it was never entirely taken up. There were always about 180 or so work permits in case the Government ever needed, as a matter of emergency for instance, to recruit workers. Also, of course, there is the question of the 200 Filipinos who were never a permanent feature in our

labour force, we always knew that they were transient. I think the extent of the drop and I am using the figure in the October 1977 Employment Survey, is from 1,049 employees in April 1975 to 633 in October 1977, and that includes 200 Filipinos. The other are by and large Moroccans.

I would like to quote also from this Employment Survey to substantiate the point that I am making that the private sector is not far behind and that there is not a great deal of catching up to be done. The Employment Survey says that in the case of full-time weekly paid adult males earnings in the private sector have been higher than in the official sector since April 1975, ranging from a differential of 4% only in April 1975, to 10% in October 1975 and April 1976 and to 12% in October 1977. Then it goes on to say: "These figures tend to understate the growing differential between earnings in the private and official sectors because of the disguised effect of overtime earnings. Were overtime levels in the private sector to equate to those in the official sector the corresponding differential in October 1977 would have been around 20%." So forgetting overtime earnings, in October 1977 the level of earnings in the private sector was 20% above the public sector. To that extent they have 20% already absorbed which will cushion off what has to come later on this year.

HON J BOSSANO:

The figures which the Hon Member is quoting do not include the £6 increase which came after the October Survey. So in fact these figures are an under-estimation, Mr Speaker.

HON A J CANEPA:

Yes, all settlements in the private sectors were after October 1977, though the effective date in some cases was October 1977, but they have not reflected themselves in the Survey.

HON J BOSSANO:

When the survey was carried out people were still on old wages. No agreement was signed in October.

HON M XIBERRAS:

Was it not Mr Featherstone who said that the increase in his department was something in the region of 50% increases in wages in the Public Works Department.

HON M K FEATHERSTONE:

No, I said the staff increased by five, I did not mention anything about the wage increases at all.

HON A J CANEPA:

This has given me the opportunity to notice that there was one point I wanted to mention that I have omitted. The Hon Mr Xiberras yesterday made a comparison between the level of direct taxation, income tax in Gibraltar, and in UK, perhaps suggesting that the Government should consider cuts in the level of income tax. I do not think that the financial position as reflected in the Estimates gives the Government much room for manoeuvre. Where do we have a half a million pounds to give away, which is the kind of sum of money if you want to do anything for people that you have to think about.

Whilst in the last Budget in the UK, a couple of weeks ago, there has been an increase in the level of personal allowances, that is only for single persons and for married couples. In fact, what has happened in the case of children is that income tax relief, the allowances, are being cut, they are being phased out I understand by next year or the year after. The mechanism is going to be to give no income tax relief and instead to increase family allowances substantially which I think is an excellent mechanism because it means that non-tax paying families get a real improvement in their standard of living because they get real money. This is the direction in which they are moving in UK and I am saying that because the point is that it is now becoming more and more invidious, as a result of this trend in the UK, to make direct comparisons about the level of income tax, unless you also take into account family allowances.

The last point I wish to make which I think is crucial, Mr Speaker, is the question of social overtime. Again, referring to the Employment Survey for October 1977, the point is made, which I think the Hon Financial and Development Secretary highlighted, that between April 1975 and October 1977 the Government's overtime bill practically doubled. In real terms it increased by 40% and this contrasts very sharply with what has happened with the other three major employers: the MOD, the PSA and the private sector. It appears, from the data that we have, that the MOD has been able to maintain its level of overtime practically constant. All that they seem to have is essential overtime in the Dockyard, whereas the PSA, we know has effected substantial cuts to the extent that there is virtually no overtime now.

The private sector has reduced overtime working in terms of the actual hours of overtime by about 25% since April 1975, and I am saying that because it is the view of the Government that perhaps, I will not say the most crucial factor, but it certainly amounts to two or three most crucial factors, which have got to be faced and grappled with if the implementation of parity is to be successful is the need to cut down on unnecessary or social overtime. We can no longer afford to have a labour force being paid for a whole Saturday when we are only getting 2/3 hours productive work. This is not on. This has been the price that the Government has had to pay in the past for a low basic wage. The basic wage is now to be put right and I would hope that our labour force will understand and cooperate that in the same way as the TGWU accepts virtually no overtime, in the private sector, a cutback in the PSA to the same level, and only essential overtime in the Dockyard, our employees must cooperate with the Gibraltar Government and we will do this in stages to ensure that they do not suffer hardship through a shrinking pay packet. But we do mean business, we do have to cut overtime, it is crucial to the success of this policy and I ask them to cooperate because unless they do the boat is really going to be rocked and we are going to be in trouble. If the Government is in trouble as an employer, the whole of Gibraltar suffers.

We depend, and this is why I have always said that parity was not self-financing mathematically, because we have been paying a very high level of overtime and we must ensure that we only have essential overtime. There are areas where there can be no cuts in overtime: the Generating Station, the operation of the distillers, but in other areas it must be cut and it must be done not because we want to do people out of their entitlement but because it is essential that they should make their contribution so that the generality of the working force in Gibraltar can benefit from the benefits that are to be found in the policy of parity if everybody cooperates.

MR SPEAKER:

I now call on the Chief Minister to exercise his right to reply.

HON CHIEF MINISTER:

Mr Speaker, I am very glad that my Honourable colleague resisted the attempt to speak before Mr Peter Isola and was the last speaker, for a number of reasons. First of all, because he has saved me saying a lot of things I was going to say which he has said and I do not want to repeat them, in respect of one or two aspects, though I will just mention them.

Secondly, because I think it was a fitting end to an interesting debate in which the Government has shown its concern, not only in respect of what is the most important aspect of this matter, which is good industrial relations, but its concern for the people with low income, and its concern for pensioners, its concern for people on Supplementary Benefit, its concern for those less fortunate in our society. That has been part of the whole exercise if parity was going to be not just the joy of a big few and the sadness of another big few that could lease afford it. I am very grateful to him for having given such details.

It did occur to me when I heard the Hon the Leader of the Opposition that he was putting so many difficulties to the introduction of parity that I was speaking on parity in 1944/43, I would not say that the style was the same but certainly he was trying to put all the difficulties, and there are difficulties and they have to be met, but all the difficulties which we realise and we appreciate.

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I have come clean in/opening statement and I make no apology for giving the reasons that have changed my mind in this matter. In the first place, I will just repeat them in different language but very shortly; the first one was the natural desire not to lose control of our own mechanism and our own finances in respect of wages and working out - I did not mean that we wanted to deprive the union - but working out what I thought would be a local solution to the trade union problem of wages. Then, leading out of the problems that that created I, with Mr Harry Urwin and with Mr Roy Hattersley, agreed to the enquiry and the across-the-board payment. The enquiry happened to be Scamp and you know what he said. I have not read Scamp very often, he is not one of my favourite authors, but I do remember that he said that he thought that both parties wanted good industrial relations and this was the basis for it.

Shortly after Scamp was published, I remember one paper which is no longer with us - I hope only for a short while - challenging the Government, why didn't we approve Scamp, were we frightened of Scamp, while the Union very cleverly kept their mouths shut to see what the Government was doing about Scamp. But I think in public life commitments must be honoured. We left it, as we would have done with the result of the enquiry that would have arisen out of the 80% and the enquiry whatever, that would have brought about. Once you commit yourselves you leaving something to a third party

to carry out and you delegate your judgement because you are at loggerheads with somebody else which has to exercise the judgement which is in conflict with yours, you must do it in good faith. If you do it in good faith it means that you must be prepared to abide by the findings. In seeing the result we saw that the first objection to parity, which was the loss of the control of our own affairs in this matter, and our own way of dealing with the matter with the Union, had gone. Because it did not matter whether it was 70% or 80%, the pattern has been set. It was not going to compare with Spain, it was not going to compare with Morocco, it was not going to compare with Portugal, it was not going to compare with the Canary Islands, it was going to compare with the UK. So that was that. The next one, and the second big problem, was and still is one which is in our minds, and we have some reservations, it would be hypocritical to say that now that we are going to parity it will be the end of the problem, it may be the beginning of many, it may be the end of many, but it may be the beginning of others. First of all because in our capacity as a Government we felt that we had a bigger responsibility that just as employers, and we had to look after the private sector. We felt that the private sector would be burdened unduly and could not afford it. I still think that one part of the private sector will be seriously affected and will not be able to afford it, but it was clear that a good part of those whom we were prepared, as a Government, to protect, protected themselves otherwise by coming to terms with the Union on terms which led to parity. So it looked to us that we were looking after people who thought they could look after themselves better. If that happened, well then that was their way of dealing with the matter. That was one less reason why we should worry about them if they were not worried and were happy by coming to terms with the Union.

The third worry, and this is the very important one, and this is reflected in the Manifesto which my Honourable colleague has read, the next one, and this is the big worrying one, is the question of the fact that the MOD was against parity at the time of the troubles, as members know who went to London and saw Ministers at every level, was against parity as such, on principles of Hong Kong or what have you. There were many reasons then given why the MOD were not prepared to do that. Time and events have an effect on people. And there was the other one, and that was that parity itself without a continuing commitment, and I say this with measured words because we have no guarantees, let it be said quite clearly, I would not want anybody to think that I am mis-representing the British Government. The British Government have not given, as they never do, any guarantee that Service spending will continue at the



level that it is now. They have not given any guarantee. At the same time they have said quite clearly that the introduction of parity will not affect the Service spending in Gibraltar in the foreseeable future. It is, I think, typical of the MOD, perhaps rightly so, having regard to the changes that take place, the views that take place, the different White Papers that are published about defence spending, the different currents of opinion that there are in certain sections of the Labour Party as against other sections of the Labour Party. In the light of the changed international situation, at the time perhaps when they might have hoped that there was going to be real detente and so on, they do not give guarantees. But they have said sufficient to satisfy us that it will not mean a cut in defence spending, ie it is not going to mean the same money for lesser people, which is one way of spending money and damaging us. That is to say, alright if we are spending so many millions in employing a port of 3,000 people, and we have to give more, we will give more to 2,500 and 500 people would be left unemployed. They have not said that, they have not given any indication that that is the case, and they have agreed to continue employment. That, of course, is vital, because whatever calculation may be made about the tax yield etc I think it is true to say that the economy of Gibraltar alone could not take parity if all that we were going to get was the income tax from our own employees and a few others in this sector.

If the MOD does not continue to spend money in Gibraltar in defence purposes, not giving us the money but employing people, and if in fact as a result of pressures brought about in the MOD, I do not know but one can calculate these things, by the Headquarters of the TGWU about the justice of the claim, that has convinced them that they have to give way then, of course, so much the better. That aspect of the objection which we had to parity is gone and, therefore, all we must do now is arrange our affairs in such a way, hope that the employment will continue as they say and hope, above everything else, because this might be the lead, and I was very encouraged to hear the Honourable Mr Bossano in a mood which looked reasonably satisfied for himself, reasonably relaxed about the fact that once this discrimination was done away with and so on, there would be industrial peace apart from the odd case that happens now and then. And, of course, one thing was clear, and this is one which has exercised considerable influence in my mind, and that is why I would be a very disappointed man, if apart from the odd difficulties that are bound to arise in the labour relations, if in fact we did not have reasonably good labour relations with the new codes that are being worked out, with the facilities agreement &c,

because I felt that things had gone to such a stage that whether we could afford parity or not, without parity we would have no industrial peace but with parity we have a good hope of having it. That is one of the reasons why we have considered that this is the case.

It is perhaps one of those things of faith that the three former members of the Integration with Britain Party are in Opposition and are unable, not even to rejoice with us, to see that their great achievement that they talk about, not even that. They are resentful of the fact that we have introduced parity. They have not had the greatness of their hearts to say: "Good, why the hell didn't you do it four years ago". "But no, there are all sorts of difficulties, take care of this, take care of that". No, this is the mean way in which particularly the Leader of the Opposition whose performance has been one of the poorest that I have seen in this House - and I can well understand it - has given rise to this debate.

Particularly the Hon and Gallant Major Peliza, with whom I have very little to quarrel about on what he said yesterday, I, too, agree with a lot of the things he said, and I have a lot of notes to reply to him in matters other than on parity, because he was not particularly litigious on parity, although he was not particularly rejoiceful that it was an AACR Government that was introducing it. But, anyhow, in a Private Member's motion which he moved when he was in the Opposition - not when he was in Government - he moved on 6 November 1973: "that this House recognises the natural aspirations of the people of Gibraltar as Citizens of the United Kingdom and European Economic Community nationals to achieve parity of economic and social standards with our fellow citizens in the UK and urges the Government to pursue the cause that will fulfil this aspiration." So that this aspiration.....

HON P J ISOLA:

Did the Government vote in favour of that motion?

HON CHIEF MINISTER:

Of course not. We produced an amendment which was in accordance with our thinking, which I have explained. I make no apology for that. You see, it was all, as the Hon Mr Canepa was saying, it was all politics then, it was not whether the people were getting more money or not. If you look at the intervention at some stage of what I said. I have already mentioned that nothing in my amendment deprives us of... "what we must not, I repeat, what we must not allow is that having a

resolution that would appear to say that every thing is settled by deciding that we ought to seek parity and by finishing off with the failure of Malta to accept integration we are going to put a rubber stamp to a motion that will give the other side the advantage politically to say, particularly in the eve of possible events abroad, there you are we want integration and even the Government of the day has voted for it." You could hardly expect the Government of the day voting for a motion that would give the Opposition the opportunity of saying that we wanted integration when in fact we did not as it is well known that we do not. So that, anyhow, this motion he would have late in the day, but there you are, he has waited years, he has obtained that, but no, no rejoicing about that. He has worries about it. We have worried too, we had great worries about what is going to happen, but we have confidence that if we all pool our resources together we will do it. Gibraltar is too small for us to fight each other so much that we might lose the ability to have the strength to fight whoever wants to fight us when the time comes. I am not issuing any challenge and there could be no international incidents as a result of that.

The Hon and Gallant Major Peliza has got a very good point when he says, talking about the Development Programme, that he hopes we can spend the money, and this has been expressed by other members. I agree with him that he has good reasons for saying that because the performance of the previous Development Programme, for reasons that have been explained even by Mrs Hart on television, has been difficult. But may I repeat what I said. First of all let me say that the aid talks were a scrutiny of the previous development programmes and we had to justify, where it was our fault, the reasons for the delay, and we had to point out, where it was the other side's fault, the reasons for the delay. But let me say that you do not go into aid talks, ask for money and get it across the table to such an extent that a journalist said that I was "awed" by the money. We had to have a bit of an effort which produced us another million pounds in twenty four hours. But Mrs Hart was very critical and very interested in the way in which the matter was presented, and if anything has been learned about the poor performance of the last development programme, with all its difficulties, is that we are going to make sure that it does not happen again. Anyhow, I want to repeat what I said in my opening statement in deference to the Hon and Gallant Major Peliza, because I think he made a very good case regarding the fact that we ought to spend the money. I said: "There has also been a great improvement in the Government's own

machinery in terms of pre-planning, project preparation and more technical staff, all of which would ensure that project approval and the carrying out of the works will be speeded up. "So that really we are satisfied now, and indeed Mrs Hart was impressed by the performance of our engineers and architects in the preparation of time and programme of work, charts for approval, charts for starting. We are quite satisfied and we will spare no efforts to see that what is in that programme we shall get, because first of all it brings about, as the Hon Mr Bossano says, economic activity, money, improvement in the social stock, improvements in standards of living in every way. That is the best that we can do and that is what we shall do. Now, there are one or two matters which were raised of an economic nature yesterday to which I wish to give the Government's view.

The Hon Mr Bossano was critical about budgetary contributions to the Improvement and Development Fund. Well, from my early days in the Council, I learned that if in fact there is an asset, apart from the facts that assets which are tangible and which produce income ought to be financed from loans, and the process of it paid back in capital repayment and interest according to the life of the assets, that is good economics. But on the other hand, in a budget of the nature of ours of development, it is not fair to leave future generations burdened with all the repayments and all the loan interest that long term borrowing carries if you do not at the same time make a small contribution within that budget so that each generation pays a share for that part of progress which is not just recurrent expenditure.

I will give way immediately, but I want to finish the concept that I am developing because I know that if there is an answer it will be a sensible though there may be a reply to it. No, the point is that where you have a continuing process of development you cannot burden the finances, all in development by loans, you have to make a contribution every time because there is always something that has to be paid. There is always something that cannot be left for loans because if you leave everything for loans, as I say, the loan charge becomes too heavy and too far extended into future generations who may not benefit of the asset which you are acquiring by producing that improvement at the time. And before I sit down and I listen to what the Hon Member has to say, let me say that in the two years and ten months of glorious TWBP administration they made one allocation of £200,000 in 1970/71 and another one of half a million in 1971/72.

HON J BOSSANO:

Mr Speaker, if I take that last point first, the Hon Member will of course realise that I was talking since October 1972 when I arrived in the House. I could not criticise the allocations made before I arrived.

HON CHIEF MINISTER:

No, no I was only anticipating criticism from your former colleagues.

HON J BOSSANO:

But I would ask the Chief Minister in fact, if he is making a statement of policy rather than a broad generalisation, how he can consider a contribution of half a million, which in the context of the 1972 recurrent expenditure was an addition of 10%, which at today's budget would mean £2½m, if that is a small contribution, a 10% addition. Secondly, if he considers that the debt servicing burden is too high, does he consider that the levels that I have quoted of 3% is the right level or the level that he found in 1972 of 8% is the right level. Let us have a Government policy on what the level should be.

HON CHIEF MINISTER:

No, I was not establishing any particular percentages of general policy. I was establishing the principle that if you can afford a contribution from general funds, in the end it is all the same money, and you can get relief for something which is more important. What I was saying, and I have not discussed this aspect of the matter with the Hon Financial and Development Secretary since you spoke I can assure you, what I was saying is that since there is always..... And let me say this, there is an additional reason for having to make a contribution, and that is that the bulk of development aid, except for the loan finance of a big nature which is warranted by the new Power Stations &c, the bulk of development aid in these last two years, the bulk of development aid has been development aid from the UK. It is also as a token for as long as we can afford it, as a token that whilst Britain is helping us in development we must also make a contribution to show them that we are prepared to make a contribution ourselves. I think this has a very important psychological effect, so much so that there is now a theory which was propounded at the aid talks but which we had carefully skirted for further consideration, which is a way in which they are developing their aid in other countries, and that is that they will give you ten

for everyone that you put up, which is good business sometimes, but it is important. That is that because of the restraints, and because of the bigger demands of the third world, they are trying to help people to help themselves, and this is where they give the money. There are, therefore, two reasons in general principle not attached to any particular economic theory, and each year to be looked at according to how the situation arises, where it is not imprudent let us put it no higher than that, it is not imprudent to make a contribution that will not be a burden for future generations, together with others which you have to do, and it is a sign that you are prepared to make some sacrifice in order to strengthen your case when you ask for development aid. I am prepared to give way now unless I have disposed of the point.

HON J BOSSANO:

I think you have.

HON CHIEF MINISTER:

The point made by the Hon Mr Bossano about productivity and equipment is fully taken and has been dealt with by Mr Featherstone, but I think the Union must agree that there must be improvements in the will to work. I will not put it any higher, in the will to do something, in the will to finish a job quickly, particularly if, as is going to be the case now as explained by Mr Canepa that the question of social overtime and saying, well, what does this matter, I will do it on Saturday and then on Saturday you feel less like doing it. This will, of course, give the opportunity of something which no doubt it must be the aim of the Union to follow up and that is that a man should not leave his home in the morning, when the children are asleep and return, because of working overtime, when his children are already in bed in the evening. They should at least have some time to be able to spend with their family. I hope one of the good results of the introduction of parity will be not having to get people to work overtime as a social need in order to prop up what was obviously an inadequate salary.

Now, I really enjoyed listening to the Hon Mr Perez. Almost everything he said was complimentary. I am sorry he is not here now. I would like to say that there will be an opportunity of discussing the question of the home ownership scheme but I would like to give an assurance to Members that the last thing the Government is prepared to contemplate is, all that we would be

allowed to do let alone whether we wanted to get development aid money, sell a flat cheap so that somebody gets it, makes a big profit and goes and settles in England on the profit. No, the selling scheme will be on the basis that a person who does no longer require the asset will have to sell it back to the Government at the enhanced rate, having regard to the state of the market and the state of the rent payable at the time at which the value will be calculated, and that it will be for personal occupation, and personal, of course, will be described very much in the same terms as they are described in the protective legislation providing for protection of dwellings. It is not going to be that if the owner dies the wife has got to go. It is a family house and that is how it will be.

We have taken some note before we came to this House that the hotels might suffer unduly particularly during the season for which they had advertised and we may be able to do something in respect of them for a while at least when the difficult time comes for the charges which have to be imposed.

I would have a lot to say on the question of the funded services, that is one which was referred to by the Hon Mr Possano, and he made a point which I share up to a certain extent, though not fully. I said in my opening speech that as an aim of policy, and this was reflected by Mr Perez himself today on his own, that the funded services should possibly pay for themselves. The Hon Mr Rossano made a good point yesterday. That they are more expensive here because of the smallness. We hope we can find water.

The question of to what extent the funded services are helped from general revenue is also a matter of policy. I think ideally we should start first from the premise that they should pay for themselves and that each consumer should pay for what he consumes and what it costs to produce. But in these days of inflation, in these days of huge increases in the price of oil following the 1973 war and so on, it puts a considerable strain in the most essential commodities. One factor mentioned by the Honourable Mr Possano, the fact that we are constrained to a small territory and therefore the production of electricity costs more, the production of water costs more and so on, is a factor in itself, apart from the non-dependence on other people is a factor in itself, like so many other things that are a factor in themselves in Gibraltar because of our size. That we have to be self-contained like the medical services and everything else. That is one, though I

entirely agree that we should aim at remaining as independent in the essential services as possible, whatever offers and whatever attractive propositions are put to us. We could take a little so long as we are not dependent, but I agree that this is a matter of policy, and also that there has been a very bad, uncontrolled for reasons well known to the Hon Member, uncontrolled way of doing it by sheer lack of having the necessary information to know what was being done. Now, at least we would know and we would say, this is what the budget is providing to the electricity consumers, this is what the budget is providing to the water consumers, and so on. At least, that can be done now, but there is no doubt, and this was said quite clearly at the beginning, that the funded services themselves play such a big part in the overall expenditure of the Government that there is an added reason why it cannot be dependent greatly on the rest of the Government because otherwise the extent of the ability of the Government to obtain the necessary money to provide all that supplement would put the whole economy out of gear.

It is not fair for the Hon Mr Isola to say that it is no problem to the Government to put parity increased charges and so on, it is the private sectors that have to do it. It is a big problem for the Government to do all these things. It is a major operation for the Government to maintain such a beaurocratic, and I make no apologies for saying that, beaurocratic set-up because of its size. Because we must have an office for everything. We must have a Consumer Protection Office, we must have a training Unit, we must have everything on our own. Because of all those requirements the administration is top heavy and, therefore, the money that comes out from the body of taxpayers has to keep up a big beaurocracy. If we can put whatever we have at our disposal, whatever assets we have such as the port, improvements in tourism, continued service spending, ingenuity of traders etc, which provide a considerable amount of economic activity, together with the aid that we get from the UK and the fair share that every citizen must provide for the running of the city, then we can look forward with confidence to the future.

MR SPEAKER:

I will now call on the Honourable Financial and Development Secretary to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I think I heard you say that you were calling upon me to reply. I feel that a reply is a considerable misnomer in the context of the wide-ranging debate such as we have had, and of the contributions which have been made on both sides of the House. Perhaps, Mr Speaker, we might contemplate making further minor adjustments in our budget procedure whereby we have a winding up. What I have got to say obviously is going to be an anti-climax to what has gone before, and I shall, therefore, endeavour as best I can to get it over as quickly as possible, particularly since many of the points to which I shall be replying are those which I think, with respect to the Honourable Members to whom I endeavour to answer, will be really more appropriately dealt with at the Committee Stage.

Mr Isola. Rainy day. No, Mr Isola, I have nothing in the desk or in my safe over and above what is written down there in the Estimates, except one thing, and that I am quite certain the Honourable and Learned Member will have recognised clearly, since it is the Government's policy, and I think it seems to be generally accepted on both sides of the House, that the current level of overtime being worked at the moment must be reduced, and clearly is going to produce effects. How much? We shall have to see, because that will depend upon the extent and the speed to which overtime is reduced and my Hon Colleague, the Minister for Labour, has emphasised the point that it cannot be done just by slashing it. It has got to be done carefully, and careful calculations have got to be made to ensure that damage is not also caused to people's pockets.

The Honourable and Gallant Major is still gold prospecting. He has been at it with his pick and shovel for the last three debates in the Budget. He did ask a couple of things, firstly would we produce in the printed Estimates a summary of Revenue and Expenditure going back over a decade and would we keep it up to date. If the House would find such information useful certainly it can be produced. I think he wants it done by heads of Revenue and heads of Expenditure. That, I think, Mr Speaker, might be misleading because heads of revenue and expenditure have changed over ten years, and more important the content of those that remain the same by name change and, therefore, you might not be comparing like with like. But certainly if it would suit the House and the House would find it useful we can certainly have a page setting out total revenue and total expenditure over as many years as the House likes.

HON MAJOR R J PELIZA:

I think it would help very much if we could have it by head. Even if we cannot go back for ten years in exactly the same heads at least some of them would go all the way and others as time goes by could catch up.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, we will see what we can do.

Varyl Begg; the commitment which exists in relation to outstanding and uncertified bills for work done on Varyl Begg is outside the development aid grant which Mrs Hart announced when she was here. What is inside is a small carry over, what one might call an appendage to the original Varyl Begg project wherein a certain amount of money within the global total allocated to the scheme was set aside for the reorganisation of the Port Office but that is a very small sum. I think it amounts to approximately £160,000. The main volume of bills outstanding for Varyl Begg, which is reflected in the Estimates because they are uncertified as yet by the Consultant, is outside the development aid plan and allocation for the next three years.

Import rebates to Tourists. Here is another hardy chestnut. I told the Honourable and Gallant Major last year that while it sounded a good idea, administratively it would be both cumbersome, expensive and I would suggest, irritating. I suggested it might be quickly called bureaucratic bumbledom, and it would undoubtedly make life less easy for the tourist who at the present moment as I see it we do not need to attract people from across the water to come here to shop. They seem to be quite happy to do so.

The Hon the Leader of the Opposition. First question: what will it cost the Revenue to give personal allowances at the same rate as in the UK? Answer: £2m. Second question, which I must confess I did not fully understand but the Hon Leader of the Opposition made some reference to the possible benefits which the double taxation agreement might, if there were such a thing confer upon Gibraltar, could I ask him perhaps if I have got that substantially correct?

HON M XIBERRAS:

Sir, I was enquiring whether the Government had thought about double taxation agreements and whether



any application had been made or any representation had been made in that respect, and if so what were the pros and the cons of it generally?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I cannot obviously go into the pros and cons because I have not considered it in that light, but basically a double taxation agreement between ourselves and the UK, prima facie, I would say, would be unlikely to help up, because what happens is that it takes account of the basic principles of all such agreements, and that is where the income arises there reposes the right to take the first bite of the tax. In the UK's case, where apart from the new ban which Chancellor Healey introduced on 11 April, income tax as a generalisation is a great deal higher in the UK, the chances are that anybody who was liable to tax in the UK and who was also liable to tax in Gibraltar, Gibraltar would have to offset what tax it could claim against the higher tax on the same income in the UK.

The Leader of the Opposition also asked me a personal question. He asked me for a personal view on one or two things. Now, I think that the Hon Leader of the Opposition should know better than to ask for personal opinion.

HON M XIBERRAS:

I very much value the Hon Mr Collings' personal view, but I was not asking him in a personal capacity. I think the questions he is referring to were asked of him as Financial and Development Secretary, with a particular constitutional responsibility.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, when I stand up and read out a budget speech or statement such as I did, I am, of course, speaking as a member of the Government and whatever is in the speech is the Government's view. Quite obviously no Financial Secretary or, indeed I would suspect, no elected member, can be expected to give in the House or make the House privy to such advice as he has tendered within the Cabinet. It is a collective view and my statement to the House certainly reflects, naturally, the collective view of the Government. The Hon Mr Restano asked me.... I shall not deal with his first point which was the fact that we had to announce so many changes in the Estimates, because that was I think fully dealt with by the Hon and Learned Mr Isola when he expressed satisfaction with the

figures that were brought to the House which were the latest available to the Government, and I think that is the whole point of the exercise. That is why we did it, because I feel that it is only right and proper that when Estimates are produced, if in the interim, since the actual printing and preparation of the book, relevant additional information, which changes, in some respect, certain figures, becomes available to the Government, the Government must inform the House that this or that figure has been changed for this or that reason.

The Hon Member also referred to berthing charges, and I think he first of all asked whether or not, or suggested that any vessel laid up here, arrangements or provisions should be made for charging such a vessel less than the ordinary berthing fee, or making some special arrangements...

HON G T RESTANO:

I said that if there were no laid-up vessels in Gibraltar then it might be a way to attract vessels that needed to be laid up by lowering the charges.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, Mr Speaker, Sir, Section 10 of the Port Ordinance reads: "There shall be levied upon every vessel and sea plane arriving at..... such charges as may be fixed." But it also goes on "the Governor may at his discretion exempt any vessel or any class of vessel from all or any charges and for the remission thereof or any part thereof." So that the legislation already contains in my view, enough scope for us to be able to offer any interested party who wishes to lay up a vessel in Gibraltar a reasonable rate, indeed a negotiable rate. And while I stand to be corrected on this statement I have the feeling that that in fact was done with the Ottawa, but I could be corrected on that. The other thing, of course, is that I do not think that it is anything but fantasy to think that we could cope with more than one or perhaps two vessels laid up in Gibraltar, and they would have to be quite small because they would have to be in the inner harbour and it would be impossible for them to be laid up, as one sees pictures of laid up ships in columns of side by side, for the simple reason that we do not have a protected anchorage, and it is my understanding that no vessel anchored outside the harbour can remain there unless it has a crew. That, of course, puts the end to any question of laying-up if you have got to provide a crew.

I was interested in and I like the thought which the Hon Mr Perez had at the back of his mind clearly when he was talking about tourism and creating facilities etc, and I can say that I know with certainty that the Government has taken the point about doing all that is possible to make available land which can be used, particularly for productive development of any particular kind. Small industries and this kind of thing. This I really feel is most important because if we are going to improve the economic stability of Gibraltar then it can only be done by attracting to Gibraltar such industry as is prepared to come. They will only come if they can be given adequate land and if adequate facilities are available. I attach great importance to that.

Mr Speaker, the Hon Chief Minister has reminded me that the Governor's Office, the Deputy Governor and the Hon Chief Minister have already started to look at the whole question of land availability, defence land etc, and I feel that we must for the moment hope that we can come up with some conclusions, and indeed we can persuade a little more flexibility into this situation.

The Hon Mr Bossano: He is not in the House but I am sure, however, that he is listening outside. I shall go straight to the first point. I was going to talk about his opening commentary on world economics and things like this, but I will go straight to the first point on which he specifically asked for clarification.

He pointed out that the gross cost of parity as at 1 October 1979, which was put in the negotiations, was the same figure £6.5m as appears in the Estimates, where it is based on 1 October 1978. He asked why. Of course, quite apart from his having the advantage of taking part in the Gibpay 76 negotiations and discussing these figures with the official side, which I did not, I think it was made clear, and I would hope he would agree with this, at Gibpay that the figure of £6.5m was a broad order of costs. It was not, I am told that it was not described as an estimate, it was described as a broad order of cost. It was also based on an assumption that the move to parity would involve a movement of base paylines from 72% to 100% and in the course of the negotiations I understand that the Staff Side pointed out that this was not in fact correct and that it was in fact starting from two lower base lines and that this was accepted by the Official Side. So that the correct base line should have been 74% which quite obviously meant that the figure for 1 October 1979

tended to be overstated, it tended to be too high an order of cost. I believe that the non Member also pointed out that insufficient account had been taken in arriving at that broad order of costs for the value of a number of fixed allowances which would not be affected. Again, I think it would be true to say that the £6.5m relative to 1979 was probably over stated and I think that in the course of subsequent negotiations, and certainly in the case of our own computations for Estimate purposes, we have certainly had these factors in mind. Moreover, another thing that was not included, as I understand it, in the figure of £6.5m as put originally to the Gibpay 76, was any element of cost of pensions and gratuities. The figure of £6.5m which appears in the Estimates, as I explained in my statement, does include pensions and gratuities, and to that extent clearly is not strictly comparable with the figure which was used in Gibpay 76. As far as I understand it it is based on a computation of cost of parity at existing levels. Hence, there will be, as I have already said, some saving depending upon the effectiveness and the extent of reductions in overtime. That is where the savings will come.

HON MAJOR R J PELIZA:

At existing rates not at parity rates.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The figure presupposes the continuation of existing rates of overtime, yes.

HON MAJOR R J PELIZA:

At parity rate or at current rates of overtime? Obviously the rate of overtime have increased.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

At current rates. But even so, because the level of overtime will fall, clearly there is going to be an area in which we can look forward to some savings.

Similar considerations apply to the Hon Member's challenge about the net cost, because the model which was used initially in Gibpay would probably have produced a somewhat lower net cost. But once again that model, so I am informed, in producing the figure which the Hon Member quoted, which was £1.5m instead of £2.1m, that figure did not include the effect of parity on gratuities and pensions. Gratuities are not taxable, so to that extent whatever the value is on gratuities, it is the same whether it is net or gross, there is no clawback. That is the first element. The second is quite clearly a decision

which the Government took and that was that we considered that we should not take such an optimistic view of the amount of the multiplier effect in relation to indirect taxation. It is as simple as that. We considered that figures which had been discussed and bandied about in Gibraltar pay were too optimistic. Now, I don't think that any Government, or certainly any Financial Secretary likes to be overoptimistic. We will have a chance to revise this figure at the end of the year when we shall be able to see what has been happening. In the meantime I say quite categorically that we took a less optimistic view and one of the reasons which prompted that was that as I mentioned in my statement the level of bank loans and advances has gone up by 25%. Now, that suggests that quite a significant part of retrospection may indeed be needed to pay off loans of one kind and another. And to that extent, of course, it will not feed into the economy by way of increased purchases. So as I say, the Government took a less optimistic view.

Finally, I must make it quite clear that the estimate of £6.5m is what I would call a loose estimate. It cannot be anything else. Because there are so many variables, particularly in relation to calculating back pay involving overtime, the variable allowances and fixed allowances, that no one, and I feel certain that the Honourable Mr Bossano if he were here would accept it, no one can get more than a loose estimate of the total cost. And we will not know with any precision what the real total cost is going to be certainly until the payments have been made. They will be based on actual calculations of the individuals concerned and we shall then be able to see what the result is.

I think that the Honourable and Learned Chief Minister has largely dealt with part of the Hon Mr Bossano's words about public borrowing. The House of course is well aware, as I am, that the Honourable Member has particular views on public borrowing, and certainly many of the points that he has made and made again yesterday merit consideration. There are, however, perhaps what I might call two thoughts which I might set against the factors which he mentioned. First of all, unlike local authorities in the United Kingdom, Gibraltar unfortunately does not have access to anything like such an extensive investment market, and it is not by any means easy to break into the market in the United Kingdom. And even if we did there is of course, a wide measure of uncertainty as to the response that one might get from investors generally. The other factors which must weigh against an overuse of the Government's own funds for subscription to its publicly offered debentures is of course that there is no market for the local debentures. Now, that means, therefore, that there can never be any appreciation of the capital value of the investment as there is for example with a gilt edge stock from the London Market. Equally, of course, there cannot be any depreciation either.

And allied to that it would mean of course that if we over-invested the money which exists in the Note Security Fund, in the Social Security Fund, and the other Funds at the Government's disposal, in Government's own paper, then of course the revenue of Government would also not benefit from an appreciation of its investors. I merely set those rather contrary factors against the factors which the Honourable Member mentioned.

His last point, at least the last one which I shall deal with - no, I have got another to deal with - the next to the last point refers to his comment on the Currency Note Income Account. I take his point. Clearly, with the injection into the Gibraltar economy of a very large amount of cash - I think the figure put upon it is £9 to £10m - quite clearly there will be an increase in the money in circulation. But the extent to which it will produce greater income on the Currency Note Account I think is a matter for speculation, and I don't think that one should reflect speculation in the estimates. Moreover, one would hope that with this additional money in circulation rather more people than at present will be persuaded to use the banking system instead of dealing entirely in cash. I am quite prepared to accept the fact that the estimate which is there is likely to be under estimated, under stated. There again, I can assure the House that the revised estimates, when it comes to be made, will be before the House will reflect the latest trend that we have. And if it appears to us that that was an under-estimate then clearly we will adjust the position in the revised estimates. We are not attempting to hide anything. As I said, Mr Bossano's points were taken on this, he happens to be on the Opposition and, therefore, no responsibility for the figures that go in there are his. I took a more conservative view.

Finally, he quoted, and this must be a historical thing, that the Government of the day at some stage, I think, redeemed a very large amount of Government stock when at the same time or very shortly afterwards it floated another loan and made no effort to convert the one into the other. Well, I can't take any responsibility for what happened then, but I would like to assure the House that if in my tenure of office, the Government is redeeming a stock then I shall do my best to ensure that there is another one to put the money in.

I beg to move.

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

COMMITTEE STAGE

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I beg to move that this House should resolve itself into Committee to consider the Appropriation (1978-79) Ordinance, 1978, clause by clause.

This was agreed to and the House went into Committee.

HON CHIEF MINISTER:

Mr Chairman, may I suggest that we call out Heads of Expenditure which are not likely to be controversial and we clear them and then we start with the controversial ones tomorrow morning.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I gave notice .....

MR CHAIRMAN:

Yes, I was going to suggest that perhaps you might wish to amend page 5.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If it is acceptable to you, Mr Chairman, I think what I would propose to do is to move that page 5 and pages 85 to 106 inclusive, be deleted and there be substituted therefor respectively a new page 5 and new pages 85 to 106 which were circulated to Honourable Members last week.

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

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

Schedule

MR CHAIRMAN:

We will now, as we have done on previous years, call the Head and Subhead. We will pause on Personal Emoluments and Other Charges so that Members can raise any item they wish to.

Head 1, Audit-Personal Emoluments, was agreed to and passed.

Other Charges

HON G T RESTANO:

Mr Chairman, can I have a breakdown.

HON CHIEF MINISTER:

I make it clear that we are not prepared to give any breakdown of any proposed expenditure which is now being sought from the House because we don't know where the expenditure is going to be made and this would be completely impossible to bring all the materials from all the offices, from all the different departments, in order to be able to bring about the material required. If the Honourable Member wants to query any particular item and he gives notice we shall see that this particular item will be brought down and if necessary cleared. But unfortunately, it is not within the ambit of this Committee to decide whether we are going to buy wipers or toilet paper for one place or the other. It is just not the function of this House, Mr Chairman, and I seek your ruling on that.

HON M XIBERRAS:

Before you give a ruling on that, Mr Chairman, could I say something about this.

The Honourable and Learned the Chief Minister thought it fit to refer to the Honourable Mr Restano's letter to him, which as I understand it gives a clear notice of Mr Restano's intentions in the course of this meeting. Then the Chief Minister said this concern, and this was ....

MR CHAIRMAN:

No, this is a matter which must be clearly understood. Whatever the Chief Minister has said in his statement refers to past expenditure which is not before the House ....Then tell me what ....

HON M XIBERRAS:

What I am saying, Mr Chairman, if I may be allowed to finish my argument, what I am saying is that the Chief Minister thought it fit to refer to the Honourable Mr Restano's letter when he was dealing with various matters alluded to in his statement on the subject we all know about. Now, obviously Mr Restano's letter must have been taken as notice by the Chief Minister that Mr Restano intended to raise these points is for specific details. The Honourable and Learned the Chief Minister may say he is not prepared to do so but surely, Mr Chairman, it is up to the Opposition to ask any questions of this nature at this particular time, bearing in mind that the kind of information which my Colleague is seeking to extract from the Government is information which has not changed, will not change between now and then. In other words .....

MR CHAIRMAN:

I know what has been said. May I say this. The Opposition is entitled to ask for any information they consider they are entitled to. The Government is entitled to judge whether they are prepared to give the information or whether they are able or whether they are not able to give the information, and the answer must be accepted. It is not for me to decide what the Government can and cannot disclose.

HON M XIBERRAS:

Mr Chairman, certainly I accept that that is entirely reasonable, if I may say so. That the Government is in a position to refuse to answer any question ....

MR CHAIRMAN:

I am not prepared to debate whether they are or they are not in a position.

HON M XIBERRAS:

But what I was opposing, Mr Chairman, was that it was of relevance to the debate for the Opposition to ask those questions, especially in view of the fact that notice of this has been given and the matter is one of considerable interest. And may I also add, Mr Chairman, that the purpose of raising this matter in respect of this particular Head, which is one of relatively low expenditure, was to enable the Government in fact to give the Opposition some sort of .....

MR CHAIRMAN:

Let us not make a debate into this. I think the Hon the Chief Minister has clearly stated that he cannot give the information because it is not available, because a decision has not yet been taken. It is as simple as that. That is the way I understood it.

HON CHIEF MINISTER:

Mr Speaker, there are two aspects of this matter which have to be cleared. One is my reference to it in my statement and the other one is the substantive one, that is the letter itself.

Now the letter itself on its own would have been impossible. We would have taken advice from every Head of Department and first of all, we cannot say now - we are asking for the voting of money - we cannot say now when the time for the indent comes where the purchase is going to be made. We cannot say so. Some of them may be by tender. The reason for incorporating it in my statement is because I

appreciated, or I thought that the question posed by the Honourable Mr Restano was conditioned by the fact that he was aware that there were certain things that were wrong with the Government and that, therefore, he wanted to make sure at this stage that things like that could be aired now. Now, if I have made a wrong appreciation of the reason for the answer, then I regret I mentioned it in my statement connected with the question of the enquiry. But the answer is still the same. The answer is that if the Honourable Member is concerned about any particular item of which we are now going to vote, and in fact we do not know until the Appropriation Ordinance is passed, assent is given by the Governor and authority given to the Controlling Officers that that money is going to be spent, it is impossible to anticipate that. If ever items of heavy expenditure which concerned the Opposition and they want to know how this is going to be dealt with, whether we are going to go to tender, whether there are going to be consultants and so on, then of course, if we are given notice we will give all the particulars required. But the answer is not that we do not want to give details, the answer is that this House, as it is composed and as it is made up is not, I repeat, not in a position to give the particulars that the letter purporting to give that notice requires.

HON M XIBERRAS:

Well, Mr Chairman, so long as the Opposition's right to ask these questions is not in question by any ruling from the Chair then we shall ask these questions at the relevant point. And I repeat that the only reason for asking in respect of Audit was in fact to try to ease the proceedings because we had no reply to Mr Restano's letter and we thought that the Government might be in a position to give a comprehensive list of regular suppliers of the Government.

HON CHIEF MINISTER:

That is not what was asked in the letter. We propose to answer all sorts of questions, any specific question which is asked by any Honourable Member in respect of suppliers, normal suppliers, people who go to tender and so on will of course be dealt with departmentally and the information will be given with great pleasure to the Opposition.

MR CHAIRMAN:

I think the position must be very clear. I do not think the right of the Opposition to ask such a question is challenged, at least it is not in any manner or form doubted by the Chair. One can imply that the reason behind the letter written by Mr



Restano is also clear: that he wanted to put the Government on notice so that they could be in a position to give the information. The answer given by the Chief Minister is also very clear, that irrespective of the fact that he has been put on notice the circumstances are such that he is not able to give the information. I think we must leave it at that.

HON CHIEF MINISTER:

Let us deal with this in a practical way. We are dealing with Audit. Item 80 I notice there is the purchase of a dictaphone and transcribers, £250. What is the question?

MR CHAIRMAN:

The Hon Mr Bossano asked for a breakdown but he did not ask whether it was a breakdown of where it was being bought or not being bought.

HON CHIEF MINISTER:

He made it perfectly clear. "I propose to ask for specific detailed information on items of Government purchases and sources of supply in all Government departments, and would be most grateful if you could arrange for this notice to be passed on to your colleagues so that the necessary information can be provided." It was passed to my colleagues and they have all found it departmentally impossible to provide that information.

HON A J CANEPA:

And improper.

HON M XIBERRAS:

Well, we must be entitled to ask.

MR CHAIRMAN:

Order.

HON M XIBERRAS:

Will the Hon Member explain the remark which he has made; that he had passed this letter round to his colleagues, and that his colleagues found it improper.

HON CHIEF MINISTER:

No, no, I said impossible ....

HON M XIBERRAS:

And improper.

HON CHIEF MINISTER:

Will you ....

MR CHAIRMAN:

Order.

HON M XIBERRAS:

Unless the Hon Member wishes to withdraw it.

HON CHIEF MINISTER:

I say impossible and my colleagues say "and improper", and he is going to answer to that.

MR CHAIRMAN:

We are not going to have a debate on that.

HON CHIEF MINISTER:

No, but this is very important.

HON A J CANEPA:

And I am going to answer. In the information which the Honourable Member is seeking, you have names of suppliers being requested. That is what I am saying.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 2, Trading Standards and Consumer Protection Department - Personal Emoluments

HON P J ISOLA:

I would like to know what makes it necessary to increase the establishment from eight to twelve? Is this anything to do with the recent Draconian Bill that we passed into law in the House. That is only one part of the question. The other part is: Can the Hon Member say whether it is sufficient for a department with no less than twelve bodies to have just one typewriter? What do the other people in the Department do?

HON A J CANEPA:

The answer to the first question: no, it has not got anything to do with that Draconian piece of legislation, it has to do with another Draconian piece of legislation, the Weights and Measures Ordinance which the House approved earlier in this session. If the Honourable Member will look at the footnote marked A he will see that it provides for two Technical Assistants and two

Trainee Trading and Standards Officers. The latter were formally known as Weights and Measures Inspectors. Two young men have been recruited and are now training in the United Kingdom to obtain this qualification. The former two, the two Technical Assistants are Technical Assistants who will be required to work in what amounts to laboratory conditions in the Weights and Measures Section. They are responsible for looking after equipment, testing weights and measures, etc. The second question was I think whether one typewriter is enough for twelve men? I think it is enough for one typist certainly.

HON P J ISOLA:

I do not think the Honourable Member got the point of my question, which is, what do the other people do. If there are twelve non-industrials in the establishment and one typewriter, there is not much clerical work done there, is there?

HON A J CANEPA:

But clerical work is done by Clerical Officers, Clerical Officers do not type. Typists type, and there is one typist. If he will look at the Establishment he will see that there is provision for a typist there. That is the one who types, the other people do not type because it is not in their job description to type.

HON P J ISOLA:

I know, Mr Chairman, but it would seem to me that Trading Standards Officers have to make reports, the Consumer Protection Officer has to have correspondence, the Supervisory Officer has to have Correspondence. What I want to know is, is it sufficient to have just one typist for all the work of these people? Eight people feeding one typist, what I was asking was what do the other people do?

HON A J CANEPA:

Well, Mr Chairman, it is enough in the DLSS where we have a staff of over 50, we only have two typists and it seems to me quite enough. There is enough work for two typists.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Is the Honourable Member suggesting that we go beyond the 50% expansion of staff. Does he think we should have another typist? I would have thought the Unit should have been congratulated for having only one.

HON P J ISOLA:

If it were necessary, yes, but I am not suggesting it. I am putting my question the other way. I just wonder

why we are increasing from 2 Trading Standards Officers to four. What is the reason for the increase in the numbers in the department?

HON A J CANEPA:

It is clear enough the Hon Member has not done his homework. He is not even looking at page 19. There are not four Trading Standards Officers. There are only two.

HON P J ISOLA:

The Hon Minister will pardon me; 77/78 the Establishment is eight bodies: 78/79 - 12. There are two Trainees and two Trading Standards Officers - No, no, two Technical Assistants. I am not worried what the Minister calls them, what I am asking the Minister is, what makes it necessary for that Department to increase by 60% from 8 to 12.

HON A J CANEPA:

The Weights and Measures Ordinance. I have given him the answer.

HON P J ISOLA:

Oh, I see.

Personal Emoluments was agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 3, Customs - Personal Emoluments were agreed to.

Other Charges

HON M XIBERRAS:

Can I ask the Hon Financial and Development Secretary, whether on Item 6, Uniforms, there is a regular supplier to the Government for uniforms.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It is always put out to tender.

HON M XIBERRAS:

Thank you.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

My recollection is that there is an annual tender for uniforms.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 4. Education - Personal Emoluments

HON P J ISOLA:

As far as the establishment of teachers is concerned, am I right in saying that there is no increase or just a small increase in establishment. I am just trying to read the different levels. Is there any increase in the establishment: 256 to 268?

HON M K FEATHERSTONE:

As I explained we are getting twelve extra teachers for the twelve teachers that we hope to send on In-Service Training Courses. There are also the extra teachers for St Martin's School and we have two extra Lecturers at the Gibraltar and Dockyard Technical College, as we are slowly phasing out the United Kingdom staff.

HON M XIBERRAS:

Could the Honourable Member tell us how many Experienced Teachers there are and how many Unqualified Teachers there are?

HON M K FEATHERSTONE:

There are 14 Head Teachers, 16 Deputy Heads, 202 Qualified Teachers, 50 Unqualified Teachers and 15 Lecturers. Now we have nobody classified as an Experienced Teacher. They are either Qualified or Unqualified. I only have them down as Unqualified Teachers, but I think the number of Experienced Teachers in the old system was something around 20.

HON M XIBERRAS:

Those that used to be classified as Experienced Teachers.....

HON M K FEATHERSTONE:

They used to be classified as experienced: they are now classified as Unqualified and those are 20.

HON M XIBERRAS:

And how many Unqualified Teachers are there, other than the Experienced?

HON M K FEATHERSTONE:

Perhaps another 30.

HON M XIBERRAS:

Is this an official classification, Mr Chairman; that all are classified or Unqualified?

HON M K FEATHERSTONE:

Since the Burnham scales were accepted after the Scamp Award there are only two types of teachers, Qualified and Unqualified.

HON M XIBERRAS:

Are they all paid on the same basis?

HON M K FEATHERSTONE:

No, those who were hitherto known as Experienced Teachers, in view of their long service etc, do get an extra allowance. I think it is £300 if they have done ten years, and £150 if they have done five years.

HON M XIBERRAS:

Is it likely under the present settlement, that any problems in connection with this group of teachers now called Unqualified, that there will be a comprehensive settlement acceptable to all concerned?

HON M K FEATHERSTONE:

The Government would be very happy to get some form of agreement under which these persons could be assimilated into what is known as obsolescent scales. This is something which is being suggested and it is a matter now for the two unions, the TGWU under their sections ACTSS who represent a number of teachers, and the GTA, to come to an agreement upon. The Government is willing to offer these obsolescent scales.

HON M XIBERRAS:

So the matter now stands that it is a question between both Unions on the basis of Government's proposals?

HON M K FEATHERSTONE:

Yes, that is right.

HON M XIBERRAS:

But has the Government expressed a view as to what the solution should be within those parameters?

HON M K FEATHERSTONE:

The Government has made an offer of these obsolescent scales.

HON M XIBERRAS:

But has it made the offer to the ACTSS or has it made the offer to both GTA and ACTSS?

HON M K FEATHERSTONE:

Since ACTSS are the people who are negotiating on behalf of the Experienced Teachers in the main, the question has been put to them that they should get in touch with the GTA so that a proper approach can be made suitable to both parties.

Personal Emoluments were agreed to.

Other Charges

HON G T RESTANO:

Item 6, can the Minister explain what the services are?

HON M K FEATHERSTONE:

Yes, Sir. The Services include the rents of School Buildings, which is some £7,624; Maintenance and Running of Motor Van and Vehicles £2,400; Electricity and Water; Telephone Service and Transport for School-children.

HON G T RESTANO:

Thank you, Sir.

HON M XIBERRAS:

The Honourable Member made remarks about the contribution to the Scholarship Fund in his address to the House earlier. He said, if my memory serves me correctly, that there would be more scholarships, or that the scholarship scheme would be mandatory. Would the Honourable Member say whether this would mean in practice, in his experience, an increase in the annual award of scholarships and how many more scholarships would be given on average?

HON M K FEATHERSTONE:

I do not think it will give very many, if any, more scholarships on balance. What it will mean is that whereas before some fourteen were mandatory and some ten were given following an interview, now, with a lowering of the requirement for a mandatory scholarship, some 24 people, around that figure, it will vary from year to year, will qualify automatically.

HON M XIBERRAS:

I see. I am glad about this, Mr Chairman. I think the point was made by Hon Members on this side some time ago in a debate about the general acceptability. I believe the Minister at the time argued that he was satisfied that the line was being drawn through the candidates' lists at the right point at that time. We had the question of dentists, etc. Could I ask the Honourable Member to what degree the qualifications for getting a scholarship have been dropped?

HON M K FEATHERSTONE:

We have not decided exactly on the figure yet. At the moment the mandatory scholarship was fourteen points from A levels and we are discussing at the moment how much we shall drop it. We have been in consultation with Head Teachers, and at the moment the matter is in front of Council of Ministers who will come to a decision shortly.

HON M XIBERRAS:

That is very welcome, Mr Chairman.

HON MAJOR R J PELIZA:

Item 20, Rent of Accommodation for Teachers, could the Minister explain how this comes about and do we get a reimbursement for that in any way?

HON M K FEATHERSTONE:

The position was that we imported last year a number of teachers from the United Kingdom to fill up the gaps in our teacher service and we were, of course, as part of the agreement in getting them, bound to give them accommodation. At that time we had no specific accommodation available so they were staying in hotels, and at the Both Worlds units, but now we are hoping to get the Red Ensign Club which we have been doing up as a hostel, and many of the teachers will go there, and this will bring down the costs.

HON MAJOR R J PELIZA:

Yes, but the other half of the question is, is there a reimbursement, do they pay any rent at all?

HON M K FEATHERSTONE:

Yes, they do pay.

HON MAJOR R J PELIZA:

Could the Minister say how much of this amount is recoverable?

HON M K FEATHERSTONE:

I think they pay something like £3 a week. I am not exactly sure what the figure is but I can find out.

HON MAJOR R J PELIZA:

Would the Minister think that that is a reasonable amount to pay for accommodation in Gibraltar. Perhaps he could look into that matter so that it is very much the same as anybody else coming to Gibraltar would have to pay. Approximately I would say.

HON M K FEATHERSTONE:

I think the hostel charge was based on what the Sisters were paying at the Mess at St. Bernard's, and possibly after parity this will have to be reviewed considerably.

HON M XIBERRAS:

Mr Chairman, coming back to before 20, to Item 7, Teachers Training and Development - I must declare an interest, Mr Chairman, because my wife is one of the candidates in this matter. Could I ask the Honourable Member opposite as to what is in fact the position as regards the courses involved. Have they been accepted?

HON M K FEATHERSTONE:

Yes, Sir. When he says accepted, does he mean accepted by who?

HON M XIBERRAS:

Accepted by a particular Institution in the United Kingdom.

HON M K FEATHERSTONE:

Yes, Sir, recently the Director of Education and the Chairman of the Gibraltar Teachers Association went to England and they visited I believe Doncaster University where they have accepted a scheme under which people will do one year training in the United Kingdom and two terms training in Gibraltar by people sent out from Doncaster University. This will give them a qualified status.

HON M XIBERRAS:

That was my other point, Mr Chairman. Will this course in fact give them a qualified status recognised in the United Kingdom and enabling them to practice in the United Kingdom?

HON M K FEATHERSTONE:

This is rather a peculiar question, Sir. They will not be given a United Kingdom qualified number but they will have a status which permits them to practice in the United Kingdom, as persons, beforehand without this qualified number have actually done. I think the wife of the Chairman of the Gibraltar Teachers Association was actually in that position. She qualified, she did not get a qualified number, but she was able to practice in the United Kingdom as a qualified teacher.

HON M XIBERRAS:

Mr Chairman, I appreciate that there are difficulties. In fact Mr Bossano also mentioned a number of teachers out of work in the United Kingdom at the moment. I recognise that there are difficulties involved in this, but is the Honourable Member able to say with any degree of authority that the qualification itself would be fully recognised, or is this dependant on the word of any particular Principal or Head of any particular Institution or is done by the Department of Education and Science.

HON M K FEATHERSTONE:

No, I believe it is fully recognised by the Department of Education and Science.

HON M XIBERRAS:

He said he believed it was, but does he know it is?

HON M K FEATHERSTONE:

I understand that in the case of the person I mentioned this went through the normal channels.

HON M XIBERRAS:

No, Mr Chairman, I am afraid that is not a satisfactory answer, if I may say so. I recognise the difficulties involved in the Minister making a categorical statement in other respects, but surely if persons are going to be trained in this way, at perhaps an inconvenient time, surely the Minister should at this stage been in a position to say quite categorically that the Department of Education and Science in the United Kingdom will recognise these particular teachers as qualified.

HON M K FEATHERSTONE:

The Department of Education and Science at Doncaster has stated that these people will be classified as qualified teachers but would not be given a qualified number by the Ministry.



HON M XIBERRAS:

In other words the Minister is not in a position to tell me that the Department of Education and Science in the United Kingdom would recognise these teachers as qualified.

HON M K FEATHERSTONE:

I would not go so far as to say I am in a position fully to do, but it appears that they will be accepted in the United Kingdom as qualified teachers based on the course that they are following.

HON M XIBERRAS:

I see. Obviously, Mr Chairman, I do not want to interfere or be an obstacle to the training of these teachers but would the Honourable Member not agree that it is important for those who are embarking upon this course to know exactly where they stand and for the Government not to try in a way to sugar-coat the whole thing and induce them into this training, perhaps, you know, under false pretences, or without them having full knowledge of the fact.

HON M K FEATHERSTONE:

As I said, I understand the Department of Education and Science in Doncaster states that this will be acceptable as a fully qualified course, and I also understand the Ministry number is really a technicality.

HON M XIBERRAS:

A reduction in industrial training award of £3,000, under Item 19.

HON M K FEATHERSTONE:

I think I will leave this for the Honourable Mr Canepa, since we only act as agents in this.

HON A J CANEPA:

The Education Department has the administrative set-up for these scholarships, but they really have been given Industrial Training Award and it is the Department of Labour that has been involved.

HON M XIBERRAS:

Do they appear in your vote?

HON A J CANEPA:

No, they don't appear in my vote, but they are administered by the Department of Education on our behalf.

HON M XIBERRAS:

My question is why is there a reduction of £3,000?

HON A J CANEPA:

Because whereas we sent three students the first year, two students the year after, and, therefore, during 1977-78 there was a period of overlap when the five of them were studying in the United Kingdom. Three have returned during this last summer and only two remain. Therefore, in the next financial year less money is needed.

HON M XIBERRAS:

Thank you very much.

Other Charges were agreed to.

Special Expenditure

HON J B PEREZ:

On the £10,000 for the Adventure Playground, could I ask the Honourable Minister once again to consider whether it would be possible to have a site for skateboarding.

HON M K FEATHERSTONE:

I took note of the Honourable Member's point earlier on.

HON M XIBERRAS:

Well, Mr Chairman, on that item I am interested in knowing how this Adventure Playground is to be financed, provide for the Adventure Playground on waste ground inundation, bearing in mind the remarks of the Honourable Mr Serfaty when the matter was raised in a question, where he gave the impression that because of the bad drainage in the area particularly, and for other reasons it was well within the scope of Government to have an Adventure Playground on site and his view broadly speaking was that it would cost too much.

Now what I would like to know is, is this the full cost of the Adventure Playground or, has Mr Serfaty reviewed his thinking on this matter?

MR CHAIRMAN:

We mustn't revive a debate.

HON M K FEATHERSTONE:

Sir, if one were to go the whole hog and asphalt and drain the whole area it would cost considerably more,

but we are going ahead on a more modest scheme. It may mean that if you get very heavy wet weather for a long period it will be unusable for two or three days until it dries out. For the majority of the year it will be there as an Adventure Playground, even if it is not quite as finished perhaps the Honourable Mr Serfaty at one time was thinking.

HON M XIBERRAS:

I see, so it is a question of putting up some obstacles and matters of that nature.

HON M K FEATHERSTONE:

Yes. It is to put up the normal things in an Adventure Playground which children can climb on and hang around and jump through. Various odds and ends.

HON M XIBERRAS:

Following suggestions made by the Opposition, has the Government pursued the possible help that private institution can give to this. I believe I have mentioned in a question in the House about this that Banks, for instance, have shown some interest and the Army was prepared to do some work as well. Has the Government followed this up?

HON M K FEATHERSTONE:

Yes, Sir, we have taken this into consideration, and since this will be mainly under the Youth Welfare Officer, he has close liaison with the Army, with Barclay's Bank, I believe with the Rotary Club and other interested people who were willing to help as well as the Youth Association themselves.

Special Expenditure was agreed to.

Head 5 Electricity Undertaking - Personal Emoluments, was agreed to.

Other Charges

HON M XIBERRAS:

Could I, Mr Chairman, on page 27, ask whether there is a regular supplier of fuel and fuel sundries. That is, Item 5?

HON MAJOR F J DELLIPIANI:

Yes, there is.

HON M XIBERRAS:

Could I be given the name of that supplier?

HON MAJOR F J DELLIPIANI:

Shell Company.

HON M XIBERRAS:

Thank you very much.

Could I ask the same question, Mr Chairman of Item 4, Protective Clothing and Footwear for Workmen.

HON MAJOR F J DELLIPIANI:

That is supplied through the Central Store. It is a direct purchase by my department.

HON M XIBERRAS:

Thank you very much, Mr Chairman.

HON P J ISOLA:

May I ask; How is it that more engine spares were purchased in 1977/78 than are envisaged for 1978/79? Is there any particular reason? The revised estimate, it is almost double the approved estimate.

HON MAJOR F J DELLIPIANI:

We had a grant in fact from the ODA.

HON CHIEF MINISTER:

I think, perhaps I should explain. There was in the previous development programme £200,000 to help towards the purchase of a generator. In the previous development programme there was an item which was £200,000 grant towards the generator. The position at the Power Station has changed completely, the whole future is being considered, a new Power Station and so on, and, therefore, there was no place on the purchase of that generator, but we were able through the good offices of the ODA to obtain spares to the value I think of £114,000. They were purchased and will be paid for out of that part of the grant of the ODA.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I think we are getting ourselves a little confused here because those that the Chief Minister has been saying are of course under the Improvement and Development Scheme, and that is not the same as those. These things, Mr Chairman, come through in irregular intervals. It could well be, for example, there was a backlog for the previous year to pay last year. It inflates the bill for regular spares.

MR CHAIRMAN:

Are there any other items in Other Charges?

HON M XIBERRAS:

Could I ask a question on Items 8, 9, 10 and so forth? Generally speaking, how does the Electricity Undertaking get supplied with cables and so on. Does it buy them from the Crown Agents? I am talking about cables and equipment and so forth. Is there a particular Head of expenditure here under which that comes?

HON MAJOR F J DELLIPIANI:

If there is a particular item that we require we endeavour through the different trade magazines to pinpoint the best prices for any particular item. We then ask the Central Stores, to whom we give a rough estimate of the costing of that particular item to purchase on our behalf.

If it is a question of an engine, which are Mirlees, we get them direct from the manufacturers because they are the only suppliers and we are almost in daily contact with.

HON M XIBERRAS:

I am grateful to the Minister. We have on two occasions now, Mr Chairman, in answer to the same type of question heard that it is the Central Stores, that in fact, it is the Central Stores who do the buying, even though the Minister's department advises on what they think would be a good buy in the United Kingdom. I think that is the position. Does the Minister find that there is a particular firm that supplies most of his materials or not?

HON MAJOR F J DELLIPIANI:

I don't know of any particular firm that supplies materials. I am only interested when I get the materials.

HON M XIBERRAS:

I see, thank you very much.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, departments have been much more rigorously controlled as from 1st April by the Tender Board Regulations. Very much more rigorously controlled and it depends upon the value of the particular item or group of items whether or not they have any authority to purchase otherwise than by public tender.

HON M XIBERRAS:

I am very glad to hear that, Mr Chairman, and so will my Honourable and Gallant Friend for he has shown an interest in this question of tender procedures.

Mr Chairman, could I on replacement of office furniture and equipment.....

MR CHAIRMAN:

It might be easier if you call the item number.

HON M XIBERRAS:

On 18.

MR CHAIRMAN:

Now, does any Member wish to ask anything before subhead 18? Right, Mr Xiberras.

HON M XIBERRAS:

Well I was going to ask the same question on that, Mr Chairman. Is there a regular supplier to the Government, or perhaps I will leave that question till later for Secretariat and so on.

Could I ask then on 27, unless anybody else has anything before that, on Public Lighting which I believe is down .....

MR CHAIRMAN:

Is it up, not down?

HON M XIBERRAS:

It is up on the revised estimates. It is down in 1978-79, it is down on the revised estimates 1977-78. But there is an increase in the column. I must say on various items in the estimates this happens, Mr Chairman, I thought it was due entirely to wages.

MR CHAIRMAN:

Yes, what are you asking?

HON M XIBERRAS:

I want to ask what is the reason for the reduction between the revised estimates for 1977-78, and the estimates for 1978-79 in this particular item.

HON MAJOR F J DELLIPIANI:

The high Revised Estimates is due to two basic factors. Firstly, accounts completely overlooked to charging of energy to public lighting for the year ended 31 March 1977. This amounted to £990,421 units at 1.25p, i.e. £12,308. Then this year's Estimates requires revision due to increased tariffs to 2.9p. The energy cost for the two financial years amounted to £44,280. As only

£12,500 were approved, Supplementary provision will be necessary for the balance of £51,750. The 1978/79 Estimates is made up as above in the schedules with the revised rates for the energy. Provision has been made for the purchase of a number of traffic bollards.

HON P J ISOLA:

Floodlighting and Illumination. I notice £4,600 was spent in 1976/77, the Revised Estimates for 1977/78 is £2,800, which is lower. Can I ask, is there any reduction in floodlighting and illumination? The vote would indicate that there is a drop in floodlighting and illuminating. I think that would be unfortunate because Gibraltar looks attractive with floodlighting and it makes so much difference to the place at night.

If there is no cut in the floodlighting then that is my question answered.

HON MAJOR F J DELLIPIANI:

I have the information but it seems to have been misplaced. I will certainly provide that information first thing tomorrow morning.

Mr Chairman, I have an idea, if I remember rightly, the fact that when we had to do floodlighting, we had to buy the equipment. This equipment is now available, we do not have to buy it again, so we use that when we have to floodlight different areas, like we did with the Sacred Heart Church just recently. This is basically the idea but I will certainly look into it first thing tomorrow.

HON MAJOR R J PELIZA:

I wonder whether the Minister could tell me what we are going to do with the £100 there in item 29?

HON MAJOR F J DELLIPIANI:

We have a token vote because we have not had the full report yet from the experts who came to see whether it was still salvageable, and until we have the full report we only have a token vote.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 6. Fire Service - Personal Emoluments were agreed to.

Other Charges

HON MAJOR R J PELIZA:

Planning of Station and Vehicles. Increased costs. To me it seems that £7,500 is quite a lot. On an estimate of £19,500 to go up by £7,500 on the running of Station and Vehicles seems to me quite a jump. Can the Minister give an explanation?

HON MAJOR F J DELLIPIANI:

The explanation is really quite simple. We had a rather busy year last year, and we found that we have had to vire money from one vote to the other to be able to cover our fuel expenses because of the number of calls we had last year.

HON MAJOR R J PELIZA:

£7,500 on fuel?

HON MAJOR F J DELLIPIANI:

Not only on fuel, it is a question of spare parts too. The cost of all the things is going up.

HON MAJOR R J PELIZA:

How many vehicles are there?

HON MAJOR F J DELLIPIANI:

Six.

HON M XIBERRAS:

That is an increase of more than £1,000 per vehicle.

HON MAJOR F J DELLIPIANI:

We are not talking of vehicles only.

HON MAJOR R J PELIZA:

What else is involved that goes up to £7,500?

HON MAJOR F J DELLIPIANI:

I said from the beginning that last year we spent more than £19,500 on those particular items, and we had to vire from one item to the other. This is a more realistic figure taking into account the number of turnouts that we have had to do, the spares that we have had to use, etc.

HON M XIBERRAS:

Perhaps the Minister is absolutely right and I have hoisted in the point, that more money was spent last

year than in fact we had bargained for, but still the Minister's reply does not meet the point of my Honourable and Gallant Friend. What is the general vote for? Is it for vehicles? Maintenance of the Station?

HON MAJOR F J DELLIPIANI:

It is for everything, for vehicles and for the maintenance of the station as a whole, for cleaning materials, for everything.

HON M XIBERRAS:

It is not unwillingness on my part to understand the Minister's remarks, but what I am asking is what is the vote for, is it used for spare parts in the case of vehicles, for fuel in the case of vehicles, polish for the floors, but £7,000 increase is quite an amount.

HON MAJOR F J DELLIPIANI:

Fuel lubrication, which is 100% octane, we found out we need £3,600 more. The tyres for the Range Rover are £500.

HON MAJOR R J PELIZA:

Could you explain how we need £3,000 more on fuel and lubrication?

HON MAJOR F J DELLIPIANI:

I have explained it from the beginning. We had more turnouts last year than ever.

HON MAJOR R J PELIZA:

What are the distances in Gibraltar, Mr Chairman!

HON MAJOR F J DELLIPIANI:

We are talking of vehicles which use 100% octane gasoline. We are not talking of ordinary gasoline, we are talking of vehicles that use really super petrol and a considerably lot to boot. Especially when we have to go to rescue the Honourable Leader of the Opposition from the cliffside!!

HON M XIBERRAS:

Is the Minister himself satisfied?

HON MAJOR F J DELLIPIANI:

I am completely satisfied with the figures that have been given as required to meet our fuel and lubrication bill.

HON M XIBERRAS:

I think that the Minister honestly must reconsider his remarks. However high the octane of the fuel, however many extra excursions the Fire Brigade has made, but £3,600 extra on fuel and lubricants?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The estimate, which is £27,000 is made up of clothing and equipment £7,000; maintenance of Fire Brigade equipment £5,000; maintenance of fire hydrants £2,500; maintenance and running expenses of the fire engines themselves £7,500; running expenses of the fire station £6,000.

HON M XIBERRAS:

Am I right in saying that £3,600 extra for one particular purpose of fuel and lubricants?

HON MAJOR F J DELLIPIANI:

I am sorry if I misled you. This is not extra money that we need, this is the actual money that we are going to need. What I am trying to say is that where we were able to cover with £19,000, because we wired, it was not a actual thing because we were wiring from different votes, and now we have discovered that this is the actual amount we need.

HON M XIBERRAS:

Even on £3,600 it is still considerably high and could the Minister undertake to investigate here. It seems to me that even then with six vehicles it is rather a large amount.

HON MAJOR F J DELLIPIANI:

It is a very easy thing to investigate. All vehicles have their logs and their mileage. The fuel is controlled according to their Log Books. It is very much like in your Army days.

HON MAJOR R J PELIZA:

But I still feel it is a high increase. Obviously it is now more acceptable because it is not just the increase on petrol, which is what I could not possibly stomach, but even so nearly a 50% increase on what the Revised Estimates were last year, to me is a lot of money, and I do not think that this could be related to inflation.



HON MAJOR F J DELLIPIANI:

I am going to give you just one item which will highlight the cost.

The fire fighting tunics. At the moment our firemen only have one tunic: the establishment in the United Kingdom it is for three fire tunics. At the moment if our men are involved in a fire and they have to change tunics there are no spare tunics. Those fire tunics for the firemen costs £2,100, so that is an item which does not appear.

Other Charges were agreed to.

Special Expenditure

HON MAJOR R J PELIZA:

This is not a Land Rover, Mr Chairman, this is a Range Rover, which is an extremely expensive vehicle and I notice that it replaces a Land Rover. I would like to know why should we replace a Land Rover by a Range Rover? If I may say so considering the narrowness of our streets, can the Minister explain why we have changed over from a Land Rover to a Range Rover.

HON MAJOR F J DELLIPIANI:

Land Rover Appliance; it is a fire fighting vehicle. It was purchased in 1964. It was not a reliable vehicle any longer. We needed a Range Rover which is the same width but has more capabilities than a Land Rover.

HON MAJOR R J PELIZA:

Could the Minister give an indication of the cost between one and the other?

HON MAJOR F J DELLIPIANI:

I am sorry but the Land Rover appliances was a hotch potch thing which was bought in 1964.

HON P J ISOLA:

Can the Minister say what was purchased in 1976. I notice a £12,000 item there.

HON MAJOR F J DELLIPIANI:

That was the second Range Rover, it cost £12,000. If you do not vote it this year, it will cost £14,000 next year.

HON M XIBERRAS:

Is the Department now increasingly dependent on this type of vehicle and what does it intend to do with the bigger vehicles?

HON MAJOR F J DELLIPIANI:

The last huge vehicle we had, was sold for the price that we paid for the Range Rover.

HON M XIBERRAS:

That is very good and I am very glad to hear that. How many of the bigger vehicles are there left now?

HON MAJOR F J DELLIPIANI:

There is still one rather big Bedford which was bought long before my time and is constantly giving us a lot of problems, a lot of maintenance expense. It is becoming entirely unreliable as a first line vehicle. It will only be used in extreme emergencies when all other appliances are otherwise engaged.

HON M XIBERRAS:

Item 81, Purchase of Utility Van, token vote of £100. I seem to recall that the Fire Brigade van is very smart. Is that a sort of staff car?

HON MAJOR F J DELLIPIANI:

This is the old Volkswagen, an open van, which is what we call the utility van. In reality it is a utility van for the movement of pumping apparatus, etc. If there is a pumping job to be done and we need an extra pump or an extra hose, we carry them with us. It is in a very old condition, it is used daily. In the event of a major fire, this becomes a back-up vehicle to bring any extra equipment which we may require, such as extra breathing apparatus, extra ropes, extra ladders, etc. It is very much a back-up vehicle.

HON M XIBERRAS:

I see, Mr Chairman.

Special Expenditure was agreed to.

Head 7, The Governor - Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 8. House of Assembly - Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure were agreed to.

MR CHAIRMAN:

I think this would be an appropriate moment to recess until tomorrow morning until 11 o'clock.

The Committee recessed at 9.45 p.m.

WEDNESDAY 26 APRIL, 1978

The Committee resumed at 11.15 a.m.

MR CHAIRMAN:

We should now proceed with Head 9, which is Housing, but I have been asked by the Minister for Health whether we could possibly take his Head now, because he has an important commitment this afternoon at 3 o'clock. Unfortunately Dr Cassaglia died last night and he has to attend the funeral.

Having said this, may I express my regret, and I am sure I am voicing the feelings of all the Members of the House, to Mrs Cassaglia and family.

We will now proceed to the Medical vote.

I believe the Minister was waiting for Mr Ballantine, and Mr Ballantine is here.

Head 15. Medical and Public Health - Personal Emoluments

HON MAJOR R J FELIZA:

I was just wondering what is the situation regarding doctors, and whether in this respect the Minister believes that parity in any way will help the situation. He could also perhaps give us some indication of the number of doctors because a small increase in salary in that respect may not mean all that much to the estimates, but I think it would bring a lot of satisfaction to the people of Gibraltar knowing that they have excellent first class doctors in Gibraltar.

HON A P MONTEGRIFFO:

In the first place I think I had better explain to the House that we have got five doctors in the Health Centre with one vacancy which we hope to fill soon. We have had up to 142 applications in answer to the advert. We are minus an Ophthalmologist who is due to come in June

or beginning of July. We also have an Anaesthetist, an Gynaecologist, two Surgeons, two Consultant Physicians and 3 House Officers. That is the establishment of doctors, and, Dr Cassaglia who was, of course, working as a part-timer is no longer with us unfortunately.

The question of whether we get doctors with parity or not is the 64,000 dollar question. They are finding great difficulties in Britain to find consultants. I have had this experience from talking to high ranking people from the BMA who have been here recently. For example in Birmingham, which is the biggest medical school in Britain, they have now restricted the hospital there to emergency operations because they cannot find Anaesthetists. Two professions are very difficult to get, Anaesthetists and Ophthalmologists, but I hope the new salary may attract more than have been attracted up to now.

HON MAJOR R J FELIZA:

I won't tax the Minister any more on that but I think the point that I made before is valid in that perhaps one or two or three salaries, even if it is in excess to what we think would be comparable to other people in the Government, in a little place like Gibraltar I think it is absolutely essential that we should have the best on that. Moneywise obviously it wouldn't have the slightest effect on a Budget of say £20m odd, and, therefore, I think the Minister should give very careful consideration to this. After all people are mostly concerned, above everything else in their lives, in their own health.

HON G T RESTANO:

Where does the Ophthalmologist appear in the estimates?

HON A P MONTEGRIFFO:

He comes under "Medical Officers". They do not appear by Specialities Medical Specialists, Medical and Dental Officers - Scales 1 and 2.

HON G T RESTANO:

I see. And on the question of vacancies at the Health Centre, can the Minister say when was the vacancy advertised?

HON A P MONTEGRIFFO:

It was advertised some time ago, about February. We are now processing the applications, there are many of them. They would then have to give three months notice to their present employers, unless there is a doctor available to come over now. There is one at

the moment who is going to come and see us on Monday. He is coming to Gibraltar especially and he might be the one selected; I do not know, I do not select. But apart from that we have got 142 applications. There is never an problem of applications for the Health Centre.

HON M XIBERRAS:

Mr Chairman, I think I raised this last year. It concerns the position of the Administrator in the Medical Department as in other departments where the votes are particularly large, and it seems to be that the people actually responsible for handling the money are not always remunerated to a degree commensurate with their responsibility. Now, the point about this is that we do have specialists, certainly in this department, the Director, the Medical and Dental Officers, and so forth, and an Administrator who carries I imagine the burden of the handling of the finances and so forth.

HON A P MONTEGRIFFO:

The controller of finance in the Medical Department is the Administrator, not the head of the Department.

HON M XIBERRAS:

That is precisely what I am saying. That the controller of the votes is in fact the Administrator, and it seems to me that his position in the scale is not commensurate with his responsibilities. That is what I am saying.

I raised the point last year I believe in respect of this and in respect of the Education vote where the Director of Education is not the controller of the funds de facto as I understand it.

Now, does the Minister have any views about this? Will the impending revision of salaries produce any kind of change? Does he feel in fact that it is equitable for the Administrator, whoever he may be to be in this particular position?

HON A P MONTEGRIFFO:

I entirely agree with the Honourable the Leader of the Opposition. I had an opportunity of having a small chat with the gentleman who came over to do the staff inspection. I don't know yet the result of the staff inspection but I certainly expressed very strong views both on the Administrator, whoever he happens to be, and on one or two other posts in the Department. The department is not as it should be because of the low grading of people there and the little money they are getting. I entirely agree. I made my recommendations but I don't know what the staff inspector has done.

HON M XIBERRAS:

I would emphasise that point, Mr Chairman. He is then responsible as controller of that vote for £1.7m, which is a very substantial amount. And in an area which is varied, where decisions are obviously of great importance in the allocation of funds, in the control of funds.

Now is the Minister hopeful in fact that there will be a change in this position. I raised the matter last year, I would remind the House.

HON A P MONTEGRIFFO:

I don't know what the staff inspection will have to say, I haven't yet seen the report of the Staff inspection for the department, but I do sincerely hope, that this will be so, not only for whoever happens to be there, and the one who is there now is a very hard working chap.

HON M XIBERRAS:

Allied to that question, Mr Chairman, is the Minister himself satisfied with the administrative structure of the Medical and Public Health Department? Does he feel in fact that, shall we say, the lay element in the Hospital, the civil servant element in the Hospital, is in a position to give direction to the general vote, or does he feel that the medical element is predominant in decisions.

HON A P MONTEGRIFFO:

No, the medical is not predominant in decisions. They are predominant in advising on professional matters, nothing else. The ultimate decision on finance matters is very ably taken by the Administrator. My view of the Medical Department is that there are two or three persons there whose posts need upgrading because they are not given the status that they really require and the money that they deserve. I am afraid that the structure is not what it ought to be and I have been fighting very hard for that and I have expressed my views in no uncertain terms to the gentleman who came to do the staff inspection. I wouldn't like to say what I said but I think what I am saying is indicative that I feel very strongly that these people should be better treated.

MR CHAIRMAN:

Let us not start speaking about general principles as we have done it in the debate. I am giving a fair amount of latitude but let us keep it within reasonable boundaries.

HON M XIBERRAS:

Yes, Mr Chairman, this is on the question of establishment and staff.

MR CHAIRMAN:

Yes, but we are talking about particular items of expenditure now.

HON M XIBERRAS:

We now come to the expenditure of the Director of Medical and Health Services, Mr Chairman. Could the Minister say whether his responsibilities are entirely medical or are they administrative as well.

HON A P MONTEGRIFFO:

They are a combination of both. Obviously he spends a lot of his time doing clinical work, but he also does administration basically on the professional side. He deals mainly with doctors, giving advice on clinic and so on and so forth, through the Medical Committee with which he consults.

HON M XIBERRAS:

Could I ask a final question, and that is that he referred some time ago to a renewed administrative practice on the question of second opinions. Is that in fact in operation now?

HON A P MONTEGRIFFO:

It is in operation now. There have been two or three cases recently.

Personal Emoluments were agreed to.

Other Charges

HON MAJOR R J PELIZA:

I notice that the increase of the cost of the Public Utility Costs is well over 25% on the revised estimates, and they are, as stated below, at current rates. Can the Minister explain?

MR CHAIRMAN:

It is £9,200 as against £10,636.

HON MAJOR R J PELIZA:

The revised estimate was £9,200. £2,500 would be 25% of 10,000, therefore, it is over 25%

MR CHAIRMAN:

Order, let us not speak across the House. It would be £11,000 surely.

HON MAJOR R J PELIZA:

No, what I am saying is - alright, let us not discuss the percentage, let us speak in figures. £9,200 was the revised estimate and this is going up by £2,436. Are we looking at the same figure?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The £2,400 in the case of the increase and decrease column of every estimate refers to the original estimate, not the revised estimate.

HON MAJOR R J PELIZA:

Well, even so, even so. The figure, in fact, is high, and I was wondering what explanation there is for such an increase?

MR CHAIRMAN:

It is only £2,400 difference.

HON MAJOR R J PELIZA:

Yes, that's a lot of money.

HON A P MONTEGRIFFO:

This is a very simple explanation, Sir. Water and Telephone rates went up last year. The revised estimate dealt with 9 or 10 months because we did not put the water and electricity up from the 1st April. We are providing for one whole year for 78/79. The revised estimate shows the extent to which telephone and water went up for part of that year, and the current one for 78/79 takes the same current rates for the full year.

HON M XIBERRAS:

On Item 6, Provisions, what does this refer to? Are these provisions to the Hospital?

HON A P MONTEGRIFFO:

This is the meat, bread, all the foodstuff that goes into the hospital.

HON M XIBERRAS:

Could I ask how the buying is done?

HON A P MONTEGRIFFO:

Tender.

HON M XIBERRAS:

Who decides on the tender?

HON A P MONTEGRIFFO:

The Tender Board and it has nothing to do with me at all.

HON M XIBERRAS:

Is this the Tender Board at Government Secretariat or Tender Board .....

HON A P MONTEGRIFFO:

Secretariat.

HON MAJOR R J PELIZA:

Item 7, Mr Chairman. I think that last time, if I remember rightly.....

MR CHAIRMAN:

I think we had an explanation in the general debate, on Laundry.

HON MAJOR R J PELIZA:

Yes, I know, but what I was suggesting is that once upon a time I think the Government used to do their own laundering and I think this was discussed last time at the estimates. The Minister said he was going to look into it. I wonder if the Minister looked into it and whether he found out if it was going to be more expensive or less expensive.

HON A P MONTEGRIFFO:

Sir, the history of the laundry is quite a long one looking back into history. When we were doing the laundry not only were we spending a tremendous amount of money but it was never satisfactory. Eventually when we went out to contract we retained some of the machinery just in case the contractors might not give a satisfactory service. Unfortunately, and I don't want to be controversial, when I came back to office the machinery had been dismantled or sold. I still think it is better to go out to contract.

The reason why this has increased by £4,000 is because we have had, as I explained before, about 30% more patients and therefore the amount of linen used has

been greater, the volume has been greater. The prices also went up by nearly 18% in August of last year. This reflects the increase of both things. Again this is done by tender, I believe.

HON M XIBERRAS:

On Item 9, Drugs Dressings and Pharmaceutical Sundries. In the first place, Mr Chairman, there is a decrease there which I believe the Minister has explained in the course of his address. Could he in fact repeat the figure that he gave then.

HON A P MONTEGRIFFO:

It is my reckoning that apart from the £29,000 that have not been included in the draft estimates but which were included in the revised estimates, we shall end up the year by seeking further provisions not only for these £29,000 but for about £50-£55,000 more, including the £29,000.

I am sorry to shock the Honourable the Financial and Development Secretary but that is the position, if the present trend continues.

HON M XIBERRAS:

Then the vote will come to something like £450,000 or so.

HON A P MONTEGRIFFO:

May I explain that this vote does not include drugs only. The total expenditure on drugs is at the present moment about £310,000. This includes the drugs used at the hospital and the drugs that are sold by the chemists under the GPMS. The rest of the provision is in respect of bandages, X-Rays, materials and so forth.

HON M XIBERRAS:

Mr Chairman, could I ask the Minister whether there is a regular source of supply for this item.

HON A P MONTEGRIFFO:

The bulk of the supplies of course comes from eight chemists in Gibraltar. I do not think I ought to mention the names but there are only eight. The bulk, about £270,000. About £50/60,000 I stand to be corrected, about 40% are bought locally from wholesalers and the rest is bought from the United Kingdom. The bulk of the drugs are bought locally. They are bought from different wholesalers who happen to be agents, or other firms in Gibraltar who happen to be agents for drugs.



HON M XIBERRAS:

Mr Speaker, so for £270,000 there is a regular supplier.

HON A P MONTEGRIFFO:

That is what the chemists charge us for dispensing to the GPMS.

HON M XIBERRAS:

What the chemists charge the hospital. So, Mr Chairman, it is not a question of a regular supplier. My question was originally: is there a regular supplier for this item generally?

HON A P MONTEGRIFFO:

There cannot be because people go to the chemist of their choice. But for the medicines we buy for the hospital, which is about £60,000, I would say £25,000 is bought from the United Kingdom, and the bulk is bought locally from wholesalers and other firms that represent drugs manufacturers.

HON M XIBERRAS:

I'll repeat the question in respect of the figure for drugs: Is there a regular supply?

HON A P MONTEGRIFFO:

There is basically one supplier in the United Kingdom from whom we buy at Red Book prices. But where we find that we can get cheaper prices than the Red Book prices, which is the price charged to wholesalers in the United Kingdom, from local agents then we buy from them. From £60,000 I would reckon that £20-25,000 is bought from a wholesaler in the United Kingdom.

HON M XIBERRAS:

Could I ask who in the Medical Department is responsible for the choice of buying? Who does the actual buying? Who is involved in this?

HON A P MONTEGRIFFO:

The Director in consultation with the Head Pharmacist.

HON M XIBERRAS:

The Head Pharmacist is in fact shown at 38. And he does this in consultation with the Director only, or is there a Committee on the actual buying of drugs.

HON A P MONTEGRIFFO:

No, there is no Committee. There is a Committee at the moment looking into the high expenditure on drugs, which is £250,000 on the GPMS. By and large the pattern of the medicines which has got to be bought for use in hospital is really set, whatever the consultation that the Head Pharmacist and the Director, may hold, by the Consultants. They are very expensive drugs.

HON M XIBERRAS:

Could I ask on this supplier in the United Kingdom, which appears to be a regular supplier, on what basis was this supplier appointed?

HON A P MONTEGRIFFO:

The supplier I suppose it was done on the grounds that they could get drugs from the Red Book which is the trade journal, instead of buying and hawking around. It is because it is the cheapest way of getting it. There are times when manufacturers sell over the Red Book price and sometimes below. When they sell below we buy locally, and even when they sell high, if it is something you need immediately and they have got it here you go and buy it in Gibraltar. As I said, the bulk is bought in Gibraltar.

HON M XIBERRAS:

Yes, but my question is, on what basis is the supplier chosen. Is it on a tender basis, or is it a question of that this particular supplier, in the experience of the Department on the advice of the Head Pharmacist, decides that this is in fact the best supplier to obtain goods from. It does seem to be a considerable amount from a particular supplier.

HON A P MONTEGRIFFO:

I don't know, I cannot guarantee which is the best wholesaler or not, I assume that people who are in those positions try to get the best, if possible. But when you are buying lots of different drugs and you know you can buy from a wholesaler at basic prices which you know you can check because they are printed every month, prices are brought up to date every month, and you know what you are getting and you are not being charged anything more, I think it is useful especially when you are going to buy different lots of drugs. But as I say this is the judgement of the Head Pharmacist and the Director of Medical and Health Services. I don't have anything to do with that.

HON M XIBERRAS:

I see. I am not suggesting that the Minister has anything to do with it, what I am asking, the Minister is obviously responsible for the vote to the House, and I am, therefore, asking on what basis this particular supplier has this share in the trade.

The basis that the Minister has told me is that it is the judgement of the Director and the Head Pharmacist. The Administrator does not come into this.

HON A P MONTEGRIFFO:

No, the Administrator, and in a way I myself, are interested to make sure and be satisfied that they are doing the best they can do in not buying things that could be bought cheaper elsewhere. The advice I get is that this is the best way of doing it. I can only go as far as that.

HON M XIBERRAS:

Is there any other supplier in the Minister's knowledge who could supply goods at Red Book prices on a basis such as this particular supplier in the United Kingdom.

HON A P MONTEGRIFFO:

If I remember rightly, when this system started, I don't know, what, three or four years ago, I think an exercise was done when I said: look we must try and get someone who can supply us and we know the price they are going at and they have got everything that we need. Not all wholesalers could supply the Medical Department with the range and variety of medicines that this particular wholesaler happened to have, and, therefore, it was decided to go for this particular manufacturer.

HON M XIBERRAS:

Mr Chairman, the Minister said that obviously much of the drugs is supplied by the local chemist. This is obvious. Now, is the Minister satisfied with the service that the chemists give generally?

HON A P MONTEGRIFFO:

In general terms, yes. I think they are also putting up with great demands from the public. But in order stop any accusations against the chemists, and also to protect the consumers of the scheme, which in a way is protecting the trade, I brought a Bill to the House which was the subject of controversy and which I am amending now, to define my name the person responsible, that will be introduced in order to protect those who complain so that the matter can be settled on the spot. At the moment we haven't got the machinery to do it.

HON M XIBERRAS:

If a member of the public has any complaint on the question of a prescription which is given, to whom should they address the complaint?

HON A P MONTEGRIFFO:

They sometimes come to me, they sometimes go to the Head Pharmacist who brings the complaint to me, but it is very very difficult with the present system to check because we may not get that particular prescription, which we may have to chase among 6/7,000 prescriptions, 3 or 4 or 5 weeks later on. With the system that is being proposed, it is not foolproof but you can carry out checks at any particular time, and that will give you an idea whether or not the public is complaining rightly or wrongly or making allegations that perhaps they shouldn't. In one or two where they have been able, after a long search to track down the matter, and the public in these two cases that I know, were completely wrong and they were making accusations which were unfair.

HON M XIBERRAS:

Mr Chairman, on dressings as opposed to medicines, is there a regular supplier there? I think it is included in this vote.

HON A P MONTEGRIFFO:

£18,000. That is brought from a United Kingdom source: the bulk of it.

HON M XIBERRAS:

It is bought directly by the Medical Department.

HON A P MONTEGRIFFO:

The Medical Department buys from, I don't know the name of the firm, but part of it is bought through the Crown Agents and another part comes through RYCA. Through the buying agent there.

HON M XIBERRAS:

I see. Well, could I ask, since the Minister has mentioned the name.....

HON A P MONTEGRIFFO:

I am sorry I shouldn't have mentioned it.

HON M XIBERRAS:

Could I ask him in this case who the supplier for the £25,000 is?

MR CHAIRMAN:

We must be careful on this one now because there has been a statement made by the Chief Minister that the Principal Auditor has been appointed to investigate certain allegations. I do not want a repetition in this House of what has recently happened in the House of Commons as to the naming of firms and individuals which are subject to matters which might be sub judice. I think you are not entitled to say that just because an investigation is being held that the matter is sub judice but I think we must in fairness to everyone concerned include the person who is carrying out the investigation. We must be very careful as to what we say in that respect. I will not allow any question other than as to the expenditure which is intended to be voted in these estimates, and not under any circumstances as to past expenditure.

HON A P MONTEGRIFFO:

It is only fair now, but unfortunately I misled the House on a point. £25,000 don't go or the same. There are five but I'd rather not mention names.

HON M XIBERRAS:

I got the wrong impressions from the Minister. My impression was that the Minister had said that the £25,000 came from a wholesaler in the United Kingdom. Now the Minister says that there are five in fact.

HON A P MONTEGRIFFO:

We are hoping to spend on bandages £26,000. Last year it was £18,000 and that was divided between five different firms. Where they will buy this year, I would not know.

HON G T RESTANO:

The Minister said last year that a Family Contractors Committee was being formed. Was it in fact formed and have they come to any conclusion?

HON A P MONTEGRIFFO:

I explained that it was formed but it broke down as a result of some incident amongst the chemists. I hope that that is now water under the bridge, but something happened in the structural pattern of the Chemists and the pharmaceutical people refused to carry on in the Contractors Committee. Very little was, therefore, done and that is why I have now set up a Medical Committee, more in line with the Jersey pattern, and I have invited the pharmaceutical people to participate in this Committee.

HON G T RESTANO:

Turning now to the Red Book prices. As I understand it those Red Book prices are wholesale prices quoted for in the United Kingdom in the trade. Now, those prices presumably would apply to a small chemist buying small quantities. Does the Minister not think that he might be able to get some reduction on those prices?

HON MR CHAIRMAN:

I am only prepared to allow you to ask whether it is the standard practice for medical establishments such as ours to rely on the Red Book prices but let us not go beyond that. Do you follow what I am trying to say? I am not quite sure what you are trying to get at.

HON G T RESTANO:

What I am saying is that those prices are for any small chemist and I would have thought that possibly with the large buying powers of the Government one might have got lower prices.

HON A P MONTEGRIFFO:

Well I think that the Red Book prices, compared with the prices charged by some manufacturers, are cheaper. Secondly, that those wholesale prices, I stand to be corrected, perhaps the Honourable Member knows more than I do about those matters, I believe are not meant for export, they are meant to be for sale in the United Kingdom. Somehow or other this wholesaler is prepared to sell on that basis and after all what we buy are very small quantities, about £20,000.

We are also a very small buyer when compared with other territories. Sometimes we find great difficulties. Up to the moment and perhaps the Honourable Member also knows, there was a very important manufacturer who was not prepared to supply Gibraltar because of small quantities. Now apparently the representative has come over...

HON M XIBERRAS:

Yes, I would like to ask a question on Item 10, Medical and Surgical Instruments, Apparatus and Appliances: Patients Appliances a much lesser amount. Of these two I would like to ask the question: Is there a regular source of supply?

HON A P MONTEGRIFFO:

I can only go by last year, and then there were sixteen sources of supply.

HON M XIBERRAS:

Regular?

HON A P MONTEGRIFFO:

No. Not regular. Not necessarily regular. I assume one buys from where you can get the particular thing you are looking for.

HON M XIBERRAS:

Thank you.

MR CHAIRMAN:

Right. It goes on to page 51, I think under Other Charges.

HON M XIBERRAS:

Mr Chairman, on Disinfection and Other Services, 19, that's £30,000. What does that vote include? Does it include the wages of the personnel?

HON A P MONTEGRIFFO:

The wages of the personnel in the Public Health Department.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 9, Housing - Personal Emoluments

MR CHAIRMAN:

It's page 35.

HON M XIBERRAS:

Subhead (1) Item 6. This is one, Mr Chairman, which I raised some time ago. I was wondering whether the Housing Department could - I raised it last year or the year before last I think - were willing to give assistance on the question of transfers or accommodation. If the Department could help in arranging for people to be able to ring up the Department and help in exchanges of accommodation.

HON H J ZAMMITT:

Mr Chairman, we certainly do allow exchanges provided that it is .... I am not quite sure, I know what the Leader of the Opposition means.

HON M XIBERRAS:

The question raised, Mr Chairman, was whether the Department could assist in a more positive manner, take a greater part in these exchanges of accommodation, which might help in solving housing problems.

HON H J ZAMMITT:

Mr Speaker, in the context of the whole housing situation it isn't sometimes very easy because of the rehabilitation required in refurbishing houses which are left vacant, and the delay sometimes is very much to the detriment of the housing situation.

HON M XIBERRAS:

No, I mean exchanges as between two existing tenants. One sometimes gets notices in the papers where tenants of Varyl Begg wish to exchange to Humphreys or things to that effect. Would the Department consider taking a more positive part in encouraging this mobility amongst the tenants?

HON H J ZAMMITT:

Well, the Department certainly looks at all these things sympathetically, Mr Chairman, but it isn't as simple I think as the Honourable Leader of the Opposition seems to make out. There are certainly requirements whenever somebody exchanges accommodation requiring labour and ordinary maintenance and it sometimes makes things very cumbersome and delays situation. But, Mr Chairman, as far as I know we haven't hampered any exchange.

HON M XIBERRAS:

No, I am not talking about the Department refusing authority to transfer, all I say is that I would like to know, is the Department willing to take a more active part, for instance, keeping a list of people who want to transfer their accommodation.

HON H J ZAMMITT:

The answer is, yes, Mr Chairman, we do have a list of people who want to exchange from area A to area B and vice versa. We certainly do.

HON M XIBERRAS:

Does the Department then actually advise people who want to exchange their accommodation, give advice to people as to what exchanges are possible or are available.

HON H J ZAMMITT:

Yes, Mr Chairman, we do have a list there and if somebody wants to change from area 1 to area 2 we certainly put them into contact.

Personal Emoluments were agreed to.

Other Charges

HON M XIBERRAS:

Item 7, Government Housing. Supervision of Crown Properties. I see a reduction there of £12,000. Could the Minister explain why this is so?

MR CHAIRMAN:

This is subhead 6.

HON H J ZAMMITT:

Yes, Mr Chairman, this is purely because - where are we?

MR CHAIRMAN:

Page 35, subhead 6.

HON H J ZAMMITT:

Yes, that's right, that was.....

HON M XIBERRAS:

As this is tied up with the next item, I would also in particular because I am wondering exactly what job is done here on the Supervision of Crown Properties. Mr Chairman, for instance I have had reports that Penny House is in a terrible state, and I was wondering whether the supervision of this property comes within the Housing Department, within this vote? I have raised this in the House before and I was wondering whether this comes under this vote or not?

HON H J ZAMMITT:

Well, Mr Chairman, certainly this is the first I have heard about it being in a very bad state. Yes, it would come under our ordinary vote for the upkeep of its services. It comes under the Warden Structure. No doubt if it is in a bad state it would be reported to the Warden and it would come back to the Housing Department.

HON M XIBERRAS:

I ask the question, Mr Chairman, because I don't know whether Penny House has come back to the Government after the repairs and alterations that were made.

MR CHAIRMAN:

Does Penny House come under this item?

HON H J ZAMMITT:

Yes, it does.

HON M XIBERRAS:

Because it was in the hands of contractors I don't know whether the handover has been carried out or not or whether there was in fact a handing over to the contractors.

HON H J ZAMMITT:

The handover from the contractors to the Public Works Department took place about two weeks ago, and in fact we have already begun the reallocation of Penny House to the tenants that were decanted some time ago.

HON M XIBERRAS:

I haven't been to the property itself but my information comes from an ex tenant.....

MR CHAIRMAN:

We are not concerned whether Penny House has been handed back or how long it is going to take for tenants to be put in. We are only concerned as to whether the Supervision of Crown Properties covers the works at Penny House.

HON M XIBERRAS:

And whether the Minister will spend this money to ensure that places like Penny House are in a proper state of repair.

HON H J ZAMMITT:

I heard correctly, Mr Chairman. I will have Penny House looked at and see what exactly is wrong with it. As far as I know I have certainly not received any reports of that.

MR CHAIRMAN:

You wanted to speak on Item 7, didn't you, Mr Isola?

HON P J ISOLA:

Mr Chairman, this is an item which has been broken up where Maintenance and Painting of Crown Properties is concerned. I really have to refer to the Public Works vote, page 67, where I notice £220,000 is being set up for Maintenance and Painting of Crown Properties, and £600,000 for Government housing, which is a total of £820,000 as opposed to the revised estimates of £775,000. I would like to ask the Minister, first of all, as far as maintenance of Government housing is concerned I presume that includes painting, and can



he tell us what is the painting or whatever it is that is supposed to be done with Government housing between now and the end of the year. In other words, how much of this item of 600,000 is going to be used up in painting, because there seems to be a sharp increase. Have they got a plan to paint more Government housing or what?

HON H J ZAMMITT:

I am afraid I cannot break that down into what is going to be spent on painting, Mr Chairman. This, as can be seen, was previously under Public Works. Under the normal maintenance of housing and other Government departments and properties it has now been brought in the new funding of the Housing Scheme, but I cannot possibly give you a breakdown of what is going to be spent on painting exclusively.

MR CHAIRMAN:

I think that what you are being asked is where does the increase of £270,000 go. Is that right? The decrease is £330,000 on Public Works.

HON H J ZAMMITT:

Yes, Mr Chairman, all I can say on this particular sum is that we have £550,000 under Maintenance of Government Housing, which will be done by the Public Works Department in accordance with the new housing fund policy. The other £50,000 includes the wages for the small work gang within the Housing Unit, which consists of four craftsmen, and that's it, Mr Chairman.

MR CHAIRMAN:

Did I hear the Minister say the figure was £450,000 or £550,000?

HON H J ZAMMITT:

The total amount is £600,000. £550,000 is for maintenance of Government properties and £50,000 is what we keep for our own small maintenance gang and covers their wages, efficiency, bones, all the rest of it.

HON P J ISOLA:

The reason why I am asking this question Mr Chairman, is that the Housing Fund is going to be an independent fund and, therefore, it is very very relevant - I know it is the same Public Works Department that does it - but I think it is of importance, especially on the question of rents, for example, that there should be absolute fairness here. We mustn't get the situation where the Public Works Department has what is essentially

one vote which is for maintenance and painting of Crown Properties, etc., which now amounts in all to £820,000, it is the same Department that is going to do the work, but what we don't want is the situation to arise where money for which people are going to pay rent, and should be applied to that, is not going to be inter mixed at all. That we are not going to find the Public Works Department using up a single penny of this money for non-Government housing. I think we want assurances on that because it is a very large sum and this of course can of itself create the deficit in the Housing Fund.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

This, of course, is one of the principal reasons why there has been a Housing Fund established, and it is also the reason why the maintenance of Government housing now appears under Head 9, where it is directly under the control of the Housing Manager. The Public Works Department cannot spend a single penny of that of their own initiative.

Now, I understand that it is proposed to use the Public Works Department, or other contractors, going out to tender and all the rest of it, on the expenditure of that, but how much is allocated and for what job that money is spent will remain in the control of the Housing Department. Nothing to do with the Public Works Department. So I can give the Honourable Member the assurance he is asking. This money is going to be spent on housing and it is going to be spent under the control and direction of the Housing Department.

HON P J ISOLA:

There will be sort of indents from one department to another. The Housing Department will know exactly what is being done.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, the Financial Regulations provides for what is known as a Departmental Warrant. Now, Department Warrants can be issued in respect of a particular job. It is assumed, under those circumstances, that actually the job has been identified, the job has been costed and the materials etc, that are going to be involved have been identified as well, and the total price of the job, let us say for the sake of argument, comes to £10,000. Now, under those circumstances if it appears to be the practical way of doing it, the Public Works Department is to carry out that job very much in the same kind of way as a contractor would carry it out for the Department, then the Housing Manager can issue to the Director of Public Works a Departmental Warrant for £10,000, which the Director

of Public Works must account for to the Housing Manager, and the charge is a charge to that vote. Nothing to do with the Public Works Department at all.

In that situation the Public Works Department would act as a contractor to the Housing Department which will remain in overall control and will have overall responsibility to see that the money that it has allocated is properly spent and spent where it is supposed to be spent.

HON MAJOR R J PELIZA:

I think that it is an excellent idea in theory, but now let us see how it is going to work in practice. Is the Housing Manager in a position today to go round the houses and find out if the job is properly done, or is he going to sign a blank cheque and say this is done. I would have much preferred, when we have the establishment, for someone from the Public Works Department with the technical knowledge to come under the responsibility of the Minister. Because it is the Minister who is now responsible for that money, and I don't see how the Minister can exercise that responsibility without the necessary know-how within his Department to assure him that this has been done. I think it is a great extra burden on the Minister, and particularly on the Housing Manager, to be able to carry this out without the necessary technical support.

HON H J ZAMMITT:

Mr Chairman, it certainly is not a bright idea on the part of the Honourable and Gallant Major, it is a thought that crossed my mind, crossed my colleagues' minds and it crossed the Housing Manager's mind. This is a matter which we hope will bear fruit once we see how things go. There is no doubt at all that we shall probably require some technical advice, but at the moment, Mr Chairman, one cannot very well dismiss the trust that one ought to have in the expertise of interdepartmental Government.

MR CHAIRMAN:

Yes, but let us not debate this. You are going to do it the way they want it or you are not.

HON H J ZAMMITT:

Well, Mr Chairman, it certainly isn't in this year's estimates, and, therefore, we haven't got it, but we intend to have technical assistance.

HON M XIBERRAS:

Mr Chairman, having had a lot of practical experience of this, and as my Honourable and Gallant Friend has very rightly said, taken from a practical point of view, if someone has a complaint about maintenance of Government housing, to whom should this Government tenant address the complaint. I have had experience of one particular case of making something like 20 telephone calls to try to get some repairs done. I appreciate that both departments have been in a position where neither has been able to act. The responsibility has not been clearly defined. Before we go for the whole of this amount, Mr Chairman, hopefully we must know how this vote is going to be controlled and how the public is going to get the benefit from this.

HON H J ZAMMITT:

Mr Chairman, the Honourable the Leader of the Opposition is well aware that for some 18 months in the past now we have had a Warden Structure which has taken over from the normal maintenance complaints where people used to write or go to Public Works Department.....

MR CHAIRMAN:

I hate to interrupt but we must not debate this. The answer to that must be that he has either directed his complaint to the wrong person or there is now a place where complaints will be attended to. You must not debate the system itself.

HON H J ZAMMITT:

Mr Chairman, I am grateful, but the thing is that in fact all complaints of maintenance problems come into the Housing Department.

MR CHAIRMAN:

Precisely. Well, that is it. It is as simple as that.

HON M XIBERRAS:

Mr Chairman, again we are not satisfied that that is a good procedure. If there had been provision in the Estimates for a suitable system for the spending of this money which would give satisfaction to the tenants involved then we would have voted in favour. I point out to Honourable Members that there is a very grave deficiency here that there are serious complaints about the maintenance of Government property. And I do not think it is the fault of the Housing Department...

MR CHAIRMAN:

Well, fair enough, but I must draw your attention as I did to the Minister. Do you want a vote on this item?

HON M XIBERRAS:

We want to reduce it by £1 as a sign of protest and I hope the Minister takes account of this because I think it affects the efficiency of his own department.

MR CHAIRMAN:

You are proposing an amendment to Subhead 7, is that correct?

HON J BOSSANO:

Mr Chairman, I also wish to speak on that item. I would like to reduce it by more than £1 for other reasons. I would like to ask the Government whether in fact the repairs that are being done to the Deputy Governor's house come under this vote or not?

HON H J ZAMMITT:

No, Sir, not under this vote.

MR CHAIRMAN:

Then you are not interested in reducing this vote?

HON J BOSSANO:

I will not need to reduce it. The Minister has mentioned that £50,000 of the £600,000 is in fact for the Department's own maintenance gang. I think he said that £550,000 was to put the work out either to tender or to PWD on a contractual basis, and £50,000 was for the minor maintenance job done by the Department itself.

I would like the Minister to say that in fact if in the light of experience he can get the job done cheaper by his own maintenance gang he will increase the proportion of their work.

HON H J ZAMMITT:

Mr Chairman, the maintenance gang has proved a tremendous bonus to the Department and in fact to the housing situation. We just have four craftsmen and the answer is, yes, Mr Chairman.

MR CHAIRMAN:

Yes. You can propose it yourself because we are in committee.

HON MAJOR R J PELIZA:

Mr Chairman, on Subhead 7, I propose that the figure of £600,000 be reduced by £1.

MR CHAIRMAN:

I would rather have it the other way round. You would like to substitute the figure £599,000 for the figure £600,000 where it appears in the estimates under that Subhead?

HON MAJOR R J PELIZA:

I make this proposition because I feel that the idea of the maintenance of those houses coming under the Minister for Housing is an excellent idea. It is a pity that this wasn't thought before in that now....

MR CHAIRMAN:

No, no, in fairness the Honourable and Gallant Member will realise that we are in Committee, we are going into the items and we have been told the reason. But, fair enough, you can make a statement.

HON MAJOR R J PELIZA:

We are asking the tenants of those houses now under the new system to pay a rent eventually which would pay the full cost. I think this is the idea that the Government were thinking of when introducing the expenditure to this House. That was the idea. It might be subsidised but perhaps the subsidy is gradually going to be reduced. But in any case whether that is so or not the fact is it is the tenants who are paying the rents and, therefore, tenants are entitled to get the best out of the rent. And whilst before it was all mixed up, it was impossible to say whether they were getting value for money, now it will be possible to do that. One of the great costs involved in that rent is maintenance. As we can see by the figure here it is £600,000 which either has to come out of the rent paid by the tenants or from a subsidy from some other fund. Whatever way it is, it is still a sum which has got to be spent on housing and, therefore, it is that department now that is responsible for that money.

Somebody else is going to do the work. It could be the PWD, it could be a contractor. Whoever it might be eventually the final say comes from the Minister because he is the person who is paying for it, and through him the tenant. It is only fair, therefore, that he should know that the money he is paying for that is well spent. If it is still the responsibility of another Department to say whether that has been properly done or not, we are getting nowhere. He is paying the money and yet having no final say as to whether he is right to pay the bill or not. So, therefore, at the moment, under the present scheme, it is obvious that he hasn't got

the technical advice to tell him this. Therefore, the same as there is a handover at present from a contractor to the PWD, there must be a handover from whoever is doing the job to the Minister.

It is the person who authorises the handover who is the important person and he must be responsible to the Minister not to the actual person who is doing the job. Because otherwise, obviously, it is very easy to hand over without anyone really saying that the job has been properly done. It is the same person who is doing the job who is literally going to accept the handover. That to me is a very bad policy. I do not believe we shall get the full good effect of the change and, therefore, Mr Chairman, for that reason I am proposing to reduce the vote by £1.

Finally, I do not believe that this could incur any extra expense whatsoever. All that it needs is that some person from the PWD with the know-how must be transferred to the Housing Department and henceforth is responsible to the Minister of Housing. He is the person, he and perhaps with his team of men, how many is a matter for the Minister to decide what he would accept and he would not accept, because after all he is responsible. But all I say is that he must have the men under him who will be able to advise him because without that, Mr Chairman, this is only a book transfer and nothing else, and nobody is going to derive any benefit. The great benefits that I think are going to be provided if we are talking of good output this is the way to do it, Mr Chairman, and I suggest to the Minister to reconsider that.

MR CHAIRMAN:

You are not suggesting it, you are amending it.

HON MAJOR R J PELIZA:

Well, I am amending it, but I hope he will consider what I am suggesting.

HON J BOSSANO:

I will not be supporting the reduction of the £1. I think that the point that the Honourable and Gallant Member has made is a very valid one but I think he must understand that certainly in my view it cannot be done by the Department unless the Department employs more people to do the job. I disagree with him, I am saying that they do not employ. I am saying that in fact what he is suggesting needs to be done, and I think the Government would do well to consult with their employees...

HON MAJOR R J PELIZA:

Eventually, overall, there will be no extra cost since this is coming out of the other vote obviously. Whoever is going to do the supervision, for whom we are paying now, a person who is already in the employment will be transferred from one department to the other, so overall I think there would be no extra expense.

HON J BOSSANO:

With the benefit of my experience, Mr Chairman, I can tell the Honourable and Gallant Member and the House that doing it with the sort of system that he is talking about, which is something that for example, is very similar to what the DOE do with United Kingdom Department property, requires extra people, technical officers, involved in the Department, which are not provided for now, and certainly would need to be provided for, and their jobs would have to be agreed and negotiated. I don't know whether in fact what they are saying is that the money should not be transferred here until that is done, because I don't see what reducing it by £1 will change if people have got to be employed, recruited to the Department. I can see the point that he is making and I think it is a very valid one but I cannot agree that it can be done at no extra cost or that new bodies don't need to be provided to do it. Furthermore, although I think it is very pertinent to say as the Honourable Member has said, and as the Honourable Mr Isola said when he first raised the point, that if we are going to be charging Government tenants for maintenance we want to make sure that it is Government tenants who are benefitting by that maintenance and not anybody else, and, therefore, it mustn't just be lost in the Public Works vote. It is worth noting that in this year's estimates the Government has already said that there is a budgetary contribution of £598,000, which is almost the same as £600,000. So that in fact very little of the maintenance is going to be paid by Government tenants this year.

I think that the point that has been made is something that the Government should seriously make an effort to implement before the cost of the maintenance has been reflected in the cost of the rents, but I don't think it is happening at this year's budget, from the figures that the Government have given, and I certainly don't think it can be done without employing extra people for that specialised job in the Department.

HON M XIBERRAS:

On the motion of my Honourable and Gallant Friend, which I certainly will support, I fail to understand the Honourable Mr Bossano's thinking on this. The

argument is purely one of how these £600,000 would be spent to the benefit of the tax payer, to the benefit of the tenant. I mentioned earlier a particular case where I made 20 different phone calls, including both Ministers, and I was unable to get satisfaction. The problem could not be assessed by the Department that was responsible for the expenditure of the money because that department did not have the technical expertise to do it. May I give a practical example. If there is severe leaking in a house or humidity, who in the Public Works Department will decide what work is to be done, how urgent is it, how the funds are going to be spent, and if the job is well done, eventually, and how this particular part of this particular vote would be done.

I have had more than one case where tenants have complain to the Public Works Department and the Public Works Department have said that that was the responsibility of the Housing Department and the Housing Department have said that it was the Public Work's responsibility because there is no expertise in the Housing Department for the control of this vote. We are saying, therefore, that the Housing Department should be in control of this vote and I entirely agree that this sum of money should be there, provided that there is the necessary safeguards to the tenants and to the tax payers generally, that the money is going to be properly spent. The Housing Department is in no position to control this vote. No position whatsoever. And, therefore, what we are urging is that the numerous people in Public Works Department, the Surveyors and so forth who are in the Public Works Department are not really responsible.....

MR CHAIRMAN:

I think in fairness, I should mention that we have got a long Estimates and we are now repeating ourselves. That has been said already by three different people in three different ways. In the light of the Estimates that have already been accepted what the Opposition has suggested is completely and utterly clear.

HON M XIBERRAS:

That is my reason, Mr Chairman, for doing it and there are Members on the other side who have knowledge of the way that these things happen and that is the truth of the matter. There are many complaints about the maintenance of properties.

HON CHIEF MINISTER:

Mr Chairman, the point made by the Honourable Mr Bossano is a valid one. If the work is going to be

done by contract obviously the members of the Public Works Department are obviously independent of the contractor and can report whether the work has been done properly or not. If it is done by the Public Works Department for the Housing Department it is obvious that it would not be very desirable that they themselves should certify that what they have done is right. This is something that is starting now and whether we can second somebody from a department or in addition so that there is no connection is one which will be considered. But it is obvious that this is a new matter and that it has to be looked at carefully. The Minister is not going to be expected to go and inspect roofs whether they are leaking or not. In any case, he does not know, it is not his business. Nor should the Housing Manager for that matter up to a point. And, therefore, I think the Minister should be given a little common sense how he is going to supervise a vote of that nature for which he is made responsible.

HON P J ISAIA:

I notice that under the Public Works vote, for example, the Government is going to increase the number of Maintenance Surveyors from three to four. We have heard about the modernisation programme but I notice that they are going to be increased from three to four. I would have thought that a vote of £600,000 deserves a maintenance Surveyor and may I suggest they consider seconding one of these gentlemen, until the programme is really under way, to the Housing Department.

HON CHIEF MINISTER:

Firstly we must get the body, secondly we do not know whether that will affect the development and thirdly....

MR CHAIRMAN:

Order. We are in Committee. There is a motion in Committee and I would be delighted to limit the time.

HON CHIEF MINISTER:

If there is need to employ an extra one in order to monitor that money it will be done and this House will be asked for money.

HON MAJOR R J PELIZA:

Mr Chairman, I don't quite understand the logic particularly of my Honourable Friend Mr Bossano. He agrees entirely with the suggestion.



MR CHAIRMAN:

We are not going to start trying to convince each other. I am the person who must at any given moment come to a decision as to whether any benefit is being desired from the debate. We must come to our senses at sometime or other. I think the views of the House have been expressed completely and utterly on this point and we have arrived at a time when a vote must be taken, unless something new is going to be contributed. We are not here to try and convince each other that it should work one way or the other, we are here to try and express our own particular views on the particular matter which is being discussed.

HON MAJOR R J PELIZA:

Perhaps, Mr Chairman, although I do not agree, what I would say is that it is necessary to employ another body if that is what is preventing my Honourable Friend from supporting this, I think that the amount involved is so huge that it certainly warrants employing somebody. If that satisfies him perhaps he will vote in favour.

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

The Hon P J Isola  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon M Xiberras

The following Hon Members voted against:

The Hon I Abecasis  
The Hon J Bossano  
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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The motion was accordingly defeated.

MR CHAIRMAN:

The subhead remains as it stands and I will invite any Member who wishes to raise any matters under Other Charges.

HON J BOSSANO:

I don't quite know where to raise it in fact because the item I went to raise under Other Charges doesn't appear under Other Charges, but it does appear in the Funded Account, which is Social Insurance Contribution as £22,105, which I assume is the employers side of the Social Insurance Contribution but I assume that that is not limited to the direct employees of the Government in the Housing Department.

Now I would like an explanation of that because it seems that if the PWD is charging the Department for maintenance then in the charge for maintenance should be included the cost of the job including the social insurance contribution of the PWD employees. And if we are being charged for maintenance under Other Charges in the £920,000, and then for the social insurance that PWD employees are having paid by the Government under the £22,000, then we are being charged twice in the Housing Fund for some things. Is my argument valid?

MR CHAIRMAN:

You are referring to the £280,000?

HON J BOSSANO:

No, no. In the Funded Account. In the Housing Funds, Appendix "D" in page 110 there is an item: "Social Insurance Contributions, £22,105." Now, I imagine, and I would like to be corrected on this if I am wrong, that the £22,105 is not limited to the persons employed in the Housing Department directly because it seems a very high figure for the number of people employed. Therefore, I am assuming that included in those £22,105 is the insurance contribution that the PWD pay to its employees. Now, since the PWD is going to be charging the department for the work that it does, I imagine that in the cost of the job will be included the cost of the labour, including the social insurance contribution. Therefore, the Housing Fund is being charged twice for the social insurance contribution element of the PWD workers for doing maintenance for the Housing Section. Have I made myself clear?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, if the Honourable Member will give us time we will actually give him a breakdown of the £22,105. But that is part of the general expenditure of the employers' share of social insurance contribution in respect of the entire Government which appears as it says in the little brief that I attached to my statement, which perhaps the Honourable Member might refer to. It relates back to Subhead 13 of the Treasury vote under which the whole contribution is made. Now,

I think his point is that £22,105 in respect of the Housing Fund seems rather high. Now if he will give me time I will find out exactly how that figure is computed and in respect of whom it relates. But that is the link between the contribution in the fund and the Government's overall payment as an employer which appears under Head 26, Treasury, Subhead 13. As I say I do not have the exact breakdown of the £22,105 at my fingertips but it can be ascertained.

HON J BOSSANO:

The point, Mr Chairman, is that if the Government wants to show us in an item the insurance contribution that it has to pay for people employed in the Housing Section, directly employed, then the figure, if that is what that is, seems high and, therefore, I think he should check this to see whether that is right.

The other point in relation to that figure is that the Housing seems to be getting special treatment in this respect, because there is no social insurance contribution in the Telephone Service, in the Water Accounts, the Electricity or in the Police, for example, where the Admiralty would have to pay half of it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

In relation to the other funds that is included in the line management charges, which is one of the items making up for line management charges. They are payable from various votes including cost of social insurance contributions in respect of Telephone Department personnel, ditto with the Electricity and the Water. There is no discrimination between the Housing Fund vis a vis the other Funds. But I do take the Honourable Member's point that the figure in relation to the Housing Department alone does seem high. I will look into it and I will produce the breakdown of those £22,000 for him.

MR CHAIRMAN:

I think you gave that information in the Appendix to your statement, did you not? On the Potable Water one you most certainly did.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It is all in the Appendix but the Honourable Member's point is that £22,000 per se which is explained, is shown in the Appendix, does seem high and I tend to agree with him.

HON J BOSSANO:

The other point that I have just made and in fact perhaps I could make it when we come to the vote, but in the case of the Police vote I note that there is no social insurance contribution.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 10, Income Tax Office - Personal Emoluments was agreed to.

Other Charges

HON M XIBERRAS:

Rents of Offices, Revised Estimates 1977/78, £4,875. I imagine that in fact this office has been in occupation already and if so when was it occupied?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The office is not occupied, Mr Chairman. The Government took a lease over the premises and there has been some delay in carrying out the internal partitioning and other minor alterations before the Income Tax personnel can in fact move in.

HON M XIBERRAS:

There is an item later, on 81, Partitioning of Offices, £8,500. This is in the Estimates for the coming year. Is that being done by direct labour or is it out to contractors?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have no idea.

HON M XIBERRAS:

Mr Chairman, could the Honourable Member then explain why £4,875 have had to be paid out and the offices are still not in occupation?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The Government took the lease last year. And if it hadn't taken the lease at the time it did, notwithstanding that the premises were not as they stood in any way suitable to be occupied immediately as offices, it would have lost the lease.

HON M XIBERRAS:

Mr Chairman, or perhaps I will make the point when it comes to 81, would the Honourable Member please find out why there has been such a delay and who is doing the work because I feel that £4,875 paid for nothing in effect is not a satisfactory state of affairs for tax payers.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Certainly.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 11 - Judicial (1) Court of Appeal was agreed to.

Head 11 - Judicial (2) Supreme Court - Personal Emoluments

MR CHAIRMAN:

We are at page 39, Subhead (1) in Personal Emoluments.

HON M XIBERRAS:

There is substantial increase under Item 2, in Other Charges of..... Is that where we are?

MR CHAIRMAN:

No, we are at Personal Emoluments.

HON M XIBERRAS:

I see, thank you, Mr Chairman.

Personal Emoluments were agreed to.

Other Charges

HON M XIBERRAS:

Mr Chairman, under Item 2, there has been a substantial increase of £1,500 over the Approved Estimates, though I can see that the increase has come at the time of the Revised Estimates of 1977/78.

HON ATTORNEY-GENERAL:

The main increase is for the Rank Xerox copying machine which is going to cost £1,200 but I am unhappy to say that this is an expenditure which will in a way reimburse itself because documents brought for copying before being filed will be paid for, and it is estimated that it will pay for itself within a year.

HON M XIBERRAS:

Thank you.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 11 - Judicial (3) Magistrates and Coroners Courts - Personal Emoluments were agreed to.

Other Charges were agreed to.

Head 12, Labour and Social Security - Personal Emoluments

HON M XIBERRAS:

Sir, I have a point and it is consistent with the point I made when the Minister brought the Bill to the House about the Productivity and Training Unit. Can he say whether he is satisfied that in fact that part of industrial training, that element is fully occupied in matters of industrial training.

That part of the vote dealing with industrial training, in fact, let us say Item 7 there. Industrial Training Officer and 21, 22 and 23, that part of the vote which is for industrial training I imagine. Is the Minister fully satisfied that the work even within his department, with which I do not fully agree, but is taken up with industrial training, or other duties being done.

HON A J CANEPA:

As far as 21, 22 and 23, the Construction Industrial Training Centre are concerned, they are certainly pretty occupied, as I said yesterday. We have recently started the Labourer to Adult Craft Courses. As far as the Industrial Training Officer is concerned, the reality of the situation is that he hasn't been as occupied as he ought to have been within the last four years because there has been no Industrial Training Board during the last four years. But the Industrial Training Board is about to be resurrected, there has now been agreement and we have received nominations from the Trades Council. Now that the Bill that I brought to the House in the earlier Session of the meeting has reconstituted, we have a new composition of the Board, it is shortly about to be reappointed, and I hope that the Industrial Training Officer will be more occupied.

HON M XIBERRAS:

I am glad to hear that, Mr Chairman, because it does in fact, as the Minister has said, reflect a preoccupation of mine that the industrial training establishment was not being used for the purpose it was meant originally.

HON A J CANEPA:

No, I do not accept that. It is being used for the purpose that it was meant. It is being used but the only thing is that he has not had enough work to do.

HON M XIBERRAS:

Well, yes. But predominantly he has in fact been used for other things.

Personal Emoluments were agreed to.

Other Charges

HON M XIBERRAS:

The Minister gave a number of figures during the general debate, but there was one which I think he omitted to give; the actual increase to what the elderly pension....

MR CHAIRMAN:

What item is this?

HON M XIBERRAS:

It is Item 15, Sir.

MR CHAIRMAN:

Does anyone wish to ask anything before Item 15? Yes, Mr Bossano?

HON J BOSSANO:

The Minister did say that the Government would not in fact be improving Family Allowances this year. I take it that he is aware that the achievement of parity with the United Kingdom on Family Allowances, which he managed to do a couple of years ago, has now been left well behind and although I accept that in the United Kingdom increases in Family Allowances are being taken step in step with reductions in children's allowances in the Income Tax Ordinance, which for reasons of our labour force composition and so on might not be practical for Gibraltar, I accept that, nevertheless, the situation today is that there are families getting I think £2.30 per child, including the first one, and that the £2.30 tax free, as opposed to £2, after the first child in Gibraltar, taxable. I think, you know, we are falling behind once again.

HON A J CANEPA:

I think the Honourable Member is quite correct. The only thing is that I would like him to bear in mind

that Family Allowances in the United Kingdom have only just gone up to £2.30, and in fact they stood at £1.50, I think, and, therefore, for the last nine months Family Allowances here in Gibraltar have been ahead of the United Kingdom. £2 as against £1.50. But I am aware of the fact that in the United Kingdom there are further increases to come in November this year, and then next April up to £4, I think it is, by April next year, in the United Kingdom, at the expense of the children's Income Tax Relief which will virtually be phased out. So I think over the next twelve months we have to do some thinking about this and without committing the Government, I think that I can say that there will be very strong arguments, obviously, for a revision of Family Allowances next year. We felt that the position could be held for a year for the reasons that I explained yesterday, because families will be getting massive increases in income, but by next year there won't be such massive increases and we have to think in terms perhaps of looking at Family Allowances again.

HON M XIBERRAS:

Mr Chairman, that is precisely the reason why we on this side, my colleagues and I, are dissatisfied with this vote. We feel that not everybody is going to get.....

MR CHAIRMAN:

Which item is that?

HON M XIBERRAS:

Item 11, Family Allowances. We feel that in fact not all families are going to get massive increases and that the Family Allowance at the time when there is going to be a large increase in the general level of wages, Family Allowances, such payments, do help those people who need to be helped most. Because the large family in the private sector that might not get parity rates is precisely the family that needs to be helped and, therefore, whilst agreeing with many of the other increases, and many of the arguments which the Minister put before, we are most dissatisfied with this one.

HON A J CANEPA:

The basic problem here, Mr Chairman, is that we are at loggerheads as to whether the private sector has had the increases. Does the Honourable Member wish to have copies of agreements to prove that they have had the increases.

HON J BOSSANO:

One point that the Honourable Member made in respect of the fact that over the last twelve months we have been better off because the increase in the UK came in April. It is true that in the UK the rate of Family Allowance was £150 when in Gibraltar it was £2, but of course it was £1.50 tax free and £2 in Gibraltar, taxed, is in fact £1.40 so we have been 10p below UK and not 50p above.

HON A J CANEPA:

The Honourable Member is quite correct. I must confess to my chagrin that I was not aware of the fact that Family Allowances in the United Kingdom were tax free. This is something which I shall have to bear in mind for the future.

HON MAJOR R J PELIZA:

Sir, I do not think that the Minister should allow himself to be blinded by statistics. I think that it is very true that the bigger firms in Gibraltar, like Shell and other big firms, have been moving perhaps slightly ahead of the Government, but I doubt whether the small firms, much as they would have liked to have been able to afford that, basically, since obviously they cannot make an advance in pay until they get their returns by extra sales. I think the Minister should reconsider that.

HON A J CANEPA:

As I said yesterday we do not consider, quite honestly, that this year we can afford an increase in Family Allowances. A 50p increase would be about £70,000 gross in a whole year or £50,000 net and the finances of the Government are not, at the moment, in a situation that we can give that kind of money away.

HON M XIBERRAS:

Mr Chairman, I do not believe that for a moment. Let me ask the Minister a question on Elderly Persons' Pension. He may have given me the answer already. What is.....

HON J BOSSANO:

I wonder, Mr Chairman, if I might make one more point on Family Allowances. Perhaps the Government would be prepared to review the situation during the year if they find that their finances are better than they think at the moment.

HON A J CANEPA:

I think if after the settlement of parity we find a tremendous amount of money coming in we will certainly try to give some of it back by way of increased Family Allowances.

HON M XIBERRAS:

Elderly Persons' Pension, Mr Chairman. What in fact would be the figure?

HON A J CANEPA:

In January that will go up from the present £5 to £6.

HON M XIBERRAS:

The Industrial Tribunal, Mr Chairman, Item 23, £1,500. The note says: Chairman's honoraria and incidental expenses. Is there a lot of work involved in this, bearing in mind that the House has had certain complaints on how long it takes to come at a judgement.

HON A J CANEPA:

I think the complaints have all dealt with earlier cases that had to go to the Industrial Tribunal when the first appointee as Chairman was dealing with them. It is true to say that in the last year the new Chairman has been dealing with cases much more expeditiously and the Chairman does have to be paid on the basis of each sitting.

HON M XIBERRAS:

Does he get many?

HON A J CANEPA:

No, not really many.

Other Charges were agreed to.

Special Expenditure were agreed to.

Head 13, Lands and Surveys, Personal Emoluments.

HON M XIBERRAS:

Is it still the duty of the Surveyor and Planning Secretary to be in DPC?

HON A W SERFATY:

He is a member of the Development and Planning Commission.

HON M XIBERRAS:

What sort of back-up does his Department provide.  
Does it serve DPC entirely on its own?

HON A W SERFATY:

Normally, I think he would but of course the Public Works Department Architects and the Chief Planning Officers have also to service in many ways.

HON M XIBERRAS:

The Surveyor and Planning Secretary is in fact the Executive Officer of the Development and Planning Commission, or is it the Architect.

HON A W SERFATY:

The Surveyor and Planning Secretary.

HON MAJOR R J PELIZA:

Building Inspectors and Assistant Building Inspectors. Are these the people who should have gone round watching what was happening, say, in Varyl Begg Estate, to see that the building was proceeding according to plan, and ensuring that eventually we had a proper building, or have they nothing to do with it?

HON A W SERFATY:

Nothing to do with it. These are the people who go around to see that people do not build without a proper permit.

Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 14, Law Officers - Personal Emoluments

HON J BOSSANO:

I believe the Crown Counsel is leaving Gibraltar. Is it intended to recruit another UK-based officer or will there be a local recruit?

HON ATTORNEY-GENERAL:

It is intended to replace with an expatriate at the moment. The point being that it is only for a two-year period because it is assumed and hoped the Assistant Crown Counsel will then be in a position to take on the job as Crown Counsel. It is considered

highly unlikely that anybody local will want a job which has only got two years to go.

HON J BOSSANO:

Mr Chairman, a general point which I think can be made here as anywhere else. When we are recruiting expatriate officers, now that we have got parity of salaries with the United Kingdom, what is the position. Do they still have to be given special incentives to come to Gibraltar?

HON ATTORNEY-GENERAL:

I would doubt it. I imagine that if parity is given with UK wages any inducement that is paid by the United Kingdom Government will be reduced if not wiped out altogether. That is a matter for the United Kingdom Government, I cannot speak for them.

Personal Emoluments were agreed to.

HON M XIBERRAS:

Mr Chairman, may we hear something on the Laws of Gibraltar.

HON ATTORNEY-GENERAL:

The position is that there are no sets of the Laws of Gibraltar available at the moment. Government gave an undertaking quite recently that if and when there is a Revised Edition produced there would be copies for Members of the Opposition, but I would add a slight caveat here, in that a set of Laws to be worthwhile has got to be kept up to date. Whereas supplements can be produced and given to Members of the Opposition, it is by no means an easy task to keep a set of Laws up to date as the Hon Mr Brian Perez and the Hon Mr Peter Isola jolly well know. It may be almost a Trojan horse, when you have a set of Laws and you have not got it up to date and you are misled.

Other Charges were agreed to.

MR CHAIRMAN:

Having dealt with Head 15 this morning we will now go on to Head 16.

Head 16, Police - Personal Emoluments

HON J BOSSANO:

Could I ask whether in fact there is going to be a Deputy Commissioner or there is not going to be a Deputy Commissioner, or there is one already or what the



situation is? The establishment is still two Chief Superintendents and I remember when the surprise restructuring of the Police, which fortuitously coincided with the UK structure before staff inspection, was announced in the House, we were told that there were now two divisions and that therefore the post of Deputy Commissioner was being covered by the extra posts that had been created.

HON ATTORNEY-GENERAL:

One of the Chief Superintendents has in fact been appointed Deputy Commissioner. This was some six weeks' ago. It is not a particular rank but it is a particular title.

HON J BOSSANO:

So he has been promoted but still gets the same pay, because the scale shown here is still scale 5 and there has not been an extra vote. The House is not being asked to vote any more for the promotion?

HON ATTORNEY-GENERAL:

No.

Personal Emoluments were agreed to.

HON J BOSSANO:

Could I ask on the allowances, is the rent paid to officers included in the allowances?

HON ATTORNEY-GENERAL:

Yes.

Other Charges

HON G T RESTANO:

Subhead 2. How is it that in this particular vote the General Office Expenses are much higher in proportion to the total Other Charges than for most other departments. What is the reason for this?

HON ATTORNEY-GENERAL:

I imagine because they cover different sets of items. If I could perhaps elucidate. They cover the Police Institute; Long Service and Good Conduct Medals; washing of towels; medical examination fees; newspapers; postage; interpreters' fees; cleaners; cleaning materials; maintenance of mechanical office equipment. That comes to £8,600, of which the majority is for cleaners, which is £5,800. That is the lot for that one.

HON M XIBERRAS

Maintenance and Running of Police Cars: I believe that the Police have more vehicles than the Fire Brigade and I do not know whether the expenditure is commensurate in both cases.

HON ATTORNEY-GENERAL:

The Police, of course, have very much more running, one might put it that way, than the Fire Brigade. 24-hours a day there is a police car on patrol. There are, of course, motor cyclists on patrol, and there is petrol for the ambulances. The breakdown of this particular figure; the greatest cost is just under £5,000 for petrol. The servicing for the Ford vehicles is £2,700. There are seven vehicles and there is a routine service for that.

MR CHAIRMAN:

I see that Subhead 7 is increased by £4,000. Is that due to the fact that we have more Policewomen and we need more money for tights?

HON J B PEREZ:

On Subhead 9, Training Expenses, could the Honourable Member explain why there has been a reduction in this from last year?

HON ATTORNEY-GENERAL:

This relates, of course, to training courses in the United Kingdom, and in fact there are slightly less courses this year than last year. I think we have been given an undertaking that if we do need the courses then the UK Police Forces will do all they can to accommodate our officers.

HON M XIBERRAS:

Traffic Control. There is £10,000. What does this vote involve? Is it wages or what?

HON ATTORNEY-GENERAL:

Four Car Park Attendants, slightly under £6,000; contract of work on road marking just over £4,000; purchase of traffic signs £2,000.

HON MAJOR R J PELIZA:

On traffic control, I wonder if we are spending enough on this judging by the way that sometimes traffic is congested due to lack of traffic control. I am referring to instances where the roads have got to be dug up.

In fact, it is happening at the moment near the Convent, between Mackintosh Hall and the Convent. There the arrows are being changed completely from day-to-day sometimes and they are not very clearly seen. In any case the whole set up is sometimes even dangerous, particularly for pedestrians. I wonder if anything can be done in this respect so that when there are any diversions things are clearly marked and the motorists know exactly where they are going and some allowance is made for the safety of pedestrians.

HON ATTORNEY-GENERAL:

I can certainly undertake to transmit to the Commissioner of Police the views expressed by the Honourable and Gallant Major and I am sure that he will do all he can to see that his Police Force do the best they can on these matters.

HON MAJOR R J PELIZA:

And also, I think, the markings on the roads leave a bit to be desired. Once upon a time they seemed to be very clear and they seem to be somehow vanishing now.

HON P J ISOLA:

Subhead 14, the Dog Section. Is this a section to get rid of stray dogs or is it something else. And if not when is the police going to get rid of stray dogs?

HON ATTORNEY-GENERAL:

There are three dogs in the section. One is a drug detector and two are used on patrols. The whole of its vote is for the amount spent on food, leads, muzzles, steel wool, I am not quite sure why dogs want steel wool, quite frankly.

The duty as far as stray dogs is concerned is not paid for out of this vote. It is one of the general functions of a police officer if he finds a dog which is stray. In fact, I seem to remember telling the Honourable Member opposite about a year ago that every citizen has a duty if he sees a stray dog to take it to the dog pound.

HON J B PEREZ:

Subhead 16, Special Equipment. What is it exactly that we are buying here.

HON ATTORNEY-GENERAL:

Shin guards, for the police in what you might call riot situations. Abdomen guards otherwise known as a box. Those are the two main items.

HON M XTBERPAS:

Did I hear the Hon Attorney-General correctly that it is £450 to feed the three dogs?

HON ATTORNEY-GENERAL:

No, it is more than that. They are very big dogs. We provide 24 bags of dog food which cost £4.95 each; which is £450; and there are 39 pound bags of dog biscuits at £6.95 per bag, which is £264.

HON J BOSSANO:

The point I made before, perhaps the Honourable Financial and Development Secretary could have a look at it. I do not expect him to be able to answer it now, but this is the absence of the Government side of the insurance contributions. Logically they should be in the Housing account, I cannot see why they should not be in the case of the police, where we have to recover half the cost from the Admiralty.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I will look into this but of course, the Government side of the social insurance contributions is all together under Head 26. I am not quite certain what the Honourable Member would like to see in Police, for example, as opposed to Housing.

HON J BOSSANO:

In the Housing Fund it is itemised and in the other three Funds it is included in the management charges. If the Head 16, Police, is in fact intended to show the true cost, particularly because we recover part of it, then I would have thought he would want to show the insurance contributions there so that we could recover part of that as well.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Point is taken.

Other Charges were agreed to.

Special Expenditure

HON MAJOR R J PELIZA:

I think that the Police is buying some special wireless equipment and then we have something very strange under Improvement and Development Fund. We have four pocket...

HON ATTORNEY-GENERAL:

This is Item 80. A motor cycle set is required and two VHF sets. At the moment there are eight operational police motor cycles and only five are equipped with radios. Two are on their way, which will be paid for out of last year's vote, and one additional set is needed for the remaining motor cycle.

The motor car fleet consists of twelve vehicles, seven of which are equipped with radios. Three sets are on order and will be paid for last year's vote, and we need two more sets for this year so every vehicle is in wireless touch with Headquarters.

The UHF, there is only one set and it is breaking down on occasions. It is used in the Control Room and it is not giving entirely 100% satisfactory service and a new set is required. The VHF antennae are to replace two which are breaking down due to wear and tear. We want two main supply units. These are all for vehicles. The telephone sets are for men on the beat to keep in contact with the Control Room.

HON M XIBERRAS:

I would like to ask, in view that some public comment has been made, whether £32,150 is the price of the launch that was purchased last year, or whether there is still something else to pay in respect of this vote.

HON ATTORNEY-GENERAL:

I do not know the answer to that. I will certainly undertake to find out and inform the Honourable Leader of the Opposition.

HON MAJOR R J PELIZA:

I notice the purchase of two motor cycles, and it is obvious that somehow the Police seems to be becoming more and more mechanised. In view of the opinion in Britain, and in fact in other nations, where it seems to be very important that the Police should be on their feet rather than in cars, is this policy going to continue or will the Police here take the lead from other police forces who are finding that this is counter productive and go back to their feet?

HON ATTORNEY-GENERAL:

I am quite certain that the Commissioner of Police will keep a very close eye on the most efficient way to run the Force. I think probably there was a picture in one of the newspapers some three weeks' ago about a certain number of Policemen in York stepping out for the first time. I think, perhaps, they had become overmechanised

there, but we would hope here to keep a proper balance of contact with the man in the street and yet with maximum efficiency of our Police Force.

HON MAJOR R J PELIZA:

I say this because I think this has a social as well as a law and order connotation in that it is obvious from the experience in other places that the police seem to lose the confidence of the people when they are moving about in cars and motor cycles, and I certainly would not like to see that happening in Gibraltar.

HON J BOSSANO:

Does the Government feel it is really necessary to go ahead with the purchase of a 4.6 KVA generator in view of the fact that they have agreed to parity?

Special Expenditure was approved.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, with your permission I can answer the question the Hon Leader of the Opposition raised about the Income Tax Offices and allow me to get it out of the way.

The lease went out in August, the PWD went to tender on 3 December, tenders were accepted on 11 January, the contractor then ordered the partitioning from the United Kingdom, there was a three-month time lag, work commenced on site on 18 April, and I understand it is due for completion towards the end of July.

HON M XIBERRAS:

I thank the Honourable Member. If in fact, therefore, the lease went out in August, is the amount shown there for the year in the Revised Estimates for the period August to December, as much as that. So that is for one year.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The amount shown in this year's Estimates is for a full year's rent. The figure that the Honourable Member is asking about refers to last year which covered the period from the beginning of the lease to the end of the financial year.

Head 17, The Port - Personal Emoluments

HON M XIBERRAS:

The Captain of the Port is due to leave soon. Could I ask whether thought has been given to his replacement and whether it will be an expatriate officer or a local appointment?

HON A W SERFATY:

The matter, as far as I am concerned, has not been discussed yet.

HON M XIBERRAS:

Is it going to be discussed soon in view of the impending departure of the Captain of the Port?

HON A W SERFATY:

I am sure it will be, but of course it is not the politicians who decide who is employed in any particular job.

HON M XIBERRAS:

Perhaps the Chief Minister might bear it in mind because he advocates the Gibraltarisation from these benches. Could I ask the Honourable Member whether he is aware that if there is a person here qualified for the job he will be considered?

HON A W SERFATY:

Giving my own personal opinion I sincerely hope so.

HON M XIBERRAS:

Could I ask a question on the allowances under Personal Emoluments. £54,000. Would that very significant vote of £54,000 as compared to £126,000, in salaries, would the structure of that column change with parity? In other words will we continue to have heavy allowances there or will it change?

HON A W SERFATY:

I do not think I am in a position to say now, Mr Chairman, what the structure will be after parity.

HON M XIBERRAS:

Does he mean that it has not been negotiated yet. Is that the answer?

HON A W SERFATY:

Yes, not as far as I am aware.

HON J BOSSANO:

Perhaps I can help here. The allowances are for shift workers and they are pay-related on a percentage basis, so they would rise in step with an increase in the basic wage.

Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure

HON J BOSSANO:

Could I ask, are we in fact back to the replacement of launches, or is this a misdescription of the situation. I think at one stage the Government was considering replacing the launches and they were convinced that it was better to replace the engines. Are we still talking about the engines or we are back to the launches now?

HON A W SERFATY:

I apologise, Mr Chairman, for not calling the attention of the House to this. The Honourable Member is right. It is the replacement of launch engines.

HON P J ISOLA:

How many engines?

HON A W SERFATY:

Four I am told, two twin engines.

Special Expenditure was agreed to.

MR CHAIRMAN:

We will now recess until a quarter past three this afternoon.

The Committee recessed at 1.20 p.m.

The Committee resumed at 3.45 p.m.

Head 18, Post Office, Savings Bank and Philatelic Bureau (1) Post Office and Savings Bank - Personal Emoluments.

HON G T RESTANO:

May I ask what is the reason for the transfer of the Postman from the Post Office to the Philatelic Bureau?

HON I ABECASIS:

We use him to cancel orders for stamps in the Post Office. We have a special machine which is used in the Philatelic Bureau for cancelling orders coming from abroad, and he is there to do that precise job.

Personal Emoluments were agreed to.

Other Charges

HON M XIBERRAS:

Item 6, Conveyance of Mails, reduction of £10,000. Could the Minister inform the House about this?

HON I ABECASIS:

Before we used to have a firm in America known as Berliner which used to send bulk postings to Gibraltar and that has been discontinued because it was uneconomical for us to carry on the service.

HON M XIBERRAS:

The Post Office has to perform the service for whom?

HON I ABECASIS:

For a firm in America who used to send bulk postage to Gibraltar for onward transmission to every other part of the world. It was found to be uneconomical to carry on with the service and we discontinued it.

HON M XIBERRAS:

Is there a corresponding reduction in revenue or not?

HON I ABECASIS:

Obviously, yes.

HON M XIBERRAS:

How much?

HON I ABECASIS:

So little that it was not worthwhile continuing. In other words we were making very little money with this firm and it was by mutual agreement that we stopped delivering the mail that they were sending to Gibraltar for onward transmission.

HON M XIBERRAS:

My point is if there is a reduction because of the cancellation of this arrangement, surely we were making more than that before? That is why I have asked for the corresponding decrease in revenue.

HON I ABECASIS:

It is a net reduction.

Other Charges were agreed to.

Special Expenditure were agreed to.

(2) Philatelic Bureau - Personal Emoluments were agreed to.

Other Charges

HON G T RESTANO:

Is the rent paid by the Philatelic Bureau reflected in any of these votes?

HON I ABECASIS:

I think that was paid three years in advance.

HON G T RESTANO:

That is not my recollection of the answer which was given at Budget time last year, when the Financial and Development Secretary said that he thought that that particular charge should be made to the Philatelic Bureau and that he would look into it during the year. I wonder if it is put in here anywhere. If it is not in here, I wonder where that charge can be found elsewhere.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

All I can tell the Honourable Member is that of course if there is no expenditure being incurred in 1977/78/79 they will not be in the appropriation vote this year. We can, however, look and see where it is being brought to account. Mr Chairman, there is no way to confirm that it was in fact paid in advance but there is no information actually available to us at the moment where it is chargeable. That information can be found.

HON G T RESTANO:

If I can just refer to last year's reply on the same question by the Financial and Development Secretary, he said that in the course of the forthcoming Financial

Year he intended to look at the mechanics of funding of the Bureau with the rent. This is on page 461 of the Hansard.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Funding the Bureau and where the rent was charged are two rather widely differing subjects.

HON G T RESTANO:

We were in fact talking about the rent. It was in a direct reply to a direct question about the rent of the Bureau.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Is the Honourable Member now asking me why the Post Office Philatelic Bureau has not been funded?

HON G T RESTANO:

Yes. If it is a charge, an expense of the Bureau, I think it should be reflected in Other Charges, so that one gets a more accurate figure of the expenses of that Bureau.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, it may or may not be amongst one of the items shown as expenditure in 1977-78. If it does not appear there then I will ascertain from the Treasury where the charge has been made.

HON P J ISOLA:

The rates also should be shown, shouldn't they? Could I ask on publicity I notice that there is a considerable increase in the Revised Estimates of £11,000 on publicity. What is the particular reason for that? Is it that the Government is going to go into the market in a bigger way than before. Is there not a danger that this will cheapen things, or does that arise for the number of issues? I am just a bit surprised to see such a big increase.

HON I ABECASIS:

Well, this is in order to try and sell as much this year as we did last year. Because last year was a particularly successful year, this year we want to go all out to try and make it a greater success. It is our intention to go to Canada, Italy, Germany, and Great Britain to further promote the sales of our stamps.

HON P J ISOLA:

There are no more issues than last year, are there?

HON I ABECASIS:

No, Sir, I said yesterday that the policy of the Post Office was to keep issues to three or four as a maximum.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I think I ought to tell the Honourable Member that one of the major outlets, should we say, for promoting sales are the Stamp Exhibitions which are held in various countries all over the world and if the Philatelic Bureau and the Gibraltar Post Office is to be represented there then we would pay it from this. And it is quite important from the point of view of promoting additional sales of the ordinary issues that Gibraltar has a Stand there and people manning it all the time. It is a recognised way of improving one's ordinary sales of philatelic issues.

HON G T RESTANO:

On subhead 6. I wonder if we could have an explanation of this figure. I don't quite understand what it refers to. The increase from £30,600 in the Revised Estimates to £71,000.

HON I ABECASIS:

There is a remark there. It provides for larger printing of issues due to increased demands.

HON G T RESTANO:

I understood that last year for example the printing in fact of stamps was higher because of the definitive issue than it would be this year. Does this in fact apply to the printing of stamps?

HON I ABECASIS:

No, we are dealing with philatelic. The other time it was about the definitive issue, the bulk of which is sold by the Post Office during the four year period. On this occasion it is mainly for philately, and, therefore, the basis share is paid by the Philatelic Bureau as opposed to the case of the definitive which was paid by the Post Office because they use it for 4 or 5 years, whereas the Philatelic Bureau can only use it for one.



HON G T RESTANO:

Just to clear my mind perhaps we could go on to the next item, Subhead 7. I see that the commission to Philatelic agents comes down by nearly 100%, and yet the supply of stamps go up. I would like a clarification on that? How do those figures marry up?

HON I ABECASIS:

Last year we spent round about £180,000 in commissions; this year we will only spend £100,000 because we expect to sell less stamps than we did last year.

Now, on the question of the printing I have explained that on these occasions most of the stamps are for the Philatelic Bureau whereas last year the bulk of the stamps which were printed were for the Post Office because it was the definitive issue which is in use throughout the four years.

Other Charges were agreed to.

Special Expenditure

HON P J ISOLA:

This air conditioner, is it just one unit?

HON I ABECASIS:

Yes Sir. It is just to preserve the stamps in order that the stamps may not stick to each other. It is very essential according to the advice given to us that because of the levant and the humidity in Gibraltar it is necessary to have this air conditioner to keep the stamps from sticking to each other.

HON P J ISOLA:

Will it be purchased locally?

HON I ABECASIS:

Probably, locally, Sir.

HON P J ISOLA:

By tender?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, it must go to tender, it cannot now be purchased in any other way.

Special Expenditure was agreed to.

Head 19, Prison - Personal Emoluments

HON M XIBERRAS:

Mr Chairman, a general question on the vote as a whole which might be asked in respect of this part of the vote because there is an increase of three in the establishment, and that is to ask the Minister what has been the cost of the improvements suggested by the Committee or Commission that looked into the disturbances at the Prison.

HON A J CANEPA:

We cannot answer that. There were a number of recommendations some of which did not entail any expenditure at all. It is not a question of costing the implementation of those recommendations. Some of them entailed carrying out improvements to the physical environment of the amenities in the Prison, like toilets, for instance, the ablutions, and that can be costly. But a lot of recommendations had to do with other aspects.

MR CHAIRMAN:

In any event I think your answer should be, if I may suggest it, as to whether any of those things are there in the estimates for next year.

HON A J CANEPA:

That I can do. If the Honourable Member wishes to know what is the reason for the increase, that is the staff inspection, the staff inspection report recommended an increase in manning levels and certainly for as long as the prison population remains at around 25 we shall have to maintain a manning level of 18 if not more, because the alternative, if you cut down in the staff, is to run up an astronomical bill on overtime.

HON M XIBERRAS:

And also the other type of manning, Mr Chairman, how long people are on the job. Could he say what sort of duties these Prison Officers have under the present circumstances?

HON A J CANEPA:

The experience of the last 6 or 7 months has been that they have been too long on the job. They have had to forego annual leave, they have had to forego the rest day that they are entitled to, and added, of course, to the tensions that there have been as a result, a lot of them have become ill. A lot of

them have been more prone to illness than in the past. They have been undertaking an enormous burden and we took the opportunity of having staff inspection and to accelerate the implementation of that staff inspection. As soon as we got the report in August Council of Ministers considered it immediately, arrived at the necessary decision and that is why, in the case of the Prison, unlike perhaps other Government departments, we are already reflecting the recommendations of staff inspection in the increased establishment.

Personal Emoluments were agreed to.

Other Charges

HON G T RESTANO:

On Item 6. The Minister has just said that the present level is 25 inmates. May I ask how many there were when the Revised Estimates of £650,000 was arrived at.

HON A J CANEPA:

About the same number. That has been the level of the inmates throughout the year, give or take two or three. Perhaps the Honourable Member is wondering at the very considerable increase as between the Draft Estimates for 78-79 as against the Approved 77-78 and the Revised 77-78. I think that is probably what is worrying the Honourable Member. The answer, of course, is that whereas up until recently the meals were being provided for and cooked in the Prison, now they are being provided by the Medical Department and that department is charging us for those meals. It does work out to be slightly more expensive. The other thing perhaps that I should say is that whereas they have been giving us this facility in the last three or four months - I must be careful in case there are any people from the Audit Department - they haven't been charging us for the last quarter or so of the Financial year which has just ended. They will only be charging us from the beginning of this Financial Year.

HON G T RESTANO:

Would the Minister not agree then that the note at the bottom, c, is rather misleading, because the reason given is for an increase in inmate population.

HON A J CANEPA:

Yes, I would agree, it is misleading.

HON M XIBERRAS:

Could I ask the Minister to say how much of this extra expenditure is attributable to the Report.

HON A J CANEPA:

Here you have got an item where in respect of meals we are doing something which the report of the enquiry recommended that we should do, that we should endeavour to provide meals from the Medical Department. So some of that increase is attributable to the implementation of that specific recommendation. I don't think there is a great deal more really in Other Charges that is directly linked to the Report of the enquiry. Perhaps that is the only item there which is linked to it.

HON M XIBERRAS:

The point I was trying to make, Mr Chairman, and this is rather more than a debating point, is that there were certain things found wrong with the Prison. Not that these were not the only things, the contributing factors to the disturbances at the Prison, but it appears that at very small expenditure the Government was able to put it right.

HON A J CANEPA:

No, because this is not under Other Charges. There is some other expenditure under Special Expenditure which is connected with the physical improvements that needed to be carried out to the Prison.

We haven't come to Special Expenditure yet, but there is £12,100 last year which at the time of the disturbances had not been spent. It hadn't been possible to do anything up to that time in improvements to the ablutions toilets and so on. This was only done subsequent to that. And this was a matter which was certainly referred to by the enquiry.

HON M XIBERRAS:

Mr Chairman, could I ask in respect of Other Charges what the increases are for: £6,505?

HON A J CANEPA:

The other increases? Just the normal, the very small increases that there are under any Other Charges, are only for instance, a small increase of £300 in Domestic Equipment, additional equipment is required. That could be linked obviously to either an increase in the inmate population, but they are very small. If the Honourable Member compares the Approved Estimates for

77-78 and the Draft Estimates for 78-79 the increase of over £6,000 is almost completely taken up by the increase in the Maintenance and Diets for Prisoners, which is nearly £5,000. There is very little more under Other Charges.

HON M XIBERRAS:

All in all the recommendations of the Committee in fact had no financial implication other than the work which was already planned, and a small amount which has been added this year.

HON A J CANEPA:

Work that was planned, the question of meals, and whatever money, which not necessarily the Prison would spend but perhaps other Government departments would spend in providing work outside and within the Prison for the prisoners. This is not necessarily shown here.

HON M XIBERRAS:

It wasn't the lack of Government expenditure?

HON A J CANEPA:

No, Sir.

Other Charges were agreed to.

Special Expenditure

HON J B PEREZ:

Mr Chairman, under Subhead 18, Improvement of Security Measures. Perhaps this will provide the Minister with the opportunity to comment on the recent escapes.

MR CHAIRMAN:

No, no.

HON J B PEREZ:

Well, I say so because there could be a case for increasing security at the Prison since we are being asked to vote £3,000, a decrease of £9,100.

MR CHAIRMAN:

There is no need to comment in this case. There is no need to ask whether the money is going to be sufficient.

HON A J CANEPA:

We mustn't see the provision last year of £12,100 as being necessarily the annual provision. You are not going to be requiring that kind of money every year. Now, this is part of a programme, if you like, intended to bring the security within and outside do the Prison to what it ought to be. Most of these recommendations on security emanate from a survey which was carried out by the Army Intelligence Unit, I think it was the Army Intelligence Unit, about two years ago. We took advantage of the fact that they were here, and they carried out a survey. Some of these recommendations, for instance, have to do with flood-lighting certain parts of the prison where the illumination was very very poor, and there has been a programme, the bulk of which has been implemented in the last year.

There have also been replacement of safety locks to the cells and most of that is in hand and it is only about £3,000 worth of works or equipment that remains to be done. In fact I haven't seen a report yet of the incident referred to in the earlier part of this week. Being a security matter that report will go initially directly to the Deputy Governor, and then I will get a copy of that Report. I am in no position to comment other than to say that it appears that they escaped over an unlikely part of the Prison. We thought that they would be escaping from another rather low wall but in fact it wasn't that. They seemed to take advantage of a slight disturbance during dinner, when the prison staff were involved with the meals, to escape in the direction over, or behind, the Tower of Homage. But I haven't had a report so I am not able to go beyond what verbally over the phone the Prison Superintendent told me.

MR CHAIRMAN:

I didn't want to be a spoil sport and deprive the House of the reasons for the escape, but I hope that there are going to be no questions at all or further supplementaries on this one. I think we were all eager to find out and therefore I didn't bring you to order.

Special Expenditure was agreed to.

Head 20, Public Works - Personal Emoluments

HON P J ISOLA:

Mr Chairman, I would like to raise the question of the Public Works Department. I notice that the establishment is to be increased this year by another 84 to one hundred and forty two which seems to be mainly

Clerks of Works, which I am sure I will be told, are in respect of the Development Programme. Mr Chairman, I would like to remind the House respectfully that that was what we were told last year when the Public Works Department increased its establishment from 108 to 136. So that even allowing for these 10 or 11 industrials that were made non-industrial by being made Works Supervisors, which I was interested to see from the address of the Minister for Public Works last year, were created in order to improve the performance of the Department.

If I may quote from what he said; he said on Works Supervisors: "these were Leading Hands and under an Agreement they had been regraded and have gone from the industrial side into the salary staff," so it does not mean such a tremendous increase to the Public Works Department in general. They were industrials before, now they are on the salary staff, but they are still members of the same body. Then he went on to say: "the other factor is that although we have of necessity increased our Drawing Office and Technical Staff we are now able in our Development Programme, where we use this staff, to do general work for the Development Programme to put against the ODA the fees of this staff, so that whereas we might have been paying Architects outside to do the work, these fees will now accrue to the Government as such." He was telling us two things there; the change of Leading Hands into Works Supervisors, and in another part of his speech he regretted the productivity of his Department and the permanence of overtime in it and said that that couldn't be countenanced. But having heard his address to the House it appears it had been countenanced for the whole of the year since he made that speech, but we are not really concerned with that. What we are concerned with is that this staff went up from 108 to 136 and this year from 136 to 142, which I think is almost a 40% increase in the establishment. I am not very good at mathematics, it may be 30% or 33%, but something of the order of 30% in two years, in respect of a Department that certainly, judging from the expenditure in the Improvement and Development Fund Revised Estimates for 77/78, a performance which was well below the estimated performance of £5,000,700, it was in fact £2,200,000, so that Mr Chairman, it would be interesting to know that this increased staff is in the Public Works Department to produce an expenditure, for that year, less than the smaller staff produced the year before, if the Minister understands. Because the performance in 77/78 under the Improvement and Development Fund, expenditure was lower than in 76/77 when the Minister had some 7 or 8 or 9 less Technical Staff, which we were told have come in in order to do the work for the Development Programme. If I may, with respect, express scepticism about the reasons that have been

given this year for more staff, more Clerks of Works, we have been given the same reason; the Development Programme. Certainly, in a Budget which is so big, and with such a big amount, one likes to receive assurances from the Minister that the increased staff that we had last year was in fact fully employed before asking us to add more Technical Staff in respect of a Development Programme which has been announced but hasn't been done. If the Minister is going to give us assurances, for example, that these extra staff will not be taken on until he is certain that he is going to be able to spend at least, let me say, 75% of the proposed expenditure of £7m. which is estimated for the Development Fund this year.

I think, Mr Chairman, the House should be assured about these points because it is very disturbing to find the Department increasing its staff considerably and producing less, in terms of money spent. Certainly we would like some clarification of that.

HON A W SERFATY:

I have only heard the last part of what the Honourable and Learned Member has said. He has asked for assurances that we will not go for more staff unless 75% of the money allocated has been spent. Now this is why I have stood up to speak because it only shows that the Honourable and Learned Member is ignorant on these matters. Most of the work that has to be done by professionals is done before the work even goes out to tender. And let me say straightaway that with this staff we cannot get on with the job. We need another 3 Quantity Surveyors, another Clerk of Works and 4 additional staff in the Drawing Office. It is as simple as that. We need them and quickly if we are going to get on with the job this year, next year and the year after that.

HON P J ISOLA:

Mr Chairman, I would be grateful if the Minister would inform the House of what was the increased staff that was needed last year in order to be able to spend the sum of £5,776,000 which was the estimated one, and the revised expenditure £2.1 million. I never thought we actually got below £2 million, but in 76/77 we were actually below the £2 million, £1.275. So that this additional staff which was required so badly last year in order to be able to produce £5.7 million, which was something like £4 million more than had been spent for the previous year, this additional staff, in fact, Mr Chairman, produced precisely £300,000 more of expenditure.

So can the Minister before telling me what he needs for the future, because this is what we are told

every year, this is the excuse for staff, please explain why that staff did not perform last year.

HON A W SERFATY:

It did perform because as I said a couple of days ago here in this House they were already preparing schemes for the next Development Programme. For this one which is about to start.

HON P J ISOLA:

But, Mr Chairman, if the Minister.....

HON A W SERFATY:

And it is no use laughing because work on preparation of schemes has got to be done well in advance. And I said here two days ago that during 75-78 period we had been busily engaged, the Public Works Department, in preparing schemes for the 78-81 period.

HON P J ISOLA:

Mr Chairman, the Minister will forgive us if we don't laugh, and not even smile, but can the Minister tell the House why he told us last year - it wasn't him actually, I don't know why he is rising up, it was actually the Minister of.....

HON A W SERFATY:

Because I get all the knocks over the I&D Fund.

MR CHAIRMAN:

Order, order.

HON P J ISOLA:

Yes, well I am sorry to hear that. Perhaps we should direct our fire to the Minister of Public Works.

Was this estimate last year of £5.7 million which the new staff was required in order to be able to get on with it. I remember the enthusiastic fervor of the Minister for Economic Development when he said: "we need this extra staff, we've got to spend this money, £5.7 million." Well, what I am asking him, I am not asking whether they drew out plans or not, but then the plans don't cost money, I was asking whether they drew out plans, I am asking him, how it was that this additional staff were only able to produce £300,000 more of expenditure instead £4m. which he told us in this House, in all seriousness, in all sincerity, that they were going to produce. How can we believe him now when he tells us: "I now need

more staff to do the £7m" when with 12 or 15 more last year he only produced £300,000 more of work. That is the question, that is the root of the problem."

HON M K FEATHERSTONE:

As the Honourable Mr Serfaty has said, Mr Isola has no idea what he is talking about. If, for example, you are going to plan a school, the first thing you have to do is to get your Architects. You don't get Architects in five minutes. It may take you three or four or five months to recruit an Architect. So you have to plan well in advance, possibly if you now want an Architect you may not get him for three or four months. He then comes and he starts to produce the plans for your school. When the plans are ready they are then sent to the Project Committee of the ODM where they may be held up for a six month period.

You have now got out of the year that you started in and you are into the next year. And this is what happened last year on many schemes that were prepared by the people that we had employed. They were bogged down, not by the ODM, by the FCO at the time and some of the schemes took nine months, twelve months, before they got through their Projects Committee. It may be to some little extent that one or two of the Architects were there doing not too much for a short period of time and that is acceptable. If you want to get the work done you have to have a certain amount of flexibility and elasticity. It is no good saying, today we are going to build a school and expect an Architect to appear out of thin air and suddenly start to work. You've got to have him there two or three months before you actually start on the school so that you've got him when you need him.

The other way, for example, with the Quantity Surveyors, that you can get the job done is by putting it out to a contract. Well, I would inform the Honourable Member that in most instances, when it is put out to contract you spend far more on contracts fees than a whole year's salary of a Quantity Surveyor, even if he is six months doing nothing.

MR CHAIRMAN:

Now, gentlemen, just one moment. We are now debating without a question before the House. Let us call Personal Emoluments and then you can decide whether you wish to vote for or against or say anything more on the question of salaries. We are otherwise going to have two bites at the cherry: we are just debating something and then we are going to go to Personal Emoluments and we are going to start all over again. So shall we call Personal Emoluments?

HON M XIBERRAS:

I thought we had called Personal Emoluments.

MR CHAIRMAN:

Oh, no, we just called Head 20 and Mr Isola got up to speak.

HON P J ISOLA:

I beg your pardon. Mr Chairman, on this side of the House we can only go on what we are told by the other side of the House. And it was the other side of the House who told us last year, when they asked for this additional staff, that they needed them in order to be able to spend - but this is what they said they were going to spend, we didn't say they were going to spend it, they said it - £5.7 million. Now this year we have been told in the course of a general debate that we need some Clerks of Works, more Clerks of Works, in order to spend £7 million. Well, will the Government forgive us if we say we don't believe you, if the Government can come to this House and say that all these people have been fully employed and they've only produced £2.1m. I know all the arguments about Architects, the work they do, but there were other people taken on by the Government apart from Architects. There were PTOIV's, Surveyors, Works Supervisors, which was a change, but that was meant to get more production underway.

Now it is alright for the Government to give excuses, and to say, well we haven't had productivity and all that, but that's their responsibility. As far as the public of Gibraltar is concerned we are paying out, or we are asking the tax payer, to pay sums for a huge department, to give them a tremendous amount of additional staff with no guarantees or assurances that something is going to come out of it all. Mr Chairman, the Minister says we have no idea, but can I remind the Minister, that in this House only three months ago he told us the first brick would not go on the new school until October. I watched him on television and there he told people that the first brick would go in July, and only yesterday in this House he told us the first brick would go in June. This is what makes us ask, what has this additional staff that we voted for last year in fact produced because we know that under the Improvement and Development Fund, we know on the new school there is an item of £86,000 already spent which I understand was Architects fees and so forth. Can we have some explanation because it is no use coming to us, Mr Chairman, and I am sure the Government will appreciate the point, coming to the House and saying:

I need more staff, like they did last year, and I need it for all this because this year we are really going to get down to it and spend £5m and then you don't. You come and tell the House you give all your excuses, but don't come again this year and say we want more staff because we are going to spend £7m. Because how do we know the Government is going to spend £7m. What guarantees have we got of this?

HON M K FEATHERSTONE:

Sir, the situation last year, as we have said, there were considerable delays in projects being approved because the FCO was mixed up in it. Since then the situation has vastly improved and many of the jobs prepared last year, such as the Bedsitters at Prince Edward's Road, the Bedsitters at Glasis, some of the modernisation schemes, were all prepared, and were hanging fire and waiting until the approval came through. They've all come through now and they will be coming to fruition shortly.

HON MAJOR R J PELIZA:

So in fact some of the planning is no longer necessary because all the planning has been done as far as I can see. But those who were employed on those projects which never materialised could now be getting down to preparing the projects which I hope will materialise.

HON M K FEATHERSTONE:

And they are going to.

HON A W SERFATY:

Mr Chairman, we have prepared, as I said two days ago, apparently the Members of the Opposition do not pay much attention to what some people say. I said two days ago that the Public Works Department has prepared critical path charts which showed each project, when you need an Architect, when you need a Quantity Surveyor, when you need the Clerks of Works, and these have now been shown - we have not brought them here, we have a big chart which we showed to Mrs Hart - and we shall be delighted to show them to the Opposition whenever they like. They will then be able to understand, which they do not, now, Mr Chairman, why we need not only the staff that my Honourable Friend is asking for but the additional staff that I already said two minutes ago.

HON P J ISOLA:

It is important, Sir. I mean, we did listen to the Minister yesterday on this critical chart business, we did listen to him avidly, but the Minister will



forgive us, you see, if the Government had told us last year that they were only going to spend £2m. because all this staff is going to be engaged in planning for the following year, then fair enough, but that is not what they told us. Don't say we don't understand, Mr Chairman, because it is they who do not understand.

One other point I would like to raise, and that is that the Minister will see in the vote of the Other Charges, and this is relevant to this, that there is a reduction in the vote of Maintenance and Painting of Crown Properties, because £600,000 has been shifted to the Housing Manager, whom we have been told by the Financial and Development Secretary, if he so wishes can spend this money on private contractors and look outside. So that clearly the workload of the Department has been reduced in theory, and yet they are asking for an additional Maintenance Surveyor. Can we ask what that additional Maintenance Surveyor is for?

HON A W SERFATY:

We were discussing this morning £600,000 worth of maintenance in the Housing Head. Then there are £220,000 for housing repairs in Head 101 and £400,000 in Head 101 again. Look at the amount of normal maintenance and heavy backlog maintenance we have to carry out. If we get that term contract, or some other kind of agreement is made with the Honourable Mr Bossano, or the Union, perhaps I should say, because when we are talking of repairs let me say once again we are not now in a position to get these huge jobs of carrying out repairs and may I say so once again.

HON P J ISOLA:

Mr Chairman, I agree we can discuss that under Other Charges, but certainly we cannot be satisfied with these explanations and we propose, Mr Chairman, that the vote of Personal Emoluments be reduced by £1.

MR CHAIRMAN:

The complete vote or any particular Subhead? Personal Emoluments includes one subhead with different items. Is that not right?

HON P J ISOLA:

I propose that the vote of Personal Emoluments be reduced from £453,300 to £453,299.

HON M K FEATHERSTONE:

I think one thing should be made clear. £600,000 have been transferred to the Housing vote, because obviously there is now a Housing Fund and it has to be kept in proper balance, but that work will be done by the Public Works Department. It will not be done by outside contractors, as far as I can see, unless the Honourable Mr Isola is suggesting that half the staff and half the industrials of the Public Works Department are sacked so that they can go out to a private contractor.

HON P J ISOLA:

We are not suggesting that. We are only quoting the Government side, where we were told that the Housing Manager was responsible for that vote, he could get a costing from the Public Works and if he didn't like it he could go out to a contractor. We were told that from the Government benches. We are not suggesting the Government sacks anyone in the industrial staff. At least, apparently Government is quite happy to continue as they are, but what we are suggesting is that Government is taking too much non-industrial staff in the Public Works Department and that they are not performing. That is the criticism and that is why we are proposing a reduction of £1.

HON M K FEATHERSTONE:

We don't agree, Sir, because as the Honourable Mr Serfaty has said there are some £550,000 of Housing repairs to do; £225,000 of other buildings and maintenance to do; and £400,000 of heavy backlog maintenance to do; and the maintenance staff to do that, if anything, may not be adequate.

MR CHAIRMAN:

No, no, we are getting out of order now. This is Other Charges, we have got an amendment to Personal Emoluments to Head 20. The amendment is moved by the Honourable Mr Isola and is that Personal Emoluments should be reduced from £453,300 to £453,299.

HON M XIPERRAS:

Mr Chairman, by the logic of the Minister's last statement the work which gradually accumulates with the Department by the year, let us say 1990, is going to require.....

MR CHAIRMAN:

No. Order, order. I have called the last speaker to order and we said we would do that under Other Charges.

HON M XIBERRAS:

I am talking about the establishment. Is that what we are talking about?

MR CHAIRMAN:

I think in fairness to what we were discussing I think Mr Isola made it quite clear that he had to refer to Other Charges as an example of what should happen. Am I correct Mr Isola?

HON P J ISOLA:

Yes, Mr Chairman.

MR CHAIRMAN:

Most certainly. I have no doubts in my mind. The reduction now is on Personal Emoluments.

HON M XIBERRAS:

That is what I am talking about.

MR CHAIRMAN:

We differ, but go ahead and we will see.

HON M XIBERRAS:

I said, Mr Chairman, that by the logic of the Minister's last statement, whether it applies to one vote or the other vote, if the work remains undone apparently the department needs an increase in the staff. He has been telling us about this so that by the year 1990 we are going to have a huge staff and still no work done. That is a very good reason for supporting my Honourable and Learned Friend's amendment.

The other point, Mr Chairman, and leaving aside for the moment on page 64 the question of administration and so forth, if one looks down the list, if one looks at the Drawing Office, much of these projects must have been already done. Apparently we can not reduce the Minister's salary, Mr Chairman, because it does not come under this particular vote, but much of the work appears to have been done already but now has to be done again or extra work has to be done or an amount which has not been expended at all. If we look further down, Maintenance Section, Mr Chairman, we have already had words to say about the Maintenance Section, I have not heard what the actual production in maintenance is of jobs today done. At one time it used to be just short of two jobs a day per gang. I wonder whether this has gone

up, but I have not heard anything to the contrary. In fact the Minister was talking about the lack of production in his department. If we look further down, the Mechanical Section, I don't know what the state of affairs is.....

MR CHAIRMAN:

Where are we now, Mr Xiberras?

HON M XIBERRAS:

I am on Personal Emoluments, going down the different subheads of Personal Emoluments.

If we go further down the Sewers Section I believe works very well and very hard and produces the goods. The Stores Section, in fact, Mr Chairman, we shall come to at some particular point in time, but I doubt very much whether the actual buying techniques are anything to.....

MR CHAIRMAN:

No, I am not going to have it. We are talking about whether there is a need for the personnel and not whether they are doing the job.

HON M XIBERRAS:

That is what I am saying, but the job is not getting done, Mr Chairman. That is what I am saying, and that is why I am supporting my Honourable and Learned Friend's argument.

MR CHAIRMAN:

That is not what we are discussing. We are discussing whether we need the establishment.

HON M XIBERRAS:

The essence of my argument is that with this establishment the job is not getting done, it makes no sense to vote for more. I am just pointing out the areas in which the job is not getting done and this is not satisfactory for Gibraltar. That is absolutely clear, Mr Chairman, we have been at the Public Works vote for ages in this House.

MR CHAIRMAN:

With due respect to the speaker you are now coming into general policy which should have been discussed at the second reading in the Bill and not now. We are now talking about specific items of expenditure, and we are diverting from it.

HON M XIBERRAS:

The item I am talking about is.....

MR CHAIRMAN:

No, with due respect, it is my decision that we are most certainly departing from the point.

HON M XIBERRAS:

Very well, Mr Chairman, I bow to your ruling, but the point is as I have made it.

Now, Mr Chairman, on a point of clarification. I intend to raise as I have on various other issues the question of suppliers and so on. Is it your advice that I leave this for Other Charges or should I raise it in connection with this particular Subhead?

MR CHAIRMAN:

They do come under Other Charges, don't they?

HON M XIBERRAS:

Unallocated stores. I am talking about the actual procedure, how the buying is done, how spending is controlled.

MR CHAIRMAN:

I think we shall take them under Other Charges.

HON M XIBERRAS:

Well, as I say, Mr Chairman, I have no hesitation in supporting this, I think it is a very important amendment that my Honourable Friend has put forward and I think for the consideration of Honourable Members opposite, all of them, some of whom may be on the receiving end of this.

HON MAJOR R J PELIZA:

Mr Chairman, I do agree with the two speakers, my friends Mr Isola and Mr Xiberras. I think the big mistake the Minister is making is that he is relating establishment to the amount of expenditure, which I don't think is the right way to relate it. What you have to relate it to is the actual volume of work. Now, if it is costing more tomorrow it does not mean to say that we are going to produce more for the same amount that we did last time, because the cost is going up. So, therefore, you cannot possibly relate the establishment to actual expenditure, and I would suggest to the Minister that

what he has got to find out is whether the volume of work is going to be any more than it has been in the past, and I certainly don't think he has convinced the House of that.

HON M K FEATHERSTONE:

I would like to comment that the only increase in the establishment from 136 to 142 is completely in the Development side of it. Five of them are Clerks of Works. These people were seconded to us last year from the ODA, this year they are on our own staff, and they are looking after the Modernisation Programme. Mrs Judith Hart said that one of the most essentials was that we had good Clerks of Works and that is where the increase is. Everything else is running exactly the same, or practically the same, as last year. There are certain instances where people last year were Technicians, they have finished their training and they may have been taken on as PTOIV. That is the only main difference.

HON J BOSSANO:

Mr Chairman, the point is that last year these extra Clerks of Works were defended in the House of Assembly as most of them were going to energise the crash programme. Now, having failed to get the crash programme off the ground I would have thought that there was a good case for replacing them, not putting them on our own payroll.

HON M K FEATHERSTONE:

I will accept that they went through a slow down, called a "go-slow", and then the blacking and goodness knows what else. I think that started to put a buffer to the crash programme.

HON J BOSSANO:

Mr Chairman, is the Minister in a position then to give a solemn undertaking to the House that if there is no blacking or go-slow this year they will be able to complete the Development Programme of £7m. that he has got in the Estimates?

HON M K FEATHERSTONE:

Nearly as strong an undertaking as he will make that there will be no go-slow, no blacking and no industrial problems.

HON J BOSSANO:

I am not in a position to deliver that but what I am asking him is that if that was the only reason that

they never did last year, is he in a position to say that if it doesn't happen this year we will not get a repetition of what has happened for the last four years in the Development Programme, before the blacking started?

HON M K FEATHERSTONE:

Always subject of course to the project approval coming through from the ODA reasonably rapidly.

MR CHAIRMAN:

Order. I think we have now ventilated the subject as much as it is going to be. I will now put the question to the House, which is that the Personal Emoluments vote of Head 20 should be reduced from £453,300 to £453,299.

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

The Hon J Bossano  
The Hon P J Isola  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon M Kiberras

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 A P Montegriffo  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The motion was accordingly defeated.

Personal Emoluments were agreed to.

Other Charges

MR CHAIRMAN:

There is a general question which I think the Leader of the Opposition wanted to ask.

HON M KIBERRAS:

Mr Chairman, there is a general question in respect of various votes. I have, on behalf of the Group, asked for specific detailed information on sources of supply, and on some occasions, such as Audit, we were told that the buying was done by Public Works, presumably the Stores Section. Perhaps I could put it at that level for the Government to reply. In fact, is much of the buying done by the Stores Section or by the Public Works Department? Exactly who does the buying and is the Government in a position to give Members on this side of the House any regular sources of supply for the department?

HON M K FEATHERSTONE:

Sir, I shall have to give rather a long winded answer and I hope you will bear with me.

The current practice for ordering material from the United Kingdom has been developed over a period of years on an ad hoc basis to suit circumstances and has now been revised. Section Heads follow the following guideline:

When an indent is required from a specific manufacturer, and where similar goods of alternate suppliers cannot be considered, the indent must be placed direct with the manufacturers. Obviously if you want a Leyland van you will have to go to leylands for it. When the value of a proposed order is high and there is sufficient time to obtain quotations from various manufacturers, Section Heads should obtain a number of quotations and then place a direct order as per above. In other words if there is something that is valued at say £50,000, say a Digging Machine, you look around and see three or four types of Digging Machines, get quotations, and having decided which is the best, you then place the order direct with that manufacturer.

There are occasions when manufacturers in the United Kingdom on receiving an order reply that this should be purchased from the local distributor who stocks and can obtain the article in question. There have been occasions when it has been noted that the price per item from the local suppliers is considerably higher than those appertaining in the United Kingdom. In these circumstances the indent should be placed through the buying agencies which serve Government.

Now Sir, I can give you one example. There is a certain spare part which is obtainable from the local agents here at a cost of £22, it was obtained through a buying agent in the United Kingdom and cost less than £3. When materials are urgently required they should be obtained through the buying

agents. When a section requires a number of items from one or a number of manufacturers or suppliers in the United Kingdom, then the indent should be placed through buying agents. The Indenting Officer must assure himself there are funds available to meet the cost of the items required. All indents will show estimated cost. The buying agency can exceed this estimate by 15%. If the cost, however, exceeds 15% of the estimated value then the indent order will be referred to the department before placing a firm order. When an indent has been placed based on a quotation, either provided by the buying agency or by the department, the former, that is the buying agency, will not place the firm order if the cost has risen above 15% but will refer it back.

Now, Sir, we have three main buying agencies in the United Kingdom. I will not mention the names of two of them, the third one of course is the Crown Agents. The Crown Agents unfortunately are the worst of the three. They are not only the worst but are also the most expensive. On a very simple calculation an order up to £1,000 by one buying agent has a procurement charge of 15%; by another agent 13%; by the Crown Agents 16%; orders up to £10,000, one agency is 8%, another is 7½%, the Crown Agents is 8.9%. So that in most instances we tend to use the cheapest of the three buying agents, who I would comment are not only much quicker than the Crown Agents but in general give us very good service. This does not mean that it is not possible, like in all businesses, that occasionally an error can creep in. But where an error creeps in it is usually rectified as rapidly as possible.

HON M XIBERRAS:

Mr Chairman, this morning you drew some parallel - this is on a point of order - drew some parallel as between a situation prevalent in Westminster not so long ago, about the naming of particular.....

MR CHAIRMAN:

Let there be no misunderstanding, I think I was clear on my ruling this morning and I don't want to inhibit the right of the House to say anything that they are entitled to say. The matter of course is not sub judice, and, therefore, the House is free within reason, and within the rules of propriety, to say what they feel they are entitled to say and which must be in the public interest.

I did say that the Chief Minister had made a statement in which he said that a board of enquiry had been appointed and I felt that it would be unfair that anything should be said which might prejudice the impartiality of the decision to be taken by the board of enquiry.

But of course the matter is not sub judice and it is up to the individual judgement of Members as to what they wish to say.

HON M XIBERRAS:

Mr Chairman, it wasn't so much concerned with that particular matter that I was referring but simply to reassure myself that the words I had to say this morning did not inhibit in fact the mentioning of particular names in a general context and not in a particular context which there arose in fact in Westminster in the case of Colonel whatever his name was.

MR CHAIRMAN:

Well, the only inhibition that could arise is that the matter is sub judice, the matter here in Gibraltar is not sub judice and therefore that does not arise.

HON M XIBERRAS:

And neither is it my intention in fact to draw attention to that particular case which the Chief Minister has already made a perfectly satisfactory statement on. But it is, I think, perfectly proper, if I may say so, for the Opposition, if it so wishes to ask for names of particular regular suppliers of the Government.

MR CHAIRMAN:

Most certainly.

HON M XIBERRAS:

And I would not like it understood by Honourable Members that this is in any way out of order.

MR CHAIRMAN:

Oh no.

HON M XIBERRAS:

If the question is asked an answer could be given.

Mr Chairman, bearing that in mind, and not referring to any particular case but in general terms, could I ask the Minister first of all, at what level these decisions are taken, either to buy locally and so forth, and within what sums of money, bearing in mind the different methods of purchasing which the Honourable Member has put forward. I could ask the question in respect of specific items if necessary, Mr Chairman, but I think it might save time if the Minister answers these preliminaries.

MR CHAIRMAN:

As a general practice of purchasing, through the monies which are being voted, you are entitled to ask a general question.

HON M K FEATHERSTONE:

The normal indenting officer, of course, is the Stores Officer, Sir. The one thing I did leave out in my statement just now, is that, of course, these instructions apply to orders given overseas, mainly to United Kingdom. Where there are purchases from local firms which do amount to a considerable amount of money in the year, I think the local firm purchases total nearly £½m. in the year, this goes out to tender.

HON M XIBERRAS:

I thank the Minister for saying that it is the Stores Officer, and secondly that the sum of local purchases is in fact £½m.

MR CHAIRMAN:

And it is done by tender.

HON M XIBERRAS:

But they go out to tender. Now, could I ask the Minister are there any purchases that do not go out to tender, in fact? Local purchases.

HON M K FEATHERSTONE:

Not that I know of. I think there are certain instances where there is only one tender and, in such items as cement and various things of local construction materials, but as far as I understand it they nearly all go out to tender.

HON M XIBERRAS:

Mr Chairman, I beg to differ with the Minister. This is not in fact in my experience the case. Perhaps he might care to consider his answer. There must be a good number of articles which are needed by repair gangs under the charge of a PTO which are locally purchased and there is no tender.

HON M K FEATHERSTONE:

Well, I would qualify that, of course. If you are sent out to get a spare for a Leyland car you would obviously go to the Leyland Agents. In instances like that of course, then you go to specific people. I also understand that for small purchases up to £500 no tender is necessary.

HON M XIBERRAS:

I see.

HON M K FEATHERSTONE:

Therefore, they can get those direct.

HON M XIBERRAS:

If it's a small purchase of £500, but could the Minister tell me whether the sum of these £500 comes within the £½m. he mentioned, and if it does, what proportion of that £½m. is done without going to tender, on very rough lines.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The Tender Regulations, in relation to local purchase, do not apply. That is to say, there is no regulation requiring a department to go out to tender, they do not apply, firstly to the performance of works and services, the estimated cost of which does not exceed £500; secondly, it does apply to the purchase of any one article, the estimated cost of which does not exceed £50, or the purchase of a quantity of the same article or of a quantity of different articles, where the estimated cost of such quantity does not exceed, in the case of the Public Works Department £500; in the case of any other department £250; not to the performance of any works or service, or the purchase of any article authorized to be performed or purchased in accordance with another regulation, which I'll refer to in a moment.

Now the second part of that regulation reads: "It shall be a breach of this regulation to split orders for the purpose of complying with paragraph 3", which is the purchase of the quantity. You can't split an order in order to keep it within the upper limit applicable to the quantity of any one article or a number of separate articles.

Now, the other paragraph to which I referred was that the Treasury Tender Board may dispense with public tenders, where, for example, any works or services are of such a nature that their satisfactory performance requires particular skill, equipment, materials or special knowledge, or any article is of such a nature, that it can only be obtained from a person specializing in the supply of such an article. That obviously would cover, let us say, a particular Leylands spare for a Leyland truck. It is no good going anywhere else, you will not get it.



I think that may perhaps help the House in this question of what departments can go out for local purchase without tender. I would also add that the regulations provide that in addition to the Treasury Tender Board, certain departments can establish Departmental Tender Boards, with specific limits, but otherwise the Departmental Tender Boards act in accordance with the regulations which are applicable to the Treasury Tender Board.

This came into effect on the 1st April.

HON M XIBERRAS:

On the 1st April, this year?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

This year.

HON M XIBERRAS:

Mr Chairman, I thank the Honourable Member for that information.

MR CHAIRMAN:

Since it is general information, I think we must draw the line somewhere.

HON M XIBERRAS:

Yes, could I ask two questions which have not been answered? One is, what proportion of the £½m. which the Minister spoke about in fact falls under the three categories of the £500, £50 and again £500, which the Financial and Development Secretary Spoke about? Is it a large proportion, is it half, a third; generally speaking what proportion comes under those items?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Was the question directed to me?

HON M XIBERRAS:

At the Government generally.

HON M K FEATHERSTONE:

I understand from information given to me that it is rather a small proportion. I have only got the breakdown of the local purchases into a rather large heading; construction materials was £125,000; plant was £29,000; spares were £26,000; sundries was £285,000; petrol and gas oil £13,000; cleaning materials £27,000; clothing

£9,000; Bitumen £32,000; scrap £2,000. I believe the majority of the small purchases is a small percentage of that.

HON M XIBERRAS:

I see, the Minister.....

MR CHAIRMAN:

You have been given a breakdown of the complete purchases.

HON M XIBERRAS:

I have been given a breakdown of the £½m. and the Honourable Member says that most of this is in fact not local purchase.

HON M K FEATHERSTONE:

No, all that I have mentioned was local purchase.

HON M XIBERRAS:

Oh I see, but this is not a very small proportion.

HON M K FEATHERSTONE:

No, I said local purchases come to.....

MR CHAIRMAN:

Local purchases include tender, of course.

HON M K FEATHERSTONE:

Some £560,000 is spent in local purchases. We spend altogether about £1m. a year.

HON M XIBERRAS:

I see. Could I turn, Mr Chairman, for instance to a subject such as cleaning materials, which the Honourable Member mentioned, £27,000, as an example. Is that bought through tender, or is there a regular supplier, or exactly what is there?

HON M K FEATHERSTONE:

That is mainly through tender. I think you will see these tenders for soap and for cleaning materials coming out in the press every year.

HON M XIBERRAS:

And the other questions which I referred to, Mr Chairman, regular suppliers: are there any regular suppliers for the Department?

HON M K FEATHERSTONE:

Local regular suppliers or overseas?

HON M XIBERRAS:

Local and overseas.

HON M K FEATHERSTONE:

Local, I am not sure. Obviously the person who wins the tender will be a regular supplier. I don't know this very well, but I know of one instance, the firm that won the tender for the supply of paint, supplied in very small quantities. If you needed 20 or 30 litres of paint you went and collected that at any time. He won the tender to supply paint throughout the year. It wasn't that a big load of paint was handed over at one go, it was taken in drips and drabs. The Overseas suppliers. Is it alright if I name them, Sir?

MR CHAIRMAN:

Most certainly, you are free to do so if you want to.

HON M K FEATHERSTONE:

One is named Baker Britt, one is named RYCA, and the third, of course, is the Crown Agents.

MR CHAIRMAN:

Right, we will go now to the items.

HON M XIBERRAS:

These are the buying agents in fact.

HON M K FEATHERSTONE:

These are the buying agents.

MR CHAIRMAN:

In the United Kingdom.

HON MAJOR R J PELIZA:

Mr Chairman, in the same way that names of the buying agents are known is it possible to obtain, after the tenders have been granted, who are the successful tenderers?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes.. The regulations provide that the Head of Department who is responsible for the tender, not the Tender

Board, the Head of Department who is responsible for the tender, shall cause to be published in the Gazette as soon as possible after the acceptance of a tender a notice of such acceptance containing a description of the work, services, article or property in respect of which the tender has been accepted, the name of the tenderer whose tender has been accepted and, where applicable, the amount of the tender, and where applicable the amount of all other tenders received, but clearly not the name.

HON M XIBERRAS:

Of all the other tenders received.

HON MAJOR R J PELIZA:

The amount, yes, of course.

Now, the other thing is, is it possible also to obtain from either individual departments or from some certain central point in the Government, a list of the items that the Government usually buy locally and also abroad.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I can't speak for those that are bought abroad, because that doesn't come within the purview of the Treasury Tender Board, except in special circumstances, but I can certainly provide a kind of omnibus list of the things that go out to tender. Provisions of one kind for hospital supplies; prison supplies, cleaning materials, we've heard about; uniforms. If the Honourable Member would find that acceptable, we can quite easily make it up.

HON MAJOR R J PELIZA:

I wouldn't want it supplied to myself, but could it be made available. Is it possible to make it available so that any firm in Gibraltar, or for that matter away from Gibraltar, can obtain this list and at least it has an idea that on those items, if he wants to, he can make an offer to the Government and of course also include prices which might make it attractive for the Government to buy from somebody else.

HON P J ISOLA:

Could I ask a question of Unallocated Stores. I notice that we are only going to spend £100 next year; £140,000 was spent last year. Does that mean that there has been overbuying?

HON M K FEATHERSTONE:

No, Sir, the £100 is put down as a token. This question

of Unallocated Stores was mentioned by the Honourable Financial and Development Secretary in his speech, and, of course, stores do tend to go up every year. There are three main reasons for this, the first reason is inflation, the second reason is that we are constantly getting into the Stores' new stocks. For example with the Varyl Begg Estate we've had to have a whole new stock of door knobs, door locks, window frames, things that are specific to that Estate. These of course, would not have been in store before, but now we have to start storing them up and having them for when they are needed. The third reason is that in many instances we are trying a policy of stocking ourselves rather than buying locally, especially in those instances where we find that the local purchases are much more expensive than buying through the United Kingdom.

HON P J ISOLA:

But this coming year you are not going to stock up. Is that what this means?

HON M K FEATHERSTONE:

This £100 as I say, is just a token vote. What the actual figures will be at the end we don't know. For example there were periods last year where we were importing something like £80,000 to £100,000 worth of materials and only issuing £20,000 because the demand was rather low. I mean, you don't know from any one period to another how the goods are going to come in and how the demand is going to take them out.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, the Honourable and Learned Member might like to refer to the actual expenditure in 1976/77 and the Revised Estimates of Expenditure in 1977/78. Now these two figures represent the value of the excess of purchases over issues. A value which can only be determined obviously at the end of the year.

And while I am on my feet, although it won't affect the estimates that we are discussing, the figure of £140,000 in the Revised Estimates 1977/78 is in fact we now know closer to £120,000.

HON M XIBERRAS:

On the question of checking of stores actually there, Unallocated Stores, I imagine this is subject to normal audit and so forth.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Sir.

HON M XIBERRAS:

Mr Chairman, is the system of audit to the satisfaction of the Minister?

HON M K FEATHERSTONE:

I understand it is to the satisfaction of the Principal Auditor. It is a rather long winded thing, it takes up a lot of time, a lot of effort on the part of people in the Stores. I understand it is necessary and, therefore, I am satisfied with it.

HON M XIBERRAS:

Apparently, Mr Chairman, I believe it was the report of the Auditor for 1975/76 he was not particularly satisfied with the system of audit. That is why.....

MR CHAIRMAN:

Who wasn't satisfied?

HON M XIBERRAS:

The Auditor.

MR CHAIRMAN:

Oh, yes, but you were asking whether the Minister was satisfied.

HON M XIBERRAS:

Yes, Sir. The Minister says that the Auditor is satisfied and I am saying that the Auditor is not satisfied and made several comments in his Auditor's Report about this. Could I ask the Minister whether there has been an improvement in fact in the auditing procedures.

HON M K FEATHERSTONE:

I am afraid I am not aware of that.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, can I just say something. I thought I understood the Honourable the Leader of the Opposition say, was the Principal Auditor satisfied with the system of audit? Now, that is self-criticism. What I think he meant was whether the Principal Auditor was satisfied with the system of accounting.

HON M XIBERRAS:

Absolutely. I entirely take the point, Mr Chairman.

My first question was directed at the Minister and not at the Principal Auditor.

Mr Chairman, could I ask the.....

HON CHIEF MINISTER:

You were going to put a vote, Mr Chairman.

MR CHAIRMAN:

I was going to put a vote, yes, but if there is something else please ask.

HON M XIBERRAS:

There is I am afraid, Mr Chairman.

MR CHAIRMAN:

You must never be afraid.

HON M XIBERRAS:

You are most benevolent, Mr Chairman.

Mr Chairman, on the question of office equipment, flooring materials and technical books.

MR CHAIRMAN:

Are we going back now?

HON M XIBERRAS:

I am afraid so. After my general question my Honourable and Learned Friend jumped in with those important questions on Unallocated Stores. But going to that, Mr Chairman, I was going to ask the Minister responsible for the Electricity Undertaking where he got a particular desk from. I said I would leave that in fact to the Secretariat Vote, but if I could ask a general question about office equipment.

MR CHAIRMAN:

Shall we do it under the Secretariat Vote?

HON M XIBERRAS:

Yes, unless it is Public Works who orders. If it is Public Works that orders then I would ask it in respect of this vote.

MR CHAIRMAN:

What you are asking is whether Public Works orders office equipment.

HON M XIBERRAS:

Yes.

HON M K FEATHERSTONE:

There are no desks in that at all.

HON M XIBERRAS:

Well I am asking in respect of office equipment.

MR CHAIRMAN:

No, generally.

HON M K FEATHERSTONE:

Technical books, printing paper, drawing office materials, ammonia, velograph, polyester film, maintenance and repairs.....

MR CHAIRMAN:

The question that is being asked is perhaps whether that equipment are specifically equipment required by the Department for its own use.

HON M K FEATHERSTONE:

Oh, yes, all those are for our own use.

HON M XIBERRAS:

The Public Works Department does not buy for other departments?

HON M K FEATHERSTONE:

No.

HON J BOSSANO:

In the 74/75 Auditor's Report, in fact the Auditor said "Unallocated Stores, for the third year running no tabular summary has been prepared and thus the required reconciliation in the Stores Records and Treasury Accounts have not yet been affected." I would have thought that if in 74/75 the problems have already been in its third year, by 1978 the Minister would have got round to finding out whether the situation had improved or not.

HON M K FEATHERSTONE:

All I was asked was, was I satisfied with the way the audit was done. I was not asked whether I thought the

accounting in the stores is satisfactory. To tell the truth it is not fully satisfactory. To make it more satisfactory I am afraid we would need considerably more staff.

HON M XIBERRAS:

There is the question of training of apprentices, Sub-head (7). I noticed throughout the estimates that there is a reduction on the votes for the training of apprentices, which in fact does not apply to this particular vote. Could I ask, Mr Chairman, in a negative way, why it does not apply in this particular vote, and it applies in other votes?

MR CHAIRMAN:

Well, you can ask why it doesn't apply to this vote forgetting the other votes. That is the only way the Minister will be able to answer it.

HON M K FEATHERSTONE:

Sir, we estimate training of apprentices will cost us the figure we have stated. Last year we didn't get enough apprentices passing the exam and that is why the actual expenditure was less than what we had hoped it would be.

If I may go back to the Honourable Mr Bossano's question, I understand that we now have tabulated statements for 1969-1975.

HON M XIBERRAS:

Mr Chairman, could I ask on the question of furniture, furniture for residents, at Item 9. Could I ask the Honourable Member whether in fact his department buys furniture generally for the Government where it is needed.

HON M K FEATHERSTONE:

Yes, we do, Sir. Mostly this is for ex-patriate officers.

HON M XIBERRAS:

I see. It is mostly for ex-patriate officers but you deal, for instance, for such things as hostel accommodation, furniture for hostel accommodation for labour from abroad.

HON M K FEATHERSTONE:

No, I don't think that comes under this vote.

HON M XIBERRAS:

You don't do that.

HON M K FEATHERSTONE:

No, this is furniture in housing of various Government officers.

HON M XIBERRAS:

Well this sort of furniture, is it bought, are the sums involved such as would classify under the local purchases rule as explained by the Financial and Development Secretary.

HON M K FEATHERSTONE:

Yes.

HON M XIBERRAS:

And the other is: is there a regular supplier or suppliers?

HON M K FEATHERSTONE:

I think they shop around considerably, including HM Cockyard, I am told.

Other Charges were agreed to.

Head 21, Public Works Annually Recurrent - Beaches were agreed to.

Buildings were agreed to.

Emergencies Services and Stores

HON M XIBERRAS:

There is a decrease there, Mr Chairman, of £26,150.

HON M K FEATHERSTONE:

There is an explanation for that. The operations of the depots is now under a separate head.

HON M XIBERRAS:

It does not mean that the Emergency Service has been discontinued.

HON M K FEATHERSTONE:

No.

HON M XIBERRAS:

Does it work satisfactorily now?

HON M K FEATHERSTONE:

Yes, reasonably satisfactory.

Emergency Services and Stores were agreed to.

Gardens

HON J BOSSANO:

Could I ask Government to consider, possibly for next year's estimates, that we should have shown as a separate amount the sum of money that is devoted specifically to looking after Children's Playground. Because I feel that if we have got a total sum like we have here for the paths, gardens, the upper rock, in which it is included the playgrounds, the playgrounds tend to become a residual item. It is a matter that I have occasionally brought to the House, the equipment getting into a dangerous state. I think if there was a specific sum of money it could not be used for anything else.

Gardens were agreed to.

General

HON P J ISOLA:

May I ask on Rock Safety Measures and Coastal Protection. I notice we spent £32,000, £5,000 for next year. Is this part of a scheme for protection, or is it that it is expected we shall not have heavy rains next year? Is there some reason for this?

HON M K FEATHERSTONE:

Mostly this is a general battle against the sea where it is under-cutting the actual rock. The biggest area of concern of course is from Eastern Beach to Catalan Bay where it tends to undercut the actual road, where the Lido is and we are continually working there trying to beat the sea of its effort.

HON M XIBERRAS:

Mr Chairman, the Minister mentioned the votes at 7 there, Sick Pay for Workmen. He mentioned that there had been a deterioration of the situation following an agreement with the Union. I didn't catch the figures before but it does go from £36,000 to £154,700. This is really a colossal increase. The Minister's remark has not struck me as being so much of an increase.

HON M K FEATHERSTONE:

No, I think I did mention in my speech that whereas before this was hidden under each separate department it is now all put together, but that I am worried to some extent about the incidence of sick leave. This includes leave and sick leave and the amount of sick leave has worried me to some extent. In fact the breakdown that we have got is that the leave is some £71,000, Public Holidays is £45,000, Sick Leave is £37,000.

HON P J ISOLA:

Can the Minister tell us how this compares with last year for the whole of the labour force?

HON M K FEATHERSTONE:

I haven't got that figure available but I can find out if you wish.

HON M XIBERRAS:

The Minister referred in his address to a deterioration of the situation. Could he give us an indication on what basis he made this statement.

MR CHAIRMAN:

There is no reason why you should justify your statement.

HON M K FEATHERSTONE:

Well, as I was saying, the numbers who were reporting sick on the Gibraltarian side of the labour force prior to the agreement were 35, 33, 32, 37, 32, 30, 37, 43, 46, 40, 38. That is the number of people. Then agreement came into force and the numbers became 72, 72, 65, so as soon as the agreement came into force it appeared that more people started taking uncertificated sick leave.

HON M XIBERRAS:

Am I right in saying that this doubled?

HON M K FEATHERSTONE:

Nearly doubled.

I was just wondering whether it would possibly mean that if we continue at the rate we may find that the amount for sick leave will be higher than the £37,000 I had estimated.

General was agreed to.



### Highways

HON M XIBERRAS:

Upkeep of highways, Mr Chairman. There is an increase there. Apart from the area entering the Port I don't think I recall any other big stretch of road, perhaps I am wrong, that has been repaired, maintained. Could the Minister tell us roughly what the programme of work is. Is there any big item in that £130,000?

HON M K FEATHERSTONE:

I think Rosia Road was one of them. And of course we have considerable little areas all the time. We had a stretch of Main Street that we resurfaced after the digging up of the sewers, etc; Cornwall's Lane has been resurfaced in part. I think the main one was the one in Rosia Road.

Highways was agreed to.

### Mechanical

HON M XIBERRAS:

Mr Speaker, on the Mechanical, could I ask, it used to be the case that only were repairs to lorries carried out in the Mechanical Sections, but the Mechanical Section in fact were in control of the use of the lorries, the availability of lorries. Does this system still continue? Perhaps I should have asked under Personal Emoluments?

The question is at one time the person in charge of the Mechanical Section, of the Garage, used to make himself responsible for the actual availability of lorries, the control of the lorries. It was not a very satisfactory system because it did not tie in with the various jobs being done. I am asking whether the system remains the same or not.

HON M K FEATHERSTONE:

I don't think so. I think each department looks after its own transport. While we are discussing that I would once again like to say the really good work done by the repair workshop in keeping some of our vehicles on the roads. I am glad this was brought up because I have got a list here. We have a number of lorries which are 19, 17, 16 and 15 years old, and the workshops do excellent work in keeping them going.

Mechanical was agreed to.

### Pumping

HON M XIBERRAS:

Pumping, Mr Chairman. There has been an increase of £37,000 I know that much of the pumping is involved with the importation of water and I suppose there is no way of overcoming that because of the times and so forth of the arrival of ships and so on. But apart from that there was a scheme at one time that this should be mechanised without prejudice to present holders of the posts. In other words, the Pumping Attendants, or whatever their description might be, there was a plan to replace them after they had retired, without prejudice to their job, by a more mechanised system.

Has the Minister looked into this? There was a study done by the Productivity and Training Unit some time ago. I don't know whether it was a feasible thing or not, but has the Minister some information to give the House about this? The saving at the time, in 1973, was in the region of £11,000 which of course would have increased by now.

HON M K FEATHERSTONE:

Yes, Sir, in the rationalisation of the wells at North Front, and in the salt water system, we are going in for automatic pumping taking into account that this will cut down eventually on labour costs.

Pumping was agreed to.

### Sanitation

HON G T RESTANO:

What is the reason for the rather large reduction in the disposal of refuse between the revised estimates and the draft estimates?

HON M K FEATHERSTONE:

I think, Sir, in 1977/78 we had to do a lot of recladding of the Refuse Destructor, and since we had no money available for this until we claimed from the manufacturers, the cost has been put on to the heading of Disposal of Refuse. If you remember we had a supplementary for that I think very recently in the House.

Sanitation was agreed to.

Water Supply: Salt Water was agreed to.

Potable Water

HON M XIBERRAS:

On the Distillers, Mr Chairman, the increase is there. We had from the Minister some time ago the cost of imported water as opposed to distilled water, and the breakdown for the two distillers. Now, could the Honourable Member say what the £29,500 and the £43,000 are about?

HON M K FEATHERSTONE:

The main increase is that last year we grossly underestimated the number of electricity and also this year fuel oil has gone up.

HON M XIBERRAS:

On the manning of the Distillers, that remains the same does it?

HON M K FEATHERSTONE:

That remains the same. We have 7 plant operators working on a three shift system.

HON J BOSSANO:

Mr Chairman, what exactly is the situation as regards discrepancies between production and consumption of water, because I imagine the amount of water we need to import would be less if in fact we were able to cut down on water losses. What is the situation now? Last year the Minister said he meant to investigate it.

HON M K FEATHERSTONE:

I haven't got the figure for this year, but I can tell you that my Water Engineers are keeping a very close watch on any possible leakages. They are doing night testing. You will probably have seen notices in the newspapers saying that in certain areas the water will be cut off from 11.30 p.m. till 5 o'clock in the morning and some leakages are showing up. In the main we are not getting really astonishing results. The replacement of meters carries on as rapidly as we can do it, and as I say, at the moment I haven't got any check between the billing and the actual water consumed.

HON J BOSSANO:

What about the actual replacement of meters. Has the Minister noticed that as the result of the replacement of meters has there been any increase in consumption? Are meters registering any higher than the old ones?

HON M K FEATHERSTONE:

As we do not see the actual billing books we haven't checked on those figures yet. This is partly because the billing accounts are not in our hands.

HON M XIBERRAS:

Mr Chairman, I have some information on this but I think the public should be aware of it. As this is not a Select Committee of the House I think I am in order to ask the Minister as to when he supposes that the report of the Water Committee will be ready.

HON M K FEATHERSTONE:

We have had an interim report which we circulated amongst ourselves. This is being improved and amended and I hope that we will have another meeting on that shortly, after which it will be presented to the House.

Potable Water was agreed to.

Head 22 Recreation and Sport

Personal Emoluments were agreed to.

Other Charges

HON M XIBERRAS:

Mr Chairman, on the Other Charges may I thank the Minister for the copy of the proposals for a membership fee, or proposed membership scheme of the stadium, to which we are giving consideration, and at this stage I myself cannot commit myself to any kind of support for the scheme in approving that. I just want to make that absolutely clear.

Other Charges were agreed to.

Special Expenditure was agreed to.

MR CHAIRMAN:

Now we have an important decision to take. Do we recess for tea now and then start with "Secretariat", or do we start on Secretariat and give it no more than 10 minutes?

Head 23, Secretariat - Personal Emoluments

HON P J ISOLA:

Mr Chairman, it is very significant to us on this side of the House that when we look at Government department, when we look at the Treasury, for example, the Secretariat staff, we are impressed by the efforts that are made to keep it within reasonable bounds. We don't get

that impression in the other departments. This is possibly one of the reasons why we are critical of a department like the Public Works which is always expanding. We notice that the Secretariat and the Treasury, whose output and volume of work is obviously on the increase, seems to manage and seems to get on with the job. So, although we deprecate with other departments we congratulate them and in saying this we appreciate the word of warning we have had that it may be necessary to increase this staff, but we notice that it is not done unless it has to be done.

HON CHIEF MINISTER:

Well it is perhaps at the expense of having practiced what they have been preaching too much that we have reached a stage in the Secretariat, and there is a Staff Inspection report which has been made, which shows that really the administration from that side is at a cracking point from the point of view of important matters, particularly because the Administrative Secretary has been concerned considerably with Establishment matters arising out of the salaries claim and so on, apart from his other more important work, and as a result of that, and the report made by him on the shortcomings of the backing required by all the services there, a Staff Inspection Report has recommended an amendment. So I don't think the speaker can rejoice very much at that small staff for very long, but when it comes Honourable Members will see that it is absolutely required. It is because they have tried to set an example to others that we have reached that stage. It does carry a very, very heavy burden and we are considerably understaffed.

Personal Emoluments were agreed to.

Other Charges, Secretariat were agreed to.

Productivity and Training Unit

MR CHAIRMAN:

You are now at page 71, Productivity and Training Unit.

HON M XIBERRAS:

In view of the fact that the Government have finally come down to the idea of productivity as being important, could the Honourable Member responsible or who has an interest in this, tell us whether he is working ad hoc or whether these persons are fully occupied in their work, that type of work.

HON A J CANEPA:

They are fully occupied.

HON M XIBERRAS:

In that type of work?

HON A J CANEPA:

Yes.

HON M XIBERRAS:

And does the Honourable Member have any major job, such as the revision of particular areas of the Government employment which the Productivity and Training Unit is going to do in the coming year?

HON A J CANEPA:

No, there isn't any major task. It will be a continuation of the work that they have been doing over the years, Work Study and O and M.

HON M XIBERRAS:

One more question which the Honourable Mr Montegriffo used to ask me when the Productivity and Training Unit was started. Is it paying its way, are we getting enough reduction in Government spending to justify the cost of the Unit?

HON A J CANEPA:

I think it is true to say that when the Unit is brought in, when it is given a specific task to do, sometimes even to ginger things up, to break through the situation which is unsatisfactory, for instance, I can mention the very serious delay in the issuing of electricity and water bills and the Productivity and Training Unit was brought in and came up with a very effective, very successful payment by result scheme. I think it is true to say when they are asked to undertake a job they do it pretty well and I certainly am satisfied that we are getting value for money from them.

HON M XIBERRAS:

I am conscious of this, Mr Chairman. It is well known in the House that I am conscious in fact that the Productivity and Training Unit does not normally have a programme of works to follow. I am concerned that, in between jobs, as it were, it is not so fully occupied. Could the Honourable Member, on the question of Works Study Officers say are they involved in a

regular exercise, for instance, involving the Public Works Department which we were talking about before.

HON A J CANEPA:

Not necessarily the Public Works Department, but they are certainly involved with other departments who bring them in and ask them to look into all sorts of area that need looking into. Perhaps Public Works at the moment not so, not to that extent. A lot of work was done in Public Works initially.

HON M XIBERRAS:

And what department are they working at the moment?

HON A J CANEPA:

Victoria Stadium, Education. They were involved in trying to solve the dispute of cleaning areas. They have been involved in the Medical Department, on the cleaners in the Medical Department. That is a job they have undertaken in the last year or so.

HON M XIBERRAS:

So they go from place to place as the need arises.

HON A J CANEPA:

And there is a constant need, I think, it is true to say. I find them occupied certainly. The Productivity and Training Manager reports to me regularly and he always has quite a list of items to discuss.

HON M XIBERRAS:

Could the Minister, I am very interested in this sort of work, could the Minister in a future meeting make a statement, prepare a statement on the work of the Productivity and Training Unit?

HON A J CANEPA:

I have usually done that over the years at Estimates time. I know the Honourable Member himself does take an interest. On this occasion I didn't bring with me my usual list.

HON P J ISOLA:

I am cheating a bit, I am going to the Information Department. It has just struck me looking at this, I hadn't noticed it. Subhead (9) Secretariat. I am just going to ask about the £9,000, and it says, "advertising cost as a result of additional newspapers". I don't know how many editions of newspapers there are. I don't think there are that

many. It just seems to me a rather large increase. Is the Government doing an extra advertising campaign? The estimate for last year was £4,000 it is double exactly. The Revised Estimate took into account the additional newspapers. Is it just nothing unusual or....

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I can speak for £2,000 of this which was a special advertisement in "The Times", which I imagine was in connection with recruitment. I would certainly imagine that those would be recruitment of a professional nature, possibly the doctors, I don't know that as a fact.

HON P J ISOLA:

2 of the 9.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

£2,000 of £9,000.

HON CHIEF MINISTER:

I would like to say this, that occasionally one wonders whether the same advert in so many papers is really worth it, and one may think that perhaps one should cut on that. But contrary to that one feels that GBC gets a very wholesome contribution and that, therefore, in some way or another, without attempting to keep the press by the publication of advertisement, we do make a contribution towards their being able to become viable. That is why the same advertisements appear in every newspaper.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

And, Mr Chairman, of course, I think it is probably true that we shall get some advertising space in connection with the recent Financial Times Review of Gibraltar.

HON M XIBERRAS:

Mr Chairman, I wonder if the Chief Minister would like to reconsider that statement: we do make a contribution to help the press to become viable.

HON CHIEF MINISTER:

Yes. I haven't got to review that statement. All that I say is that if we deprive the press in order to bring down this vote from repeated advertisements about traffic notices and so on which may be published in 3 or 4 papers on the same day, first of all, it would be discrimination, secondly it would be prejudicial to their interests.

HON M XIBERRAS:

That has nothing to do with what I have said, Mr Chairman. I was just saying that whereas the house should be quite prepared to vote the necessary funds if Government's case is to be put across in various press releases, to do so on the grounds that the Chief Minister has suggested is, of course, quite a different kettle of fish.

HON CHIEF MINISTER:

I haven't said anything of the kind. I have said that depriving them of repetitive advertisements would have that effect, and we take this into account

HON M XIBERRAS:

Mr Chairman, £80,00 on stationery.....

MR CHAIRMAN:

No, no. I am afraid we have taken a vote on Other Charges. We were on the Productivity and Training Unit. I allowed Mr Isola to go back to Other Charges. If it is something of importance most certainly. Is there something definite that you wish to ask?

HON CHIEF MINISTER:

The cost of printing has gone up considerably and this is a vote in which I take particular interest in Secretariat and inevitably we have to reach the conclusion that without an increase it was impossible. Stationery is also much more expensive. On printing and the forms and so on perhaps now we may be able to see with increase in other ways the use more often of the Xerox machine.

HON M XIBERRAS:

Both Printing and Stationery, which was the question I was going to ask, go out to tender, I gather.

HON CHIEF MINISTER:

Yes, they go out to tender. The paper comes from the Crown Agents but printing is done on a tender basis amongst those who are interested.

Productivity and Training Unit was agreed to.

Special Expenditure was agreed to.

MR CHAIRMAN:

At the request of the Chief Minister, who has an appointment, he would like to have Head 26, Treasury, considered, if there is no objection, before the Telephone Service. We will come back to it most certainly. As I say the Chief Minister has to go to an appointment and he has asked whether we could take it now.

Head 26, Treasury - Personal Emoluments were agreed to.

Other Charges

HON M XIBERRAS:

The Computer

HON FINANCIAL AND DEVELOPMENT SECRETARY:

What about it?

HON M XIBERRAS:

The Computer Staff, Mr Chairman, is there any compensation? We do not quibble too much with the Treasury, but is there any compensation?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The Computer is not here so there cannot have been any compensating advantages. If that is what the Honourable the Leader of the Opposition is after. The Computer staff are shown there because it is expected that they will be taken on, have to be taken on, during the course of this year. So far as financial provisions is concerned, within the normal provisions for personal emoluments only certain provision was made because at the present moment, we do not know when it will be necessary to engage them, and, as the House will notice, they have not yet been allocated a scale or rate. I understand that the Staff Inspection has been considering this and that there will be a recommendation but at the moment there is no fixed rate for them.

As to the Computer, we are awaiting the recruitment in the United Kingdom of a trained Computer Manager whom, I think I explained to the House, we would have to employ for twelve to eighteen months whilst one of our own people underwent training in the United Kingdom and under the trained Manager. There will be a deputy who will also have to undergo training in the United Kingdom and there will be two Machine Operators connected with the Computer. Until we have definite information that a recruitment has been made and that the man is coming, it is too early, premature, to start making appointments. So the appointments have not been made, the vacancies are now there and appointments will be made at the appropriate time.

Personal Emoluments were agreed to.

Other Charges.

HON MAJOR R J PELIZA:

Subhead 31.

MR CHAIRMAN:

Hold it. Does anyone else want to ask anything else before that?

HON G T RESTANO:

On Subhead 8, could an explanation be given of the different expenditures.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry, Mr Chairman, I didn't catch the question.

HON G T RESTANO:

Subhead 8. Could we be given some explanation for the different types of expenditure in that subhead.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry, Mr Chairman, I am afraid I am being very dumb but I don't know what further explanation I can give on Bank Charges, and Marine Insurance on Stores which are shipped out through the Crown Agents, and the Crown Agents commission charges. What other further explanation can I give. It seems to be self-explanatory.

HON G T RESTANO:

I notice on this occasion that the Revised Estimates and the estimates for next year are the same. Is it that the same amount of stores insured are the same? Can we have an explanation for that.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I cannot answer that question, but since the estimate has not varied I would assume that when this estimate was compiled it was generally assumed that the broad level of charges to be raised against this would remain approximately the same.

HON M XIBERRAS:

Mr Chairman, I forgot to raise the question of the supplies of furniture which I said I would raise at Secretariat. I didn't raise it then in fact. Could I raise it now?



MR CHAIRMAN:

Yes. Most certainly.

HON M XIBERRAS:

Is there a regular source of supply. If not is it ad hoc buying under the rules that the Financial and Development Secretary mentioned?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

What Subhead is the Honourable the Leader of the Opposition referring to?

HON M XIBERRAS:

I am not referring to any particular Subhead. No doubt I shall come across a desk in my perusal of the remaining items in the estimate. If the Financial and Development Secretary is not in a position to answer the question then I shall not put it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I suggest he jumps to 81. Well, he is talking about furniture, Mr Chairman, and there is some purchase of furniture and equipment there.

MR CHAIRMAN:

Anything before 81.

HON MAJOR R J PELIZA:

I notice that the apes are costing us £1,870. How many apes have we got? Subhead 5: as a matter of interest.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I am sorry but I have little or no contact with those members of my establishment.

HON MAJOR R J PELIZA:

I am saying this because their cost of living is rising very highly. Are they going to get parity? Have we nothing to compare with?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Assuredly they will get parity otherwise it would be most discriminating.

HON CHIEF MINISTER:

Mr Chairman, may I with your permission answer any question on 31 on which I am directly answerable since I may have to leave the House immediately afterwards.

HON MAJOR R J PELIZA:

I wonder whether any progress has been made, can the Chief Minister give something more concrete than what he has given on the note below, and also, and perhaps he can answer all these at the same time whether it might be possible to show more colour transmissions now because I feel that perhaps much more revenue will be forthcoming through advertising if this were possible, even if we haven't got the proper site.

HON CHIEF MINISTER:

Well, the first item is the contribution to the Gibraltar Broadcasting Corporation, which as the note says is offset from Wireless Licences, which come under revenue. Now that the agreement for the Managing Agent comes to an end now in September the GBC will be run by the Corporation alone and not by the Managing Agents. There are difficulties in respect of credit and so on, but there are advantages. I think we do not need them any more.

Colour television: the Estimates provide, as I have already explained earlier in this meeting when I answered some questions, for micro ware links to Mercury House. The contract payment for this year, including interests to Links Electronics, £91,600 and the conversion of Mercury House, £108,000.

As it happens there are three colour television programmes tonight in anticipation of that question. The extent to which colour can be put across depends on the variety of factors and I would like to say that it is a tribute to the staff of GBC that they are putting out such an amount of colour programmes from Wellington Front because in fact they haven't got the facilities there. I saw that there was a special effort being made this morning, and perhaps we can see it tonight, of a video tape of the Governor's departure. They did a very good one of the Ceremony of the Keys the other day, and it is increasing gradually. The quality, I am glad to say, is good, everybody finds that, and it is a clean picture. There are some pockets of difficulty which are being seen to, but it is quite clear that we could not do without colour television in Gibraltar. It has been late in coming as it is but we hope that a lot of improvement will

come about on the conversion of Mercury House into a proper studio with all the facilities.

Having regard to the manner in which they have to work at Wellington Front, even with the old system and the colour that is being produced now, I think that they are doing a very good job. And I think we are also very lucky in having got first class equipment which has passed the test of the GBC and which is certainly saying something.

HON MAJOR R J PELIZA:

I am very glad to hear that this is happening and that we shall see more colour very soon. I join the Chief Minister in congratulating the staff of GBC.

HON P J ISOLA:

Can I ask when is it hoped that the conversion of Mercury House and the full installation of GBC there will take place.

HON CHIEF MINISTER:

We have provided for, I think, three quarters of the expenditure for this year, £108,000. It is a building that has to be converted which in some ways presents more problem from a structural angle, perhaps cheaper in one sense more complicated in another, but it has the advantage of having very high roofs and two very big halls that can be connected. There will thus be ample studio space. It is an ideal place and we have obtained facilities from the Ministry of Defence for access from the tip end of the road, and I think it is a very good place. I think anybody who has been to Wellington Front knows in what shocking conditions people have been working there.

HON G T RESTANO:

Will the conversion be done by Public Works or will it be put out to tender?

HON CHIEF MINISTER:

The conversion will be put out to tender. The delay in the works starting is the fact that bills or quantity and so on are being prepared in order to go out to tender.

HON M XIBERRAS:

One of the recommendation of the Select Committee on colour of television generally was that representations might be made to HMG to seek their support for this particular project. Was any request such request made to Mrs Hart when she came?

HON CHIEF MINISTER:

When this matter was first raised with Mrs Hart before we started she said No. I thought I would tell her that we were making great efforts to provide colour television stressing that it was required. I also pointed out the great expense in order to be able to feel poorer in respect of the request. I did ask her for perhaps some help in connection with films in colour and she said she would look into it. I couldn't go any further than that.

HON M XIBERRAS:

There is one other point, Mr Chairman. I take it then that none of this money is going to be used towards the implementation of the other recommendations other than colour, of the Ricker & Sizer Report.

HON CHIEF MINISTER:

Such as?

HON M XIBERRAS:

Such as the question of programme, the possible broadcasting of proceeding of the House. A good number of things were left very much in abeyance because of the question of colour and which would not cost anywhere near what going colour might cost.

HON CHIEF MINISTER:

I think it is too soon to speak about niceties of . . .

MR CHAIRMAN:

We mustn't fall into the pitfall. You are being asked whether the expenditure here includes these other items.

HON CHIEF MINISTER:

The answer to that is: let us have the television station working properly from its own quarters and we will then go back to the Ricker & Sizer Report.

HON M XIBERRAS:

I wasn't talking merely, Mr Chairman, because whilst colour television is coming on which is a very welcome development, there is also Gibraltar Radio to think about, and, therefore the Government's responsibilities in this matter and the House's responsibility extend to radio even while we don't have colour television.

Has the Chief Minister forgotten about all these recommendations?

MR CHAIRMAN:

No, no, I am afraid that we are not going to discuss those recommendations. We are going to discuss the recommendations to the extent that expenditure has been asked to implement those recommendations. If no expenditure has been asked to implement these recommendations then they are not relevant to the point.

HON M XIBERRAS:

That is why in fact I am asking whether there is anything towards the implementation of the Ricker & Sizer recommendations in respect even of radio.

HON CHIEF MINISTER:

There was an answer to that given by the General Manager which was brought to the notice of this House and that is that bringing the broadcasting of these proceedings required time and attention let alone money and that they are really devoting themselves to getting colour on the screen. They ask for time, they really begged us not to press them on the question of looking into the broadcasting of proceeding until they had got over the burden of getting colour television on the screen in a proper way.

MR CHAIRMAN:

May I stick my neck out and say that the question of broadcasting the proceedings of the House will first have to be moved and debated by the House.

HON CHIEF MINISTER:

I entirely agree.

MR CHAIRMAN:

It is not my prerogative but the Houses' prerogative to decide whether it wishes to have the proceedings broadcast.

HON CHIEF MINISTER:

Precisely. It is because I don't want the Leader of the Opposition think that I was using that as a lever that I have not mentioned that that hurdle has to be taken. And it is because of that that I haven't faced the other question. But purely from the mechanical angle I did say that we were asked before we look into the question of broadcasting proceedings in the House we want to get on with colour

television. The rest would come after, and I take your point, Mr Chairman.

HON M XIBERRAS:

I am grateful to the Chief Minister for sitting down and I am also grateful to him for not clubbing me with this particular argument. I was referring not to the broadcasting of the proceedings of the House. I was making remarks about the procedure. For instance one of the things recommended by Rickard & Sizer about one of political . . . .

MR CHAIRMAN:

No. With due respect we are not going to discuss that Report except to the extent that it implies expenditure to be voted now.

HON MAJOR R J PELIZA:

Mr Chairman, there are two points on which the Chief Minister might be interested and which I would like to raise. That is item 33 and 35, and perhaps I could raise them before he goes. 33, Contribution to John Mackintosh Hall. As you know I have been pressing year after year.

HON CHIEF MINISTER:

This is for the Minister for Education.

HON MAJOR R J PELIZA:

I will deal with the other one then: 35, Contributions towards the Gibraltar Regiment. I know that this House is not responsible for the pay but I doubt whether there is any other way of raising this matter other than when this vote arises. I have heard today, this morning, in the news, that the Services in Britain have received an increase in pay of 14% and obviously we also have parity in Gibraltar. I wonder if the Chief Minister can tell this House what is happening with regard to the Gibraltar Regiment. I know they don't belong to any Unions, yet, and, therefore, they might very well be at the lost end. That is why I would like to know what is happening to the Gibraltar Regiment.

HON CHIEF MINISTER:

The point is that the pay of the Gibraltar Regiment is reviewed annually. No doubt when the review comes later on in the year the fact that today we know that the Services have had a 14% increase will be taken into account. They certainly do not like the idea of parity and they are going to defend it because of different question of territorial

army. No doubt in view of the fact that as a result of parity the general level wages will have gone up in Gibraltar they will take that into account, and secondly the increase in army pay itself will no doubt be itself an important factor. And with that please do not ask any more.

HON MAJCR R J FELIZA:

Can the Chief Minister give us an indication of the date when this is likely to happen, otherwise I think the Minister for Labour should take note that this obviously is a section of the people of Gibraltar who need to be helped.

MR CHAIRMAN:

I am an ex-member of the Gibraltar Regiment and, therefore, I have allowed a certain amount to be said but it just doesn't arise in the estimates.

HON MAJOR R J PELIZA:

But, Mr Chairman, this is the only way that we can take this matter up. Can the Chief Minister give an indication when the pay review is due.

HON CHIEF MINISTER:

I will take that into account. I will certainly raise the matter. There is another matter of the Gibraltar Regiment which I didn't want to bother this House with this time. The most important factor is the level of wages which will have gone up in July and this will have an effect because they do compare the permanent cadre to certain sections of local employment. That is one factor that would have taken place whether the 14% pay rise had been announced today or not. The second factor is the increase that has been given to the Army. I can take that up with the new Governor immediately he arrives. I can do no more.

HON P J ISOLA:

Mr Chairman, there is a down payment on Mercury House of £30,000 and there seems to be no provision for the balance.

HON CHIEF MINISTER:

That is going yearly instalments with interest. That is the payment of the £100,000.

HON MAJOR R J PELIZA:

I know from experience that it is difficult to change the

views of the Board. I have the experience with the Integration with Britain Party which was not allowed in fact at the beginning to make use of the Hall. Eventually good sense prevailed . . . .

MR CHAIRMAN:

Don't debate, ask the question.

HON MAJOR R J PELIZA:

What I am coming to now, Mr Chairman, is the question of allowing pre-election addresses by the candidate in the Hall. I am putting this preamble because I will not give this matter up. We succeeded before. I think we managed to persuade them that they were acting in a manner which I thought was contrary to the public spirit in Gibraltar. All other associations in Gibraltar that I know of follow and agree with this and even schools are allowed to be used for that purpose, and places like the Catholic Community Centre which does not get a penny from Government. I cannot see why the Board is so obstinate in not allowing somebody in Gibraltar to make a public address in a truly democratic spirit in a truly democratic place, when they are getting no less than £38,000 from the Government, for this purpose, from the people of Gibraltar. I wonder whether the Minister can enlighten this House as to whether he has made any progress in this respect, and whether he could use all his power of persuasion, if nothing else, to try and get the Board to change their minds so that when we come to next year this point will not have to be raised again.

HON M K FEATHERSTONE:

Sir, this is the annual chestnut of the Honourable and Gallant Major. I am willing once again to take it to the Committee. If we are going to live, as he says, in a democratic society we must accept I think what the committee's ruling is. But I will take it to them once again and see what they have to say.

HON P J ISOLA:

Could he remind the Committee that they depend for their existence on the vote of the House. And could he also put to them I think the additional factor that I think it is a bit sad for example that Inces Hall, which is right next to them, which is a military establishment could be used for pre-election speeches and not the John Mackintosh Hall. I think it would tend to take away reasons from their argument.

HON M K FEATHERSTONE:

Well, I think that the services the Mackintosh Hall gives

is a little more than being used just for election meeting. So that the amount of money the public are paying is being returned to them in many other ways. There will be of course certain difficulties with giving the Hall for pre-election meetings for the last two or three days because it will be ready for the actual counting of the votes. The Hall has always tried to maintain an atmosphere of neutrality in the whole thing, but I will put it to the Committee with the strong views of both the Honourable Mr Isola and the Honourable Major Peliza and see whether the Committee wish to change their tune.

HON MAJOR R J PELIZA:

May I ask, Mr Chairman, that it is very difficult to convince anybody that by acting undemocratically you can support the idea that we are living in a democratic society. What I am trying to say is that it is most undemocratic not to allow candidates to address the people of Gibraltar in a Hall in which already before political public meetings have been held. In this case it is an election address, not a political meeting as such but an election address, in a place where the election votes are counted. I believe it is impossible for me to accept the premise that because we are living in a democratic society people can act so undemocratically.

HON M K FEATHERSTONE:

I take the Honourable and Gallant Member's point.

HON J BOSSANO:

On the Mackintosh Hall, there is another old Chestnut, that is the question of the Hall closing down for the summer. Both from the point of view of the employees and from the point of view of the public who may use the Hall, I think it is completely wrong. I can tell the Honourable Member that now that the Gibraltar Trades Council has got a representative on the Board of course the Board's decision in this respect are no longer unanimous because the representative of the Unions of the Board reflect what the employees in the Mackintosh Hall want. I would also like to point out that this year as a result of the introduction of parity, leave entitlement for employees is going to be brought into line with UK, and either they are going to have the Hall closed down for a longer period, which will compound the felony, or else it will be shown quite clearly to be possible.

HON M K FEATHERSTONE:

Sir, the Honourable Member will well know that his member of the Gibraltar Trades Council did bring this up at the committee meeting at John Mackintosh Hall and certain difficulties were put forward with not closing down for annual summer holidays, letting everybody take their holidays

when they wish it. It would mean that the services that can be given would be rather difficult because in many instances we only have one person running a certain department. For example when the lady that runs the Canteen goes on holiday, if she decides to go over Easter, then of course we would have no Canteen for a couple of weeks at Easter. If the person that runs the Record Library decides to go in October, then again we would have that closed down. And it is the month that the Hall is least used that we do the closing. We are willing again to look at it but I am not sure what the results will be.

HON P J ISOLA:

It seems to me that in principle once you accept that the place is going to be closed, I don't see any wrong in having sections of it closed. I mean, you have got the whole Hall closed, where people are deprived from going to the Library, the Records Library or having a meeting or eating, etc. Well, they are deprived anyway so what does it matter if two weeks we are deprived of meetings, another two weeks of reading, another two weeks something else. I would have thought that there was no logic in that argument. I thought that the reason why the Mackintosh Hall closed in the summer for two or three weeks, was to suit the whole management and the whole staff; everybody took their holidays. This happens in all small businesses, this really is a small business, small staff. We go through this and we have to put up with it. That is all there is to it.

HON M K FEATHERSTONE:

The Committee has always felt that it is better to give a good service for 11½ months of the year rather than be giving indifferent service over a period of about 9 months which might occur if this was to happen. Anyway we are willing to look at it, but I would comment that there are many places in England which do exactly the same, they close down entirely for a certain period, and also on the continent of Europe, so it is nothing out of the ordinary.

HON J BOSSANO:

One more thing that I would like the Honourable Member to take into consideration. Is he in fact aware that as a result of the new annual leave entitlement that has been introduced in the Civil Service, which will apply to employees in the Mackintosh Hall, these employees are going to have different leave entitlements and inevitably, for example, he is going to have the lady in the Canteen with three weeks holiday and the lady in the Records Library with four weeks holiday, and somebody else with 5 weeks holiday. He cannot help that because that is something that people are entitled to. Is he going to give everybody the maximum of 5 weeks holiday and close the place for 5 weeks?

HON M K FEATHERSTONE:

We may be generous and we might give everybody the maximum Sir. Anyway Sir, we will look at that.

MR CHAIRMAN:

I think the Minister has given an assurance that the matter will be looked into.

Other Charges were agreed to.

Special Expenditure.

HON M XIBERRAS:

Will the Honourable Member say whether there are any regular suppliers of office furniture generally for the Government?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Not to my knowledge. As far as I am aware this kind of thing is dealt with under the new regulations depending on what is to be bought and how much. That is to say if it is to be bought locally. If of course it is ordered I would have normally have expected, I don't order, but I would normally have expected it to be ordered from the Crown Agents. This type of thing.

HON M XIBERRAS:

And before now.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am afraid I don't know.

HON P J ISOLA:

I asked the Chief Minister and I know he was in a hurry, but the downpayment on Mercury House, I notice occurred between 1977 and 1978 of £30,000. Will no payment be made during 1978/1979? or is that in the vote up above. There doesn't seem to be any provision.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It is the Improvement and Development Fund.

Special Expenditure was agreed to.

MR CHAIRMAN:

We will now recess for approximately  $\frac{1}{2}$  hour for tea.

The Committee recessed at 6.10 pm

The Committee resumed at 6.50 pm

MR CHAIRMAN:

We will then go back to Head 24.

Head 24: Telephone Service - Personal Emoluments

HON P J ISOLA:

Mr Chairman, I notice that the department are having two Work Supervisors. Are we going through the same process here as in the Public Works Department when people were upgraded from the industrial to non-industrial grades in the hope of getting more productivity as we were told last year. Is that the same sort of basis for the Telephone Department?

HON MAJOR F DELLIPIANI:

This is due to the expansion of the Telephone Service. We are completing the extension by 3,000 lines and we have a waiting list of something like 700 subscribers. So there are going to be more lines to look after. This is really for the supervision of external works.

HON P J ISOLA:

So it is not actually upgrading or restructure.

HON MAJOR F DELLIPIANI:

No, no.

HON P J ISOLA:

Could I also ask the Minister is he satisfied with the number of Trunk Operators he has now? Because it seems that the volume of business in the International Telephone Exchange and Spain seems to have increased enormously and I think that subscribers generally find it takes a long time to answer for international calls. Does he think that when he introduces



the automatic exchange this will be reduced, and is that why he is not increasing the number of operators? What are the plans.

HON MAJOR F DELLIPIANI:

I think the Honourable and Learned Member was not in the House when I explained the situation. It is not a question of having more bodies, it is a question of having more equipment. Now it is quite pointless to put more equipment for manual work when we are thinking very seriously of going into fully automatic. We cannot afford to go to the expense of putting rather expensive equipment which will be useless in two or three years time.

HON J BOSSANO:

On the Works Supervisors. The Works Supervisor are going to supervise what sort of trade? Telemechanics?

HON MAJOR F DELLIPIANI:

The Works Supervisor, as I understand, will be looking over the repairs of all external works, etc.

HON J BOSSANO:

So they will be supervising more than telemechanics.

HON MAJOR F DELLIPIANI:

No. Basically the lines connections, telephone lines, the broken lines, cables, that kind of work.

HON J BOSSANO:

Which is work done by telemechanic.

HON MAJOR F DELLIPIANI:

Yes.

Personal Emoluments were agreed to.

Other Charges

HON M XIBERRAS:

Mr Chairman, normally from year to year there has been a substantial increase in the cost of training apprentice. I see that there is no substantial increase here, only £860. Does that mean a reduction in the numbers being trained.

HON MAJOR F DELLIPIANI:

That is correct. We are not having more apprentices for the following year. We have less apprentices.

HON M XIBERRAS:

Is it because of the needs of the department or because of cost consciousness?

HON MAJOR F DELLIPIANI:

No, we just don't require any more apprentices.

Other Charges were agreed.

Special Expenditure

HON P J ISOLA:

Can the Minister say when the new telephone directory will in fact come out. I notice that the changes in the numbers, a supplement has been issued, I don't suppose he is referring to that one. There is an entirely new telephone directory coming out, is there?

HON MAJOR F DELLIPIANI:

Yes, there is a new telephone directory coming out. In fact we are in the process of making the different changes we are doing to incorporate it completely in the new supplement so that we have a really up to date supplement when it comes out. At the moment we are still connecting lines and we will be able to connect within the next two or three months something like 600 new lines, so we are waiting for that to go ahead.

HON P J ISOLA:

Will the Minister try in the new telephone directory possibly to include some numbers in the services automatic exchange which are of interest to say business people in Gibraltar, so long as it is not a breach of military security. I mean things like the PSTO (X) and all those sort of things.

HON MAJOR F DELLIPIANI:

If the Honourable Member would give me a list of numbers which might be of use to the community I will certainly see that it is included in the supplement.

HON P J ISOLA:

It would be very helpful, Mr Chairman, if that was done. I am sure the Honourable Mr Bossano could also produce a list of the numbers he would like to have. People he can ring up in the middle of the night!

HON A P MONTEGRIFFO:

Subject of course to MOD agreement. As Honourable Members know, we have discussed this on various occasions and the objections is not on Government side, the objection comes from the other side. If there is no objection then we can put as many numbers as Honourable Members would like and we ourselves would like to have.

HON G T RESTANO:

I notice that the expense for that directory is well over double what the present one cost. Cannot the Minister say what the reasons for this are?

HON MAJOR F DELLIPIANI:

This is of course an estimate on our part. The cost of printing has gone up tremendously. The last directory was printed 3 years ago and if we look at the rate of inflation over the past 3 years I think that will justify it and the fact that there will be more lines involved, there will be more subscribers.

HON G T RESTANO:

But the figure for the last one was £3,500 and now it is £8,000. I don't think that inflation has gone up to that extent.

HON MAJOR F DELLIPIANI:

I am afraid that that is the estimate we have. Of course this will go out to tender again.

Special Expenditure was agreed to.

Head 25: Tourist Office: (1) Main Office - Personal Expenditure was agreed to.

Other Charges.

MR CHAIRMAN:

Other Charges, at page 76.

HON J B PEREZ:

Mr Chairman, Subhead No 3 - £6,300. What exactly will this money be used for?

MR CHAIRMAN:

I think there is a note which says British Medical Association.

HON A W SERFATY:

Well, the first item I have here is official entertainment to BMA Conference, which has already taken place in this financial year. And we have got receptions to travel agents, presentations, passages for some travel writers, public relations, visitors and conference.

HON J B PEREZ:

Can I ask the Minister what the British Medical Association Conference has got to do with this particular vote, this particular sum of £6,300. Is it that they are coming again next year or what.

MR CHAIRMAN:

I think the Minister has said that the expenditure was incurred in this financial year and, therefore, that is why it has been included in this financial year. Is that correct?

HON A W SERFATY:

Yes, Sir.

MR CHAIRMAN:

Any other matters?

HON MAJOR R J PELIZA:

Yes, Mr Chairman, Item 40. Sundry Festivals. I wonder whether the Minister can give us an indication on what these festivals are? We also I think saw something recently about the World Song Festival. We have as we know people like Albert Hammond who has got great fame. Has the Minister ever thought how much it would cost Gibraltar to enter that festival and the amount of publicity we would get if this were possible? The World Song Festival, Eurovision.

HON A W SERFATY:

That is a new one, of course. The festivals we are allowing for are Deep Sea and Pier Fishing; Piazza concerts; concerts at the cave; Alameda Theatre; and the Miss Gibraltar Show.

HON MAJOR R J PELIZA:

Have no provisions been made for any fair or anything like that in Gibraltar - no children's fair?

HON A W SERFATY:

No, none whatsoever.

HON P J ISCLA:

Are there any plans to increase the number of concerts for example in the Piazza in the summer months?

HON A W SERFATY:

This is what we are trying to do. We are trying to get as many concerts as possible. We have allowed a sum of £1,170 to try and get concerts from different Regiments, Scouts, etc. We try to get as many concerts as possible. The Gibraltar Band I was hopeful would have given more concerts but that has not been very forthcoming.

HON MAJOR R J PELIZA:

On the question of the Eurovision Song Festival, I wasn't trying to be funny at all. I think it is something that should be given some consideration. Could the Minister say if he has looked into it, what are the snags? And if he has not will he undertake to find out what is required to participate?

HON A W SERFATY:

I was looking at the Eurovision contest the other day and countries like Malta. I mean, I don't know, this is perhaps political but independent countries. I will look into this possibility of Gibraltar participating but I am not quite sure. To begin with I think all the countries that have so far participated have been independent countries. The other matter is whether we can afford it.

HON H J ZAMMITT:

Could I clarify something on that one. Obviously there is good will but before you can take part in the Eurovision Song Festival you have got to be . . . .

MR CHAIRMAN:

I think what we are interested in is that it has been suggested that perhaps Gibraltar might benefit by entering such a contest and the Minister has said that he will enquire into the possibility. I am not prepared to be led astray as to and argue whether we should or we should not enter.

HON J B PEREZ:

Sublead 15 Advertising and Field Sales. Can the Minister give a breakdown of what proportion of this money he intends to spend in Europe or elsewhere, and in particular the amount of money he intends to spend in Morocco bearing in mind the recent statement made by the Honourable Financial and Development Secretary.

HON A W SERFATY:

Well, most of it is going to be spent in Europe. We have allowed a certain sum of money for Morocco, £1,500. We have been in touch with the British Embassy in Rabat and as a result of that we are expecting three quotations from different advertising agencies in Morocco. We received the first one yesterday amounting to £12,000. As advertising generally, I have been holding discussions with the travel trade in Gibraltar, the Hotel Association, and we are now considering how best to spend the £125,000 which we have included in these Estimates, or most of it, it is not all advertising. I would like to ask Honourable Members to delete in the footnote (c) "and updating Gibraltar Landfall Film".

MR CHAIRMAN:

Then that sum should be reduced, shouldn't it?

HON A W SERFATY:

I would very much like the sum of £153,000 increased, but that is as far as I could twist the arms of my colleagues.

HON J B PEREZ:

Mr Chairman, I would like to say that £15,000 appears in my opinion to be a very very small sum.

HON A W SERFATY:

£125,000.

HON JB PEREZ:

For Morocco?

HON A W SERFATY:

No, for Morocco £1,500.

HON J B PEREZ:

That is even worse. The sum is ridiculous to say the least after all what the Honourable the Financial and Development Secretary said. If we are getting people coming from Tangiers, and these are the people who spend their money in Gibraltar, surely we should spend more money in advertising there. Would the Honourable Minister agree with me on that?

HON A W SERFATY:

Mind you when we are talking of promotion it is not all advertising. We get some of these promotions on the cheap by being able to send brochures in quantities to Morocco. The Director of Tourism is proposing next year - he has done so this year too - to increase the number of visits, the frequency of visits to Morocco. If I remember rightly he has been fourteen times to Tangier and has already done it this year to Kenitra, Rabat, Marrakesh, Casablanca, so that we can get in touch with the travel agents there. So this promotion of distributing brochures personally by the Director of Tourism in Tangier and other cities in Morocco is very helpful.

Then of course we mustn't forget, although this is in the private sector, that Blands do a lot of promotions in Morocco and our friends of Tour Africa who held their Convention here a few weeks ago. They did some promotion not only in Morocco but in the Costa del Sol too for visitors to come here via Morocco. But if we can, and this is what we have to consider in the next few weeks, how much we can increase that £1,500

whether we can go up to £12,000 as has already been suggested by one advertising agency in Morocco, this is what I would like to do, to discuss this matter with the interested parties here like the Tour operators and hotels.

HON M XIBERRAS:

Mr Chairman, it wasn't this budget speech but in last year's budget speech the Financial and Development Secretary was making exactly the same point. It was that tourism from Morocco was profitable to Gibraltar and really it is a paltry sum to spend even for visits by the Director of Tourism and the staff. £1,500 is nothing for a major source of income for Gibraltar. My experience of Morocco is that everybody knows where Gibraltar is and I think it would very fertile ground on which to sow. As far down as Casablanca and even Marrakesh there is a great interest on Gibraltar. And it is not restricted to any one particular class of people but stretching throughout. I think the Minister is being very tardy in reconsidering this but of course we welcome the fact that he has finally got used to doing so. Could the Minister give some sort of undertaking that this vote is going to be increased. Never mind how he is going to spend it, that he can arrive at in consultation with various parties.

HON A W SERFATY:

I agree in part, except that we have been tardy, because we have been discussing these matters for some time now. It does not necessarily follow that we must increase promotions to a country from which we are getting large numbers. Let us not forget that we have got the United Kingdom market . . .

MR CHAIRMAN:

Yes, but what you are being asked is whether you are prepared to consider increasing the budget spent in Morocco.

HON A W SERFATY:

The fact that we have asked three advertising agencies in Morocco to send us quotations is proof enough that we are considering increasing the expenditure.

HON M XIBERRAS:

Could we have a breakdown - if Mr William Isola were here I am sure he would ask for this - of how this money is spent. I notice it is £125,000 for next and, an increase for £20,000 due to increased costs in media and print. The question is, what is the breakdown of this sum, per country and types of activities.

HON A W SERFATY:

Most of this will be spent in our main market, the United Kingdom.

HON M XIBERRAS:

Could we have a breakdown of this?

HON A W SERFATY:

The breakdown is: Winter, Shoulder and Summer advertising £35,000; Servicing Coupon Response £2,500; Support Advertising £4,200; Sundry Trade £3,600; Brochures £14,000; Point of Sale £6,500; Poster £3,600; Placement £5,000 - placements of all these in travel agents shop; Merchandising Leaflets £1,200; Visits, Public Relations, £1,500; Public Relations Expenses £1,000; Trade Promotions £7,000, that includes visits all over the provinces in the United Kingdom; Agency Handling Fee £2,500; Conference and Business Travel, £5,400; Morocco £1,500; Cruise Pack - this is something I agreed with the shipping companies in London - £2,000; and London Office Window £1,000. I don't know whether that adds up exactly to £125,000, but there are . . . . .

HON M XIBERRAS:

I have been looking at the bigger sums, Mr Chairman, I notice the vote is fairly dispersed, if I may put it that way, and most of it, £65,000 on the Winter and Shoulder months in the United Kingdom, I suppose. That is essentially it.

HON A W SERFATY:

In the United Kingdom.

HON M XIBERRAS:

Could I ask the Minister as a matter of interest - What was the figure for brochures?

HON A W SERFATY:

£14,000.

HON M XIBERRAS:

£14,000 for brochures. I am just interested because in another capacity, the European Movement has produced 400 leaflets which have been distributed widely. It is not the same thing, I agree, it is colour and so forth, but how many copies of the brochure does that represent?

HON A W SERFATY:

That represents a very large quantity. On the whole very nearly half a million bits of brochures.

HON M XIBERRAS:

In the order of half a million?

HON A W SERFATY:

Well, about.

HON MAJOR R J PELIZA:

Am I right in saying that this is the contribution that Government makes and that the other travel agents also contribute towards this. Am I right in saying this, that the £14,000 is only a contribution from Government to a joint brochure, or is this the brochure produced by Government?

HON A W SERFATY:

This is the brochure produced by the Government. And that is only the brochure alone, because when I am talking of half a million I am talking of all kinds of things, fact sheets and other things and may be less. The Gibraltar brochure is 75,000 and the Hotel Brochure is 25,000. The hotels prints at their expense bits of papers which we put inside the Hotel Brochures giving details of their charges.

HON M XIBERRAS:

How much does the brochure Government produces cost?

HON A W SERFATY:

The Government Brochure and the Hotel Brochure haven't got separate figures but in the revised estimates I have here £15,000.

HON M XIBERRAS:

That is produced locally?

HON A W SERFATY:

It is produced in the United Kingdom. It is all colour brochure in the very good quality paper.

HON MAJOR R J PELIZA:

Mr Chairman, obviously we spend some money on research and perhaps the Minister can produce some information . . .

MR CHAIRMAN:

Which item is that?

HON MAJOR R J PELIZA:

Item 11. They say they spent £500 on research and since they have obviously spent that money on research the Minister I suppose must have some information for the money spent. I was wondering whether he could give us figures related, to say, money spent on tourists arriving from Morocco per head, and money spent per head of arrival, say from other sources, the other market being the United Kingdom.

HON A W SERFATY:

If I understand rightly he is asking how much they spend in Gibraltar.

HON MAJOR R J PELIZA:

Well that as well if possible.

HON A W SERFATY:

Over a year ago Moroccan visitors were spending £46. It is nearer £50 now. Visitors and yachts were spending £12 odd more like £15 now per day excluding travel and hotel expenditure, and holiday-makers are spending, excluding hotels, between about £6-£7 a day. The Moroccan visitor is spending a day, apart from the hotel which is very important of course, what a package holiday maker spends in a week.

HON MAJOR R J PELIZA:

Exactly, this is very good. Now, the pound spent here - this is very important because eventually this is what is going to count - how much money a pound spent in Morocco on advertising produces for Gibraltar and how much money a pound spent in the United Kingdom produces. I don't want to know exactly, just an idea. Here we know where we put the money and this is what I am trying to find out.

HON A W SERFATY:

I would not even like to venture what it is, because of course if we only spend £1500 and several thousands Moroccans come

here and spend on an average £50 per head, this is pretty good. But as I said before where we must promote, so that we can get an increase - we have got a very large market in the United Kingdom which requires in my humble submission more promotion, taking into account the 50 million people, than we have to spend in Morocco, even though the Moroccan visitors who do come spend much more than the holiday maker from the United Kingdom.

HON MAJOR R J PELIZA:

Of course, I understand that. What I was saying is that now that we know where the source of wealth for Gibraltar lies, proportionately, obviously if for every pound we spend in Morocco we get £50, put it like that, and for every pound spent in the United Kingdom we get much less, then obviously taking into account what we are going to receive . . .

MR CHAIRMAN:

But I think we are going back to the question of an assurance that the Minister has already given.

HON MAJOR R J PELIZA:

Well, perhaps he could look into that . . . but . . . he seemed reluctant to put more money into that kitty and all I am saying is will that convince him that he should put more money there.

HON A W SERFATY:

Every person who reads the Survey Report which I lay on the Table here knows, or should know if he has read it, what the relative importance is. But let us not forget that the holidaymakers who come from the United Kingdom spend a lot of money in the hotels.

MR CHAIRMAN:

I am sorry but I must put a stop to this. I am afraid I have to.

HON M XIBERRAS:

Sir, could I go to item 9, Photographs £2,000.

MR CHAIRMAN:

I hope there are no photographs of the Ministers being distributed in Gibraltar!



HON M XIBERRAS:

Item 9. What are these photographs? Are they photographs taken here for publication in brochures, or what?

HON A W SERFATY:

Well, the details of this item are: Retour to Photographers; colour photographs and colour slides.

HON M XIBERRAS:

Yes, but what for?

HON A W SERFATY:

For example if we have a photograph of a group of tourists or travel agents we send copies to our Public Relations people in London who in turn send it to the newspapers in that area. This is something that we are pushing very very much, this is important to consider. If something has happened concerning somebody from Bristol and we have been able to take a photograph we send it to the Bristol papers.

HON M XIBERRAS:

Yes, I can see that, Mr Chairman, but there must be an awful lot of photographs I would imagine for £2,162.

HON A W SERFATY:

A big share of that is in respect of colour slides and this is important because we have to send colour slides to Travel Agents who want to show them to whole parties in England, to their clients, and we give them a quantity of colour slides so that they can project them.

HON M XIBERRAS:

Who takes these photographs, a member of the department?

HON A W SERFATY:

This is done mainly by a local photographer. We get all kinds of requests from journalists for photographs.

HON G T RESTANO:

Item 17, Mr Chairman, Service of Airfield After Hours. Can the Minister say what these services are, and also why has there been an increase in these services of about 50%?

HON A W SERFATY:

This is a Government contribution towards provision of night charter operations of Exchange Travel and Marshall Sutton. A Government contribution.

HON G T RESTANO:

Who does the Government pay?

HON A W SERFATY:

To the Ministry of Defence.

Other Charges were agreed to.

Special Expenditure was agreed to.

(2) London Office - Personal Emoluments were agreed to.

Other Charges.

HON MAJOR R J PELIZA:

This is another old chestnut of mine, and I wonder when the Government, because I don't think it lies in the hands of the Minister himself, although he is obviously responsible to this House for this particular department, but I feel that we are not utilising the London Office to its actual capacity. I am not suggesting for a moment that the people employed there are not fully employed, that is not all what I am saying. If necessary the suggestion I am making is that we may need to employ others, but we have a good place in Britain where we can portray Gibraltar, not just only from the tourist standard . . . .

MR CHAIRMAN:

Now, gentlemen. I know I am going to become very unpopular but perhaps members do not understand the procedure. We have had a Second Reading of the Bill where the question of general principles should have been discussed. I think in fairness to me I have given tremendous amount of latitude. We are discussing a particular item of expenditure and not the general policy of having an office in London.

HON MAJOR R J PELIZA:

Mr Chairman, we are discussing, if I may say so, the office itself, and the expenses to the office.

MR CHAIRMAN:

With all due respect to the member we are not talking about the advisability of having an office in the United Kingdom, we are talking about the voting of the expenses for the payment of the office in London.

HON MAJOR R J PELIZA:

That is absolutely correct, what we are paying for the office. Are we getting full value for it Mr Chairman, and I say we are not. We are paying so much in rent and I . . .

MR CHAIRMAN:

You are entitled to say that we should not pay so much rent because the rent is by far more inflated than the normal rents being paid around that particular area. With due respect to the member, what you are not entitled to do now, and you should have done it an earlier stage, is to speak about the general policy as to whether we should have an office in London and whether it is possible to have an office.

HON MAJOR R J PELIZA:

Well, it is a great pity, Mr Chairman, I thought that in this particular instance you would have called my attention if I had started to go into the details of the office and because of that I did not bring it up. The argument has been heard in this House before, but I think that that it makes the point, and I will carry on doing this, Mr Chairman, until I hope something happens. After all it did happen with parity it might happen with this as well.

All I am saying is that here we have an office that we could use to maximum capacity, not only for tourism but in protracting Gibraltar in many other respects, culturally and politically as well as, I would have thought, for the selling of stamps, which would bring an income to Gibraltar. Could the Minister say - I think the Chief Minister said he would look into this, in fact he did give an undertaking last time, Mr Chairman, that he would look into it. Unfortunately he is not here but perhaps his deputy, or perhaps the Minister has been advised as to what he has looked into or what he intended doing, or what he cannot do. I wonder if the Minister can say what has happened since the undertaking was given by the Chief Minister.

MR CHAIRMAN:

Will you make clear what the undertaking was.

HON MAJOR R J PELIZA:

Well, he said he was going to find out what other uses could be put into this office.

HON A W SERFATY:

Sir, I wouldn't like to speak for the Chief Minister but I can say that the last time I was there a few weeks ago there was an exhibition of Gibraltar stamps in the window and that was helping to sell stamps for Gibraltar. The whole window was dedicated to Gibraltar stamps.

I also know for a fact that when some of our top Civil Servants go to London to interview people - not only in tourism business - such as Doctors, Surveyors, Clerks of Works, etc these interviews are held in our office. That is as far as I can go. These are different uses, but the fact that you have in the Strand, in London, an office which is the Gibraltar Tourist Office, is politically good.

HON J BOSSANO:

Can the Minister say whether the cellar is being made full use of?

HON MAJOR R J PELIZA:

I am glad that after all I didn't waste my time last time, but they are very small in comparison to my view of what could be done in the sense of protracting Gibraltar as such. I do hope the Minister can convey to the Chief Minister that I am still adamant on this point and that I hope he can be able to look into it a bit more thoroughly and seriously and produce a more definite answer next time, which will be, I can assure the Minister, before the next estimates, because I intend bringing it up later on at another meeting.

HON A W SERFATY:

If the Honourable the Financial and Development Secretary will allow me, I don't think it is fair to say in the absence of the Chief Minister that he hasn't looked into the matter thoroughly.

HON MAJOR R J PELIZA:

I would have thought that he would have advised those Ministers he left behind what he has done about it, but he hasn't.

MR CHAIRMAN:

Order, order. We will take a vote on other charges.

HON P J ISOLA:

Can I ask the Minister why are these £5,000 for Public

Relations included in the London Office and not in the Gibraltar Office and why is the window of the London Office put into the Gibraltar vote and not into the London Office vote?

HON A W SERFATY:

The Public Relations of course is included because we employ them in London.

HON P J ISOLA:

If the Honourable Minister will give way. You do all your advertising and field sales through London. Most of it is done through London.

HON A W SERFATY:

We do, but what is done here is something that is the product of the whole of Gibraltar Tourist Office. Now, the London Office, because they are based there deal directly with our Public Relations Consultants, whom we pay £5,000. Now I presume that the window of the London office comes within the Gibraltar vote because it is advertising in a way and that is why we put it in the advertising vote.

HON P J ISOLA:

Is there not a little security involved too, putting in windows?

HON A W SERFATY:

I would advise the Honourable Member to visit that office within the next couple of months. It really does Gibraltar proud.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, the reason why the window appears where it does is purely from a control point of view. The Controlling Officer prefers to control the expenditure on advertising himself here, rather than delegate it out, that is the only reason. But if I might just comment on what my Honourable and Gallant Friend has suggested, the tenor of which seems to me to be advocating that we should spend more on the London Office. Might I suggest to him, with all due respect, that he applies his own criteria and considers whether for every pound spent on the office, in addition to what is already being spent, it would show a cost and a benefit to the touristic attraction of Gibraltar.

HON MAJOR R J PELIZA:

I would say that I think every pound spent would be worth its weight.

HON A W SERFATY:

I am informed by my colleague, the Minister for Medical and Health Services that the London Office is very helpful on the sponsored patients scheme.

HON M XIBERRAS:

Could I ask who the Public Relations Agents are? How long they have been Government Consultants and whether the Government is satisfied with their performance.

HON A W SERFATY:

I think the name is Eric Williams and Partner. We have never had occasion to change our advertising agents for better or for worse. We have changed our public relations firm quite often. I think this is the second or third year that we have had them and we are quite satisfied with their work.

Other Charges were agreed to.

Head 27 - Contributions to Improvement and Development Fund.

HON J BOSSANO:

I am voting against the budgetary contribution to the Improvement and Development Fund for the reason that I gave in my statement on the overall budgetary policy. I would like, therefore, to take the opportunity now to answer the only argument that was used by the Chief Minister in my view for retaining a budget contribution, which was that we had to show that we were making ourselves a contribution to the capital programme, and to say that of course in opposing the budgetary contribution I am not opposing that Gibraltar should pay for part of the works programme. What I am opposing is the way in which we are paying for it. We would still have to pay for it, in fact, if we did it through loan capital, but for example, if we were doing it through loan capital we would be facing the choice of either investing £3m and contributing £30,000 this year, or else investing £300,000 and contributing £30,000, because we would be funding it over the 10 year period. And in my view the right way to fund a capital works programme is not through recurrent expenditure votes on an annual basis, but through amortising those assets on an annual basis but spreading the cost over the useful life of the asset. I feel that it has been wrong not to have done

this since 1972 which, as I have said, has cost the reserves £1,300,000, and this contribution will raise it to £1,630,000. So I would urge members on that side of the House and on this side of the House to vote against the contribution.

HON P J ISOLA:

For once the words of Mr Bossano are falling on receptive ears as far as this side of the House is concerned. We have in the past voted against budgetary contribution on the grounds that it was not required. We thought it then unnecessary and the result of so-called budgetary contributions entails additional taxes at a time when we thought they were not necessary and were not otherwise required for the purpose of the Improvement and Development Fund.

However, today basically we vote against the budgetary contribution as a loud protest over the lack of Government's performance in the Improvement and Development Fund over the years. There has been a fall in the Government expenditure, as we have already said, in the Improvement and Development Fund consistently since 1973, which fell last year to an all time low of £1.7m and second all time low this year of £2.1m. And we see no reason why the balance in our Consolidated Fund should be allowed to drop to the precarious level that it is being allowed to drop in the year 78/79, or drop further as a result of this contribution when the Government does not perform on development. We are voting against as a loud protest at Government's performance in the Improvement and Development Fund. We support the Honourable Member.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, before you put the vote. This is not the place unfortunately to enter into a debate with the Honourable Mr Bossano. I endeavoured to do so last night but unfortunately he was not in the House at the time. However, I would just like to make one point to the Honourable and Learned Mr Peter Isola. By all means if they feel so strongly about it on the other side, register a protest, but don't knock the whole lot out because that would be knocking or torpedoing a significant part of what the Government intends to do in 1978/79.

Mr Chairman then put the question and on a vote being taken the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The following Honourable Members voted against:

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

The motion was defeated.

Head 27 was accordingly passed.

Head 28 - Contributions to Funded Services

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I have to amend the amount to be provided in 1978/79 in respect of all four subheads. Would you wish me to take them one by one or may I taken them as a single amendment?

MR CHAIRMAN:

I think a single amendment will do. The Committee can then have it before them and then you can take them separately if needs be.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that all figures appearing in the column headed Estimates 1978/79 be deleted and that there be substituted therefor firstly, in respect of subhead 1 the figures £634,694; in respect of subhead 2 the figures "£838,000"; in respect of subhead 3 the figures "£149,000"; in respect of subhead 4 "£968,000"; and in respect of the total contributions to the funded services the figures "£2,589,694". I might just add that that total figure which is now £2.589m was the Chief Minister's rounded figure of £2.6m of which he made mention in his statement.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I take it that there is no need for us at this stage to amend the consequential column. When . . .

MR CHAIRMAN:

We can say that all consequential amendments thereto should be made.

HON P J ISOLA:

I suppose what the Financial and Development Secretary is referring to is the passage in the speech of the Chief Minister where he said: "the continuing subsidisation of services and housing to the tune of £2.6m this year must itself be regarded as a fiscal relief."

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That is correct, Sir.

HON P J ISOLA:

The Financial and Development Secretary in his address, and I cannot so easily go to the reference in his address, is this just a mistake or is this an amendment of Government policy on the funded services and on the order of revenue that the Government intended to raise which could be deduced from what the Financial and Development Secretary said, is this a change?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Mr Chairman, there is no change but I do admit that the Honourable and Learned Member is, understandably, not entirely clear about this. Let me just run over the figures. First of all, the estimated income as a result of the Government's proposals in relation to charges for electricity, water and telephones and their proposals in relation to housing rents, the additional income which will be paid into the respective funds amounts, in actual figures, to the estimate of £1,014,000. That is the additional income which is going to flow into the fund. But as a result of the move to parity with effect from 1 July 1978, together with the appropriate supplements and retrospection and also the expectation, as the Honourable Mr Bossano has already told us, of further increases coming into effect also on 1 July although we do not know the details of them yet, probably 10%, certainly I cannot believe it will be less, we have the following. First of all I will read out the arrears. The arrears in respect of electricity are estimated to amount to £237,000, in respect of water, £125,000 in respect of telephones £120,000 in respect of housing, £220,000. That is arrears. Over and above what is already provided within the fund structure itself for wages at their present level, the estimate for paying parity from 1 July and of course 90% between 1 April and the date of parity, on electricity, the estimated effect is £350,000. In respect of water it is £202,000. In respect of telephones it is £178,000. In respect of housing it is £ 445,000. Therefore, the gross amount which the funds will have to bear, in round figures is £1.9m which, of course, is considerably more it is virtually double what the increased income to the funds is going to amount to and that is the explanation for the revised figures. If the House will find it interesting I can go on because I think I made it quite clear in my statement that

the Electricity Fund would have an estimated deficit on 31 March 1978 of £160,000. I think I explained how that came about so that we have to cover that. In addition, of course, the revenue has to cover the arrears and obviously has to cover the arrears in respect of each service. There is no possibility of increasing charges to take account of arrears. We then have the additional contribution in respect of the current year so that altogether the total amount of Government money, revenue money, which has to go into the Electricity Fund for 1978/79, taking into consideration these three separate elements, is £634,694 which is the first figure which you see under Subhead 1. In the case of water and the telephones the total amount of arrears has been offset to a certain extent by the fact that both funds are expected to carry forward into the current year a surplus so that the amount needed in the fund to pay the arrears is somewhat less than the actual amount of arrears, the figure which I read out. In the case of water I read out £125,000, taking into account the estimated surplus that there will be in the fund, that figure nets out to £80,430. Similarly, in the case of telephones the figure I quoted was £120,000 and that is the estimated cost of the arrears but the Telephone Fund is expected to have a surplus, so the net effect of arrears payment will amount to £87,173 and, as I said, the total amount of revenue which will have to be paid over to these four funds in the financial year 1978/79 is estimated to be £2.589m.

HON P J ISOLA:

Just to be clear on this, Mr Speaker, if I look at my new page 5 of the new financial statement, that is not affected?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The amended financial statement was only an amended financial statement in relation to the Improvement and Development Fund. The Financial Statement shown thereon in respect of the Consolidated Fund is exactly the same as page 5 in the book, there is no change at all. If the House passes these Estimates, quite clearly a new financial statement will have to be prepared to reflect the appropriation which the House has voted.

HON P J ISOLA:

In simple language, am I right in saying that if I would get the right financial statement apart from the revenue-raising measures, if I substitute for £397,694 on page 5, this new figure less budgetary contribution, I substitute where I see under the electricity undertaking fund £397,694 I substitute £634,694.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Correct.

HON P J ISOLA:

But if I do all that am I right in saying that that gives you without any additional taxation as at 31 March, 1979, nothing. You have got no money in the Consolidated Fund?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable Member will give way, I see no reason at all why if he has got a pencil there he might not like to alter the figures in round numbers. I will not guarantee the arithmetic because I am going to do some rounding as I go along to save time. The first figure that should be amended is the revised estimated Consolidated Fund balance as at 31 March 1978. The revised figure there is £2.38m. If we can jump to the estimated surplus of ordinary revenue over ordinary expenditure it will be seen there parallel over the line "Surplus". The revised estimated surplus is £1.85m. Now we have the revised total for the budgetary contribution which is £2.91m. Therefore, the estimated deficit on the year, as I say, the figures may not be quite exact because I have done it in rounding, is £1.06m which we take away from £2.38m and we are left with £1.32m.

HON MAJOR R J PELIZA:

Am I right in assuming therefore that the state of the Funds are in a much healthier position?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have not got the exact figures. The only point that I would say is that I would hardly describe them as being healthy. I would merely say that with this huge help from the revenue then the funds will be, we think, in approximate balance. The estimated figures will be that there will be a small surplus of a few hundred pounds but that is a book surplus. The point is that these contributions are aimed and designed to balance the funds in the books but it does not make their position any more healthy.

HON MAJOR R J PELIZA:

If we look at the Electricity Undertaking where you show a deficit of £698,000, that would remain the same as is shown in the Estimates, there is no change there?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

There will be plenty of changes obviously because the Funds will have to reflect these new contributions. When they reflect the new contributions and take account, in the case of the Electricity Fund, you remember in my statement I made

the point that we have over-estimated the capital charges falling on the Fund and they were reduced. In that case, of course, we will have to correct on the expenditure side but the net result of all these changes including the revenue to be derived from the increased charges including the revised budgetary contribution will show that the Electricity Fund will end the year with an estimated surplus of £340.

HON MAJOR R J PELIZA:

Whilst in Appendix A we are showing a deficit of £698,000.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, that was before any of the alterations were reflected.

HON M XIBERRAS:

Some of the difficulties were explained in the statement of the Financial and Development Secretary bringing the eventual balance to £1.32m, some of the difficulties were mentioned but I cannot recall, perhaps the Financial and Development Secretary can refresh my memory rather than going through this document that the exact nature of the arrears was mentioned at the time. My general question being how much of this was foreseeable at the time of the printing of the Estimates?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I remember distinctly informing the House that it was not until 8 April, the day before Honourable Members received their copies, that there was an official offer on the table.

HON M XIBERRAS:

I am talking about arrears.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

But the arrears must follow from the offer.

HON M XIBERRAS:

So the Financial and Development Secretary on this occasion did not play a hunch.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I made it perfectly clear that the situation on 8 April was distinctly different from the situation which the Honourable the Leader of the Opposition criticised so strongly two years' ago and that is precisely why the Estimates reflect the position of the offer and the offer having been made, obviously, there were arrears to be paid. The arrears are even slightly more now because the offer date has moved. That, we could not do anything about because that was only done last Thursday.



HON M XIBERRAS:

Fair enough. Do the figures the Financial and Development Secretary mentioned as being required to be raised by the Government remain unchanged as regards Electricity, Water and Housing?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I merely foreshadowed what my Honourable and Learned Leader said, namely, that the Government intended to raise approximately £1m by way of increased charges and rents. I have just given the figure as £1,014,000 being the estimated increase to be derived from those charges.

HON M XIBERRAS:

To be derived from those Charges. Thank you.

MR CHAIRMAN:

I will then put the question, which is that Head 28 should be amended by the deletion of all the figures appearing in column 1, headed "Estimates 1978/79", and substituted for the following: firstly, by the figure £634,694, to be followed by the figure £838,000 and then by the figure £149,000, and then the fourth figure being £968,000, and that the total contribution will then be £2,539,694, and that all consequential amendments should be made to this Head.

Mr Chairman then put the question which was resolved in the affirmative. The amendment was accordingly carried.

Head 28, as amended was agreed to.

Head 29 - 1976 Pay Review

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that the figures appearing against subhead 1, and the figures appearing against the words "total 1976 Pay Review" be deleted and there be substituted therefor, in each case, the figures £7,470,000."

MR CHAIRMAN:

Is there any need to propose the question?

Mr Chairman then put the question which was resolved in the affirmative. The amendment was accordingly carried.

Head 28 as amended, was agreed to.

Improvement and Development Fund - Head 101 - Housing

HON M XIBERRAS:

Mr Chairman, can I make a general point of short duration? The Minister for Economic Development in fact, I hope not in the heat of the moment, offered to allow the Opposition to consult the progress chart and so forth. I think it is a very good offer and that the Minister is not making it in the heat of the moment.

The point I want to make Mr Chairman, is that I think it would help certainly the Opposition and perhaps the Government and the Minister, and certainly Gibraltar at large, if the Opposition could have a simplified version of this progress chart so that we could keep tabs on the Government and development, with some date for each of the projects. The list of projects and some dates as to the main stages of the project.

HON A W SERFATY:

We ourselves propose to monitor what are now estimates, and I have to repeat what I have always said here, that it all depends on project approval apart from other things.

MR CHAIRMAN:

What you are being asked is whether you are prepared to allow the Opposition to have a look at monitoring.

HON A W SERFATY:

I am sorry but I am very disappointed at the Opposition attempting to reduce the vote on the professional staff by £1 because these may affect the progress of that.

HON P U ISOLA:

Why should it, the Minister has got his money. He has got a majority.

Does that "R" in housing indicate Reserved or from UK aid funds. We are on page 91 in Housing.

HON A W SERFATY:

That is reserve.

HON P J ISOLA:

Mr Chairman, may I say now, all the other votes in that page, are they UK Government aid or are they Gibraltar Government?

HON A W SERFATY:

Flat Bastion Road is locally funded.

MR CHAIRMAN:

Well, Flat Bastion Road is over the page of course.

HON A W SERFATY:

Those with (a) are aid funded and those with (b) are locally funded.

MR CHAIRMAN:

Have Members accepted that? I am saying that the Minister has said that those marked (b) are locally funded.

HON MAJOR R J PELIZA:

There's one thing that isn't clear. We have £3.3m in Housing. Is that money that we are receiving into the Fund or money that we intend spending? We are now speaking of revenue which is money coming in. It is coming in. So we intend spending it or what do we intend to do with it?

MR CHAIRMAN:

Which item are you on?

HON MAJOR R J PELIZA:

Summary of receipts.

MR CHAIRMAN:

No, we are not there yet.

HON M XIBERRAS:

On Varyl Begg, Mr Chairman, there is £1,013,000 for blocks 1 to 17 for 1978/79. Now is that in respect of the work still outstanding or is it an accounting device for settlement of bills that have already been paid, and if so are these monies going to be paid?

MR CHAIRMAN:

I think there is a footnote which explains that.

HON M XIBERRAS:

That's the first part Mr Chairman, and this of course does not prejudice the flaws, I would imagine, since this had been put down, by the dispute which is going on between the contractors and the architects. Is the Government quite clear that it is not prejudicing its rights in respect of any of those flats by paying for these amounts.

HON A W SERFATY:

No, Sir.

HON M XIBERRAS:

Is there any expenditure at all envisaged to remedy the situation at Varyl Begg included in this amount?

HON A W SERFATY:

Not in this amount, as far as I am aware. The expenditure to remedy those defects is certainly not included in this.

HON M XIBERRAS:

Nothing at all. So the position there, remedy to, the defects at Varyl Begg, remains as it was last stated I believe by the Attorney-General. Perhaps the Attorney-General might tell us exactly what is the position there.

HON ATTORNEY-GENERAL:

Yes. The team has been out here to carry out these investigations on our behalf, which I announced in the House some months ago. It is hoped that the final report will be received reasonably soon and then once that report is received we shall have to assess what action is taken against whom.

MR CHAIRMAN:

Any other Subheads?

HON MAJOR R J PELIZA:

Coming, Mr Chairman, to the whole vote for Housing because to me it seems £3.7m which are there . . .

MR CHAIRMAN:

Where?

HON MAJOR R J PELIZA:

The total amount. That's total of the estimates.

MR CHAIRMAN:

But tell me, the total: in which, under estimated costs projects, or which?

HON MAJOR R J PELIZA:

We are talking about Housing, Head 101. Rather than go through all of them one by one, I would ask the Minister to tell me if he has any order of priority there at all, as to how he is going to try and complete that programme. Because to me quite honestly, it seems to me that £3.7m to be spent in one year makes me wonder if the Minister is convinced that he is going to spend that money in one year. And if he is not what houses does he imagine will be ready by the end of the year. Physically finished and ready for occupation?

HON A W SERFATY:

To begin with it is not £3.7m because already £1m has been spent though not paid in Varyl Begg Estate. So we are talking of £2.7m.

Now, the position is that we have on-going projects in Rosia Dale, half of it for example, because we have already spent in Rosia Dale £387,000 and are due to spend another £325,000. As you can see here on the third line of page 91. So we still have to spend £325,000 this year in Rosia Dale.

HON MAJOR R J PELIZA:

You think that is going to be finished this year for certain.

HON A W SERFATY:

Yes. According to this we propose to finish it certainly before the end of March 1979. That is why there is no balance to complete in the last column.

Now, Glacis is another on-going project which is now being carried out and Prince Edwards Road is another on-going project already approved and going out to tender. The other new projects which will be completed, and this is all I can say at this moment of time, will be completed by April 1981, are St Joseph's, St Jago's, Flat Bastion Road, Naval Hospital Road, White Stores, Tank Ramp, Phase A, followed by the first stages of Town Range, Gasworks, 52-58 Flat Bastion Road. Other projects, as I have said before have to be tackled so as to complete the 5-year programme to the end of the financial year 1983.

HON MAJOR R J PELIZA:

So I am right in assuming that where no money has been shown as a balance to complete, all those projects should be completed this year.

HON A W SERFATY:

Yes, Sir.

HON M XIBERRAS:

Mr Chairman, the House will no doubt forgive my ignorance.

HON A W SERFATY:

That's why I want my Surveyors.

HON P J ISOLA:

Mr Chairman, I hope the Minister doesn't forget that he got his Surveyors last year. This year all he is getting are Clerks of Works. He got his Surveyors last year but we did not get the development.

HON A W SERFATY:

I have already given notice that I am already asking for another three Surveyors.

HON M XIBERRAS:

Mr Chairman, I do not want to get dragged into the argument on Surveyors. However, could I ask in respect of Varyl Begg

- I am still trying to sort this one - can I assume that in 1977/78 only £161,000 was spent on the Varyl Begg Housing Estate, this year £1.013m to be spent, out of which £852,000 are outstanding contractual claims.

MR CHAIRMAN:

That has already been said.

HON M XIBERRAS:

Yes, that has been said. Can I in fact say that no work has been done on Varyl Begg for some time.

HON A W SERFATY:

I believe I am right in saying, Mr Chairman, that the difference is for work which has not yet been certified by the architect.

MR CHAIRMAN:

It has been done but not certified.

HON M XIBERRAS:

And now it is going to be certified. Is the Minister aware of the sort of claims that are left? It is a large amount £852,000, on top of the extra cost of Varyl Begg. Is he aware of the nature of the claims?

HON A W SERFATY:

Sir, the £852,000 is for work done in accordance with the bill of quantities. That the roofs are not weather-proof is another matter. That £1m is part of the contract.

HON M XIBERRAS:

I appreciate that, Mr Chairman. But these contractual claims are quite a large amount . . .

MR CHAIRMAN:

It is not a claim, it is a commitment.

HON M XIBERRAS:

A commitment to pay the claims.

MR CHAIRMAN:

No, no, it is a commitment by Government to pay for work which has been carried out under contract.

HON M XIBERRAS:

What do the words "contractual claims" mean?

HON A W SERFATY:

Contractual claims mean . . .

MR CHAIRMAN:

Work carried out under contract.

HON A W SERFATY:

Work carried out and certified by the architect as having been done.

HON M XIBERRAS:

Not arising out of any failure of the Government or . . .

HON A W SERFATY:

Nothing to do with that.

HON P J ISOLA:

Mr Speaker, is it correct to say that payment of these claims are being held up pending settlement.

HON A W SERFATY:

These had been held up pending settlement of one thing or other.

HON M XIBERRAS:

It is still a very large sum, Mr Chairman, with respect.

MR CHAIRMAN:

If I may, I think I can clarify the matter. In furtherance of the contract entered into by Government with contractors, the contractors have carried out work to the tune of £852,900

which is due and owing by Government to them. That is a pure contractual relationship and this payment from what I understand has been held back by Government pending settlement of another claim.

HON M XIBERRAS:

And what is the sort of work which has been done, Mr Chairman?

MR CHAIRMAN:

It is part of the construction of Varyl Begg.

HON M XIBERRAS:

Is this increased costs, or what is it?

HON A W SERFATY:

This is the completion of the contract, according to the contract.

HON G T RESTANO:

May I ask how many new flats will be included in new housing under Subhead 11, St Joseph's, St Jago's, etc.

HON A W SERFATY:

What is the question?

HON G T RESTANO:

How many new flats in each of those projects?

HON A W SERFATY:

St Joseph's 50, St Jago's 24.

HON G T RESTANO:

And what about the other three, Flat Bastion Road, Naval Hospital and White Stores.

HON A W SERFATY:

Flat Bastion Road 18, Naval Hospital Road 11, White Stores 16.

Head 100 - Housing was agreed to.

Head 100 - Schools

MR CHAIRMAN:

At page 93.

HON P J ISOLA:

Could I ask on the Girl's Comprehensive Schools, I notice £300,000 is expected to be spent there, and construction apparently will not begin until June next year. So can we be informed what is the nature of this expenditure of £300,000? Who will receive it and what is it going to be paid for and so on?

HON A W SERFATY:

I would assume that these are in part architects fees.

HON P J ISOLA:

And what about the £82,000 that has already been paid.

HON A W SERFATY:

Architects fees also. When we are talking of architects fees we mean consultants fees, quantities surveyors, engineers, structural engineers etc.

HON P J ISOLA:

We are not using our own Quantity Surveyors, then? Is that the position?

HON A W SERFATY:

No, we have employed a specialist firm of Consultants on educational building. They do the lot, they do the architectural work, the structural work and the bills of quantities.

HON P J ISOLA:

So that the increased staff is not required at all for this purpose.

HON A W SERFATY:

No, Sir.

Head 102 - Schools was agreed to.

Head 103 - Medical

HON MAJOR R J PELIZA:

Mr Speaker, under Hospital, General Improvement £20,000. Could the Minister state whether this is really for re-painting the inside?

HON A W SERFATY:

That has already been done.

HON MAJOR R J PELIZA:

Is any more money going to be spent on that because I have noticed myself going through the place that it really needs a shake up in that respect and could any money be put to that purpose?

HON A P MONTEGRIFFO:

The whole of the inside of the Medical Department except the two corridors leading to the Children's Wing which is the one being redone now, has been painted and all the other corridors. They finished the painting a few weeks' ago and the other corridors, except for those two I have mentioned they finished just before Christmas. What we are doing now is the complete modernisation of the Children's Wing and the Out Patients' Department and the entrance to the hospital, that is £20,000, plus another £25,000 which are included in the £41,000 under Phase II. When that is completed the whole of the inside of the hospital will have been done.

HON MAJOR R J PELIZA:

It was not three weeks since I went through as I think the Minister will remember, I think it was at the last meeting of this House, and I certainly did not get the impression that that had been done then and furthermore the bad condition of the flooring is something that really struck me as needing repairs.

HON A P MONTEGRIFFO:

The only thing that has not been done in some of the flooring is the lino because there was no lino in Gibraltar when they

were completing that particular stage. When the lino comes they will put the lino.

HON MAJOR R J PELIZA:

Then I was right in assuming that certain things had not been done.

Head 103 - Medical was agreed to.

Head 104 - Tourist Development

HON P J ISOLA:

General Improvements £5,000. Could we be told what these improvements are?

HON A W SERFATY:

This is for minor works. For example, one of the items is for furniture at the Airport Building. Small items like that.

HON G T RESTANO:

Subhead 2 - Airport Terminal. What is the £150,000 going to be used for?

MR CHAIRMAN:

I think we were told that in the general debate.

HON A W SERFATY:

An extension of the present building including mechanisation of luggage handling.

Head 104 - Tourist Development was agreed to.

Head 105 - Miscellaneous Projects

HON P J ISOLA:

I believe this is an opportune moment to ask the Minister where the Public Works Department Workshop/Garage is, in fact, going. Is he able to tell us definitively?



HON A W SERFATY:

It is going in the Varyl Begg Estate next to the PSTO(N) Workshop.

HON CHIEF MINISTER:

I would like to say that despite the fact that the Union had originally agreed to the site which was selected, the men had objected for a number of reasons none of which have anything to do with industrial problems. I saw the leaders of the Union and suggested that they might help in this matter and they were unable to do so because the men themselves had taken the matter to Section and District level and had decided that they would not work there because of the confined areas etc. Having regard to the urgency of getting on with the school and the undesirability of working with the Garage there, we made a last effort and were able to find a strip of land 100 feet wide by the whole length of the PSTO(N) Garage next to the entrance to the Varyl Begg Estate. This area is suitable and there are no particular problems except the reprovisioning of two very minor buildings, one of which is a lavatory. Already we have been given a strip there but we asked for a little more and I would like to say that this was the last effort and it was in a very short time that the Governor was able to obtain complete approval subject to final decision in order that we could find a place which would not be controversial. That will make it possible to build a garage in a reasonably central place. It is a very suitable place and subsequently when eventually the PSTO(N) Garage leaves the place there will be room for expansion for Municipal Services.

HON M XIBERRAS:

Is it not a fact that PSTO(N) are already thinking of moving and that there was provision to resite the PSTO(N) Garage within the Dockyard confines and if this is so when is this to happen and has it been taken into account by so-called Government planning?

HON CHIEF MINISTER:

Yes

HON M XIBERRAS:

Because there was one of the proposals in fact that we should have our garage in the PSTO(N) garage and help financially to provide for the resiting of the PSTO(N) garage within the Dockyard.

HON CHIEF MINISTER:

The answer to that is that they propose to move eventually but that it will take three years and it will cost £1m and the garage could not wait for that. That does not mean when eventually they move it will not be possible to extend as would be required the Municipal Services and they are already on site.

HON MAJOR P J PELIZA:

Is it not true that the objections of the men themselves have been known for a long time before, in fact, the Minister dug down his heels and said that the garage site would be changed over his dead body.

HON A W SERFATY:

I did not say those words and I would be very thankful if the Honourable Member did not put words into my mouth.

HON P J ISOLA:

Mr Speaker, you have noticed that we have steered very clear about asking the Minister for assurances in relation to his body. Could we ask, with regard to the reprovisioning of services - Key and Anchor Club, is this with the Government now?

HON A W SERFATY:

Yes, part is already occupied by the Department of Education in fact. We are not getting Ince's Hall but we are getting the other part of the building.

HON P J ISOLA:

Has Government announced what it plans to do with this place?

HON M K FEATHERSTONE:

Yes, Sir, one section is already being used as an annexe to Bishop Fitzgerald School and the second section, we hope, is where we are going to put the Reference and Children's Library.

HON MAJOR R J PELIZA:

Subhead 2. Winning of Sand from the Upper Catchment Area. The cost is £360,000. Could the Minister say whether it is proving to be economical? Is the sand coming out of there cheaper or more expensive than the one we used to get from abroad?

HON A W SERFATY:

A reappraisal is now being made in London on the very high cost of this operation which might not be economical. It is now being studied.

HON MAJOR R J PELIZA:

Would the Minister say that we may well have spent so far nearly £190,000 and we are now finding that it is not economical, is that what he is saying?

HON A W SERFATY:

That money may not have been spent even though it is in this column, with all due respect, because it refers to machinery which was being ordered which has not yet been delivered. I do not really know the details but I do not think payment has been made.

HON MAJOR R J PELIZA:

Could the Minister inform this House when he knows more about it because this is a serious matter. We may have spent nearly £100,000 and in the end we may be throwing this money away.

HON A W SERFATY:

No, Sir, because if we do not carry on with that project in all probability we shall spend it on housing.

HON MAJOR R J PELIZA:

You mean the money that is left but you cannot spend the money on housing that you have already spent.

HON A W SERFATY:

We shall spend the amount that has been included for the winning of sand in Gibraltar.

HON MAJOR R J PELIZA:

Yes, but the money that has already been spent has been spent. You cannot use that money.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, the only money of which I have knowledge that has actually been spent is in the column 31.3.77. I understand that the consultants in relation to this project started to

order equipment and at that stage began to conduct a re-appraisal of the whole economics of the scheme and came to the conclusion that it would considerably exceed the original estimate which they themselves had made but the position today is that we are now endeavouring to establish whether or not the equipment or part of the equipment which was in fact ordered through the consultants can be cancelled without liability until a total reappraisal of the project is carried out because even at its original cost the project was only marginally viable and its enhanced cost of £360,000 prima facie, does not look as if it will be viable and since this project is to be financed by the Development Aid monies, quite clearly the Ministry of Overseas Development has, for the moment, held back on any further allocation of funds, pending the results of this complete reassessment and I think that such evidence as I have seen could well be that our own Economists may come to the conclusion notwithstanding what conclusions the ODM Economists come to, our own people could say that this is not an economic proposition at the enhanced cost. That, Mr Chairman, is as far as I understand it, the complete history of this project.

HON MAJOR R J PELIZA:

Therefore the revised figure which is shown here as being spent in 1977/78 of £167,000 is not an accurate one and we do not know how much of that cannot be recovered and how much of that can be recovered. Has the Financial Secretary any idea at all?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I cannot answer that question specifically but my understanding is that that amount which was the amount estimated which would have been spent to the end of last year represents the value of the equipment so far ordered. If, as I say, that cannot be cancelled without liability then, indeed, that money we may have to accept that it has been spent but the point is that we hope that things have not been taken, since much of the equipment is specialised, have not gone so far that we cannot have a pause while we reconsider without incurring necessarily liability if we find the project is not going ahead.

HON MAJOR R J PELIZA:

When the Financial and Development Secretary put this figure here he was in doubt whether this was accurate.

MR CHAIRMAN:

The Financial and Development Secretary has said that the estimated cost then was £167,000, that orders had been placed that those orders may well be cancelled and if it can be cancelled that there will be no expenditure. If they cannot

of course then there may be a liability but he has never said anything that that figure was just a calculation.

HON MAJOR R J PELIZA:

What I am saying is that this is a very large amount of money. That if it was not in the mind of the Financial and Development Secretary at the time that this was anywhere near accurate he should have drawn the attention to that in a note.

MR CHAIRMAN:

He has not said that it is not accurate, he has said that was the estimate for the machinery which had to be ordered. He has said that perhaps it will be too late to cancel it but the amount is correct to the extent of the commitment entered by Government, at least that is what I have understood.

HON MAJOR R J PELIZA:

Mr Speaker, it is fortuitous that I have discovered that we may have literally lost £167,000 and what I say is that this should be drawn to the attention of this House. This is what I am saying.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I do not think there is any need to get all flustered, hot and bothered about this. In the first place this is not our money, it is Development Aid, and there is no authority whatsoever to spend a penny of this on anything other than that project so that it is not true to say that if we cannot spend it on the project we can spend it on anything else, that is a factual position. If money is given to us for project A, there is no automatic authority to spend it on anything else. I have received some further information here. I am advised that the consultant last year was briefed by the Ministry responsible and, indeed, overall to endeavour to spend as much as possible, remembering that this was an approved project, during the course of 1977/78 to make every effort to accelerate the project but as a result of information which I have already explained of reappraisal about rising costs and the possibility that there is a liability in relation to the orders which had been placed - and this information comes to us from the consultants and is still being received - the changed situation only became apparent to the controlling Ministry and indeed, to the Department of Finance within the last two or three weeks so that up to the time that this estimate was prepared it appeared at any rate both to those who are responsible for spending the money, the Director of Public Works, and to the Treasury, that this, indeed was a commitment which might fall due to be paid before the end of the financial year.

HON MAJOR R J PELIZA:

I accept all the explanations and I do not quarrel with that but I cannot accept that if this was the situation today this House should not have been informed of that situation and that fortuitously I found out by asking how much would the sand cost, that is what I am saying, and I think the Minister must accept that he should have informed this House without being drawn into it.

HON A W SERFATY:

No, Sir, because no decisions have yet been taken and that is why. We are waiting for a final appraisal of the matter.

HON M XIBERRAS:

Could I ask the Financial and Development Secretary, who seems to know more about this than the Minister, when the decision to reappraise this project was made?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am advised that the need for the decision became apparent within the last two to three weeks. Certainly in the course of April.

HON M XIBERRAS:

Wouldn't the Minister consider it his duty in talking about the Improvement and Development Fund, generally, when he has gone into great detail about housing and so forth, wouldn't he have considered it his duty to say that there is a reappraisal going on and there is a possibility that we might have to pay, or the British Government will have to pay, £167,000 for work that is not going to be continued.

HON A W SERFATY:

I have only recently heard about this because the whole matter is in the hands of Robertson Research who are advising the Ministry of Overseas Development on the matter in London.

Head 105 - Miscellaneous Projects was agreed to.

Head 106 - General Services was agreed to.

Head 107 - Government Offices and Buildings

HON M XIBERRAS:

St Jago's, is it now finished and available for office accommodation? Have people moved into that office?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

To the best of my knowledge the £21,000 which appears there is the cost of demolishing certain works at the back of St Jago's.

HON M XIBERRAS:

Building works have not started?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I know no more than that.

HON M K FEATHERSTONE:

It has been put in cold storage.

HON M XIBERRAS:

I see, this is another cold storage item, or reappraisal item. Mr Chairman, so therefore the Government is reconsidering converting St Jago's into offices, is that the position? In view of Opposition arguments against the conversion of St Jago's into offices, does the Government now have an idea as to what it is going to use this very good plot of land for, is it going to be for housing?

HON M K FEATHERSTONE:

We have not got the money for it this year.

Head 107 - Government Offices and Buildings was agreed to.

Head 108 - Port Development was agreed to.

Head 109 - Marina Development

HON MAJOR R J PELIZA:

Subhead 2 - Improvements at Camber. I wonder whether the Minister can now explain the situation with regard to local small craft in the area. I have always been asking questions about this and I was trying to find out when the day will come

when the users of small boats in Gibraltar have a place to moor them. Can he throw any light on this?

HON A W SERFATY:

I said in the debate that the Marina piers project would start, hopefully, next month because the steelwork was on its way and this will bring with it the provision by the Marina developer of a floating pier inside the Camber. When exactly these floating piers are going to be fixed I am not in a position to state today.

HON MAJOR R J PELIZA:

This is the one that you are expecting will be carried out in May or is this another?

HON A W SERFATY:

No, this is the big Marina at Bayside. One of the commitments of the developer of the Bayside Marina is to provide floating piers in the Camber to enlarge the capacity of the Camber.

HON MAJOR R J PELIZA:

That, if I may recall what you said before, was not the idea. Something was going to be done rather quickly, I think it was due last September and it did not happen. When is this likely to happen?

HON A W SERFATY:

We are dependent on the Bayside Marina developer for that project.

HON MAJOR R J PELIZA:

If a decision has been taken cannot we hurry him up, cannot he move in that area otherwise the users of small boats in Gibraltar will be stuck as they have been now for the past two years. The Minister promised me all the time something was going to happen and nothing has happened.

HON A W SERFATY:

I am pressing the Marina developer for this and, hopefully, these floating piers are coming soon. In fact, I was talking to him about it only the other day and this is something that can be done quickly. It is in his hands and not mine, unfortunately.

HON MAJOR R J PELIZA:

I think the Minister is responsible. If he cannot get that particular firm to move, cannot he do something else to provide something for the local users?

HON A W SERFATY:

No, Sir.

Head 109 - Marina Development was agreed to.

Head 110 - Public Lighting was agreed to.

Head 111 - Electricity Service was agreed to.

Head 112 - Potable Water Service

HON G T RESTANO:

On the potable water. Does this new desalination plant which is going to cost £792,000 and the £30,000 to be spent this year, what will that £30,000 be spent on?

HON M K FEATHERSTONE:

I think it is a large scale overhaul of the VTE Distiller.

HON G T RESTANO:

Isn't this for a new desalination plant which is going to cost £792,000.

HON M K FEATHERSTONE:

It was new back in 1973 or so and it has been carried over and carried over. It is not a new plant, it is a plant that is there already.

HON G T RESTANO:

What is the £792,000 for?

HON M K FEATHERSTONE:

That was the estimated cost of the project when we first got it.

Head 112 - Potable Water Service was agreed to.

Head 113 - Telephone Service

HON G T RESTANO:

On the telephone service, subhead 6 - Direct dialling and metering of international calls. Is this metering to be installed in Gibraltar for fully automatic calls?

HON CHIEF MINISTER:

This is proposed to be the pioneer project for the big consumers, for the big firms, before it can be generalised. Subsequently, there has been further inquiry into the overall metering but this is limited to the number of subscribers of about 200 for private dialling who would be the heavy subscribers, banks, commercial firms, etc.

HON G T RESTANO:

It costs £100 per meter? These are the quotations which the Minister said that he was awaiting?

HON CHIEF MINISTER:

Yes.

Head 113 - Telephone Service was agreed to.

Head 114 - Police was agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that the sign and figures of £22,887,277 appearing as the total of the Consolidated Fund be deleted and substituted by the sign and figures £25,601,674.

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

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

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I beg to move that Clause 2 be amended by the deletion of the

words "twenty two million eight hundred and eighty seven thousand two hundred and seventy seven pounds" and the substitution therefor of the words "twenty five million six hundred and one thousand six hundred and seventy four".

Mr Speaker put the question which was resolved in the affirmative and Clause 2, as amended, as 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:

I beg to move that Clause 4 be amended by the deletion of the words "twenty million eight hundred and eighty seven thousand two hundred and seventy seven pounds" and the substitution therefor of the words "twenty five million six hundred and one thousand six hundred and seventy four".

Mr Speaker put the question which was resolved in the affirmative and Clause 4, as amended, was agreed to and stood part of the Bill.

Clause 5

MR CHAIRMAN:

Does the Honourable Member wish to say anything on Clause 5?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I did make mention of this in my statement. The amount which the House has appropriated for the payment of the 1976 Pay Review is a global sum and unless special provision is made in this Ordinance it would not be possible under any existing legislative power or administrative power for that sum to be re-allocated out of Head 29 to any other Head. The whole object, and I think that this is perfectly explained by the explanation which I gave last night to the Honourable Mr Bossano's question, that is what I call a loose estimate of cost and once the new pay scales go into operation each Department will naturally have to compute, firstly, the arrears due to all members of the staff of that Department and, of course, will have to pay all members of the staff of that Department at the parity rate with effect from 1 July. They will obviously therefore need supplementing and unless this special provision is made here there will be no other way of doing it but to come back to the House with Supplementary Estimates. This clause will permit me to re-allocate from Head 29, in accordance with the requirements

of Departments, to meet the cost of GibPay 1976.

FON M AIBERRAS:

In equally general terms may I make a point. Since we are approaching the end of consideration of the Bill I might say that the sum of money involved is overall £36m, it is a huge one for the population, that the method of control in this House of the Estimates, to my mind, leaves very much to be desired and the Members of the Opposition are absolutely impotent to deal conscientiously and properly with the Estimates of Expenditure especially I find this year when the House has been under something of a rush, and that therefore I urge upon the Chief Minister, in recognition of the duties of this House and members of the Opposition, to give urgent and real consideration to the question of a creation of a Public Accounts Committee or similar system which will allow Honourable Members on this side of the House to perform their duties properly in the interests of the public.

HON CHIEF MINISTER:

I think the Leader of the Opposition has got it all wrong. The Public Accounts Committee is an ex post facto control and not an ante control as the Estimates are. The Public Accounts Committee could investigate the way in which votes which have been allocated and voted in this House have been spent after they have been spent. The Public Accounts Committee works the year after the money has been spent to see whether it has been properly spent and the main idea of that is in order to have the Accounting Officers who are not the politicians but the civil servants to account to a Select Committee of both sides of the House for their omissions or their commissions, for what they have done or for what they have not done. No amount of Public Accounts Committee was going to change this. The question of investigating expenditure, I do not think that we have been in any rush, what we have done is because of the convenience of some members that had to go was to try and see whether we could finish the business before the end of the week. I think the Opposition has been more difficult than ever in being to some extent obstructive for the sake of doing so. That is my view and I have a perfect right to make that comment in the light of all the comments that have been made about the Government. They have been deliberately obstructive. If we want to have a different system of looking at the Estimates then we will have to go into Committee with Heads of Departments in attendance and members giving notice of details so that all the papers are available. The House is, in my view, not suitable to have to the Heads of Departments sufficiently available with the data that is required and that no Minister can expect to know in answer to the whims of the Leader of the Opposition or any member of the Opposition. Ministers are not accounting officers, they are directors of policy and they are answerable for the accounts but we are not going to have this possible



in this House in this way. If, of course, we want to start by allocating votes like, as in the House of Commons, early in the year without having a clue of what is going to be the end product then, of course, we can start in September or October when the Estimates have already been cleared by the Financial Secretary and we can start in Committee looking at them and that, perhaps, will mean more detailed information of how the money is going to be spent. But the way the House is built and the facilities that there are here makes it absolutely impossible for Ministers to answer detailed questions which are much more a matter of departmental enquiry than of political judgement or political decision and no amount of Public Accounts Committee will alter that. The Public Accounts Committee will do the ex post facto work. The Honourable Member is completely misled if he thinks that by having a Public Accounts Committee he is going to have a better a priori judgement of the costs. So far as we are concerned we put all the material in the hands of the Opposition in accordance with Standing Rules. If what they want is enquiry, there are many cases that by enquiring beforehand, by giving notice that they are going to raise matters, papers can be brought to this House and every information can be given to Honourable Members opposite rather than having questions jumped at which one is not in a position to provide unless it is a matter of major policy. Therefore, I do not think that there is any answer to the cry of the Leader of the Opposition that there is not sufficient control of this. I think, if I may say so, that there is obstructive interventions rather than constructive contribution.

HON M XIBERRAS:

Mr Speaker, may I first of all refute categorically that the Opposition has in any way been obstructive in this question. It is a matter of judgement and that is my judgement. In the second place, Mr Speaker, the Chief Minister need only refer to my correspondence with him on the question, not of a Public Accounts Committee but of a Committee of Expenditure comparing it to the Committee of Supply and the Committee of Expenditure in the House of Commons, suggesting that we look at the Estimates well in advance of Budget day or adopt a system as in the United Kingdom where the House does give its consent to expenditure and subsequently examines the Estimates of Expenditure which are not passed until the following August or even beyond that. It is the Chief Minister who has said that what he would like to see was something approaching the functions of a Public Accounts Committee whereas what I wanted was something in the nature of an Expenditure Committee in the House of Commons and it was precisely because of these representations that the whole format of the Budget debate was changed. I think the Chief Minister is trying to teach me how to suck eggs on this question. It was in fact, as every Honourable Member in this House knows, I who complained about the way the Estimates were being treated. I am not saying that Ministers have been unhelpful in this. I have never said that Ministers have been unhelpful on these matters. What I am saying is that this is not the right way to control a vote, as big as the vote in Gibraltar has become and, finally, may I ask the

Chief Minister, in view of the statement that he has made that what is wanted is something in the nature of an Expenditure Committee, whether he is prepared to give a categorical assurance that there will be such a Committee with defined terms of reference before the next Budget and let him hedge no more on this matter.

HON CHIEF MINISTER:

I will not hedge and I will not give any categorical commitment to the Leader of the Opposition when he asks for things in that way. This is not cooperation. If this is what he is demanding the answer is "No" but I shall seek what is best and I will decide whilst I am in Government what I consider to be in the public interest.

Clause 5 was agreed to and stood part of the Bill.

#### The Long Title

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I beg to move that The Long Title be amended by the deletion of the words "thirty million twenty nine thousand four hundred and sixty eight pounds" and the substitution therefor of the words "thirty two million seven hundred and forty three thousand eight hundred and sixty five pounds."

Mr Speaker put the question which was resolved in the affirmative and The Long Title, as amended, was agreed to and stood part of the Bill.

The House resumed.

#### THIRD READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to report that the Appropriation (1978-79) Bill, 1978, has been considered in Committee and has been agreed to, with amendments, and I now move that it be read a third time and passed.

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

The House recessed at 9.00 pm.

THURSDAY THE 27TH APRIL 1978

The House resumed at 10.55 am.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I have the honour to move the suspension of Standing Order 29 in respect of the Finance Bill, 1978.

This was agreed to.

THE FINANCE ORDINANCE, 1978.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I have the honour to move that a Bill for an Ordinance to amend the Imports and Exports Ordinance (Cap 75), the Public Health Ordinance (Cap 131) and the Public Utilities Undertakings Ordinance (Cap 135) by varying the duties and charges payable or leviable thereunder, be now read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I beg to move that the Bill be now read a second time. The Bill incorporates the Government's revenue changes for the fiscal year 1978/79 and also seeks to give effect to the proposed increases in respect of the tariffs charged for electricity and potable water consumption and for telephone use. The Government proposals for increases in public housing rents do not require to be legislated but in order to give effect to the Government's decision in respect of rents chargeable by private landlords for rent-controlled accommodation, it will be necessary to amend the Landlord and Tenant (Miscellaneous Provisions) Ordinance. This, however, is not a fiscal measure and as such it would not be appropriate to make provision in the Finance Bill for the necessary legislative change and a separate Bill to amend the Landlord and Tenant (Miscellaneous Provisions) Ordinance will be introduced in the House later in this session. Mr Speaker, since this is only the second Finance Bill ever to be introduced in Gibraltar as a Finance Bill, I hope it will not be thought out of place if I remind the House, that it replaces the several separate legislative acts which, had the practice of past years been still in use,

would have been needed to give effect to the changes which are now proposed. In drafting the Bill the pattern adopted last year has been followed so that Honourable Members who wish to register their dissent from any particular item of the Government's proposal while assenting to others within the same category will be able to do so. First, then, the revenue measures. After taking account of the overall financial improvement in the Government's position in 1977/78 which I explained in the course of my statement on the Second Reading of the Appropriation Bill, the revised estimates of the Consolidated Fund Balance with which the Government starts fiscal 1978/79 is £2.38m. Yesterday, the House voted to appropriate out of the Consolidated Fund sums amounting to £22.68m in respect of ordinary recurrent expenditure, including an amount of £7.47m to meet the gross cost of the settlement of the 1976 Pay Review. In addition, the House voted to appropriate the sum of £2.59m for subsidies to electricity, potable water, telephones and housing rents and approved the appropriation of the sum of £330,000 as a contribution to the Improvement and Development Fund. In all, therefore, the total sum chargeable on the Consolidated Fund in 1978/79 by appropriation is £25.60m. To this sum must be added the amount estimated to be estimated during the year to meet expenditure chargeable on the Consolidated Fund by the Constitution or by written law. The estimated amount is £1.80m. The Government's total estimated expenditure chargeable on the Consolidated Fund in 1978/79 is thus £27.46m. On the basis of current rates of duties, taxes, and fees including of course reimbursements, recurrent revenue in 1978/79 is expected to be £26.4m leaving an estimated deficit on the year's working of £1.06m. The reserve balance with which the Government expects to start the year of £2.38m will therefore be reduced to an estimated £1.323m by 31 March 1979. As the Chief Minister announced in his opening statement on the Appropriation Bill, the adequacy or otherwise of the reserve at any particular time is a matter of the Government's judgement and having regard to all the many considerations involved in coming to a judgement which he enunciated in the course of his statement, the Government has decided that in respect of 1978/79 it must augment the estimated reserve of £1.323m at the end of this year by raising an additional £300,000 from increases in import duties on spirituous liquors and tobaccos and by increases in the fees payable on these goods when received in duty-free premises or when delivered to persons about to leave Gibraltar by sea. The specific rates of duty levied on spirituous liquors will be increased as follows: Whisky in bottles, from 452p per gallon to 612p per gallon; in casks 445p per gallon to 506p per gallon; brandy in bottles, from 450p per gallon to 612p per gallon; in casks 440p per gallon to 606p per gallon. Gin, Rum and other spirituous liquors other than liqueurs in bottles from 488p per gallon to 648p per gallon; in casks from 480p per gallon to 640p per gallon; Liquors and cordials, irrespective of strength; in bottles from 550p per gallon to 744p per gallon; in casks 540p per gallon to 738p per gallon. The increase represents in the case of whisky imported in bottles an additional 40p per quart or 35p per litre or 26.1p on a 26 oz standard bottle. The

figures for brandy are, respectively, 40.5p, 36.6p and 26.4p. For gin, rum and other spirituous liquors other than liqueurs 40p; 35p and 26.1p respectively. Assuming 25 bar tots to a standard 26 oz bottle, the increased duty works out therefore at fractionally more than a penny a tot. Cigarettes and tobacco. The specific rates of duty on these will be increased as follows: Manufactured tobacco not otherwise enumerated including chopped, pressed or packed, shredded long cut and rolled, plug, snuff, siftings and cigars from 275p per pound to 345p per pound. Manufactured cigarettes from 580p per thousand cigarettes to 830p per thousand cigarettes. The rate of duty levied per pound weight on manufactured cigarettes is not being increased, it will remain at 160p per pound. The new rate of duty should not result in a retail price increase of more than 6p per packet of 20. The increased rates of specific duties on spirituous liquors, liqueurs, manufactured tobacco and cigarettes will take immediate effect. The fees payable on duty free goods received in premises in respect of which a licence has been granted under the provisions of section 31C of the Imports and Exports Ordinance or on such goods delivered to a person about to leave Gibraltar by sea, are prescribed in the Fifth Schedule to the Imports and Exports Ordinance. It is proposed that the fees in respect of spirituous liquors, manufactured tobacco, including cigars and cigarillos and cigarettes, should be increased pro rata to the specific duty increase on these goods, namely in the case of spirituous liquors by approximately 30% and in the case of tobacco goods and cigarettes by approximately 25%. The new scale of fees proposed is set out in clause 3 of the Bill. There is one further revenue measure. It is intended to amend the Drawback Regulations which are made under section 44 of the Imports and Exports Ordinance to impose drawback duty on the export of perfumery and on precious metals including gold bullion. The rates proposed are 5% and 2% ad valorem respectively. The amending regulation will be brought into force on a date to be announced. The Bill also seeks to give effect that the Government's decision to increase the tariff charges in respect of electricity, potable water and telephones. In this connection, Mr Speaker, I want to reiterate what I said last year. The nature of the additional money which is proposed by the new tariffs will be quite different and distinct from the revenue which the increases in import duties and in the Fifth Schedule fees will yield. It is important that this distinction should be recognised. The money which the additional charges for electricity, potable water and telephones will produce is not, in fact, revenue at all. The additional charges are not an impost on the community as a whole in the manner in which income tax is, for example, or customs duties. It will not be used to finance the Government's recurrent expenditure and the additional charges are not credited to the Consolidated Fund and they do not per se affect the reserve position, although indirectly, as we have seen in the course of our debate and discussions, they certainly do but per se they do not. While the financial operations of the electricity, potable water and telephone undertakings may create a contingent liability on the Consolidated Fund and therefore affect the Government's

overall position, as indeed they are doing, these operations must be considered and treated quite separately from the financial operations of the Government itself in respect of its ability to levy general taxation. The proposed increases in the respective consumer tariffs are set out in detail in clauses 4, 5 and 6 of the Bill. The additional revenue and that is the true Revenue, i.e. from indirect taxation, which the Government measures are estimated to yield is £300,000 in 1978/79 and as a result the estimated end of the year Consolidated Fund balance is now estimated to be £1.623m. Mr Speaker, I beg to move.

MR SPEAKER:

I now call on the Honourable and Learned the Chief Minister.

HON CHIEF MINISTER:

Mr Speaker, as I stated in my opening statement on the Appropriation Bill, settlement of the Pay Review will have its greatest impact on the subsidised consumer services for electricity, water, telephones and on the Housing Fund.

The increased cost of these services for this year alone will be in excess of £1m. At the time when the wage settlement was being negotiated the Government drew attention to the extent to which the charges for a number of these would be affected and that overtime would have to be reduced. The Government's acceptance of parity was also based on the understanding that the existing MOD/PSA presence and activity would continue in the foreseeable future.

We could not only not continue, as hitherto, to subsidise heavily these services, but would have as far as prudently possible to attempt to lessen the extent of the subsidy to these services.

To give the necessary time for people to start adjusting themselves to the new situation we are increasing the charges for these services to make them substantially less than is actually required in order to make the income of the Funds meet the cost.

Charges for electricity will be increased by an average of 40% but we have taken account of those consumers who use the minimum at the primary rate and those who go above this rate somewhat. There are bound to be people who try to spend the minimum possible on this service and those using less than 450 units per month will pay an increase of from 25% to 39.6% according to the consumption.

In respect of water, which is already heavily subsidised and costly to produce, the increases will be up to 50% but in such a way that the increase will not affect the small consumer so

much. There will be an increase of 24% on the primary rate, i.e. the first 4500 litres used, to 6p per 100 litres and 37½% increase in the secondary rate. The commercial consumers will pay just under 50% except in the case of shipping that will pay, I think, the 50%.

Telephone rentals will be increased by 30%. Rent for post-war flats will suffer an increase of 100% but not on the rates this year. The rate averages 42% of the total amount paid in post-war flats, so really it is an average increase of 57% in rent as all these other increases will be as from July. 57% because it will not be an increase of the rent payable but an increase of the rent element in the rent payable which has an element of rates.

Government pre-war flats will go up by 50% and there will also be legislation authorising 50% increase on pre-war private flats which are rent-restricted.

After all the measures which we have announced in respect of the funded services, these services will still be receiving a subsidy from the Consolidated Fund of £1.7m to cover its operating deficit in 1978/79.

With all these increases the Government will be budgetting for an end of year consolidated bank balance of £1.323m. Adequacy of reserve is a matter of judgement but on a budget of £27.4 millions a surplus of £1.323 is scarcely enough. The additional increases announced by the Financial and Development Secretary as he has said will amount to £300,000 making a balance of £1.623m, and when social overtime is cut gradually the reserve will just barely be £2,000,000 which really is the very minimum that in this very extraordinary budget with so many variables we can possibly allow.

It is only to be hoped that improved conditions, generally, will avoid further heavy increases of this nature come next budget.

It will be noted that the increases in electricity and water to hotels will not become effective until October, and thus relieve them from this burden for the period for which they are committed in their programmes for this Summer.

HON M. XIBERRAS:

Mr Speaker, as part of the procedure it was agreed even though it was not laid down in the proceedings, it was agreed that after the revenue-raising measures were announced the Opposition would be allowed time to consider the increases suggested.

MR SPEAKER:

Once the Leader of the Opposition has mentioned this, I feel that, perhaps, the adjournment which is required under Standing Orders between the Appropriation Bill and the Finance Bill does not serve any useful purpose. I would

have thought it would be better if the Standing Orders had provided that there should be an adjournment between the moving by the Honourable the Financial and Development Secretary of the Finance Bill and the consideration of the general principles on the Second Reading. As Standing Orders read at present, I have no right to recess or adjourn unless it is the wish of the House that we should do so. I think once we have done this serious consideration should be given to the possibility of amending Standing Orders. Perhaps, the Chief Minister may wish to say something on this.

HON CHIEF MINISTER:

As far as I am concerned I am quite happy for an adjournment. I do not know what the Honourable the Leader of the Opposition has in mind. Some of the increases were well advertised long before by statements made regarding the question of the rents and electricity. If they want an adjournment I have no objection. Perhaps we could adjourn till mid-day.

HON P J ISOLA:

The Financial and Development Secretary said that the balance at 31 March 1979 would be £1.3m. These measures are calculated to produce another £1.3m that makes it £2.6m. I cannot see how that £2m figure comes out in the Chief Minister's speech.

HON CHIEF MINISTER:

The £2m figure is not really a very exact figure. What I said was that as has been explained by the Financial and Development Secretary the measures on the funded services do not amount to an increase in the reserve budget. The amount of £1.323m is there whether you increase the measures or not because what you are doing is spending from one money and debiting it by the other. I said that that was the reserve in any case, so in respect of the reserve you must not take into account the increases in the funded services. What I said was £300,000 that has been added by the measures announced by the Financial and Development Secretary makes it £1.623m and the cut in overtime gradually will lead to up to perhaps around £2m. I want to be perfectly honest on that but that again is not a measure it will be a saving arising out of the measures and the manner in which it has been intended all along. It will be done gradually and not in a rush to cut down what is called the social overtime.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, in effect the figure of £2m is the £1.3m which I mentioned, plus £0.03m plus the Honourable and Learned Member's "little bit up my sleeve".

HON J BOSSANO:

Is in fact the Government saying that it anticipates that the saving in overtime will amount to £2m?

HON CHIEF MINISTER:

It could hardly reach the £2m after you add the £1.623m. Overall in a year let us put this way to show how far short of that it is, overall in a year would be about £400,000.

HON J BOSSANO:

Could I ask for some clarification on how the rates are related to the rents. Are the rates calculated on the basis of what the rents are and if we have an increase in rent this year will that produce an increase in rates next year?

HON CHIEF MINISTER:

Inevitably next April.

HON J BOSSANO:

What is it, 42% of the rent?

HON CHIEF MINISTER:

It is very difficult because it depends on the average in equity. It could be, at the worse, that the rent and rates next April would by themselves automatically be double of what they are now but at this stage it will be double of what it is rent only which is 57% of the amount of rates and rents that is being paid now so that anybody who is paying, say, £10 now rent and rates per week, his increase will be 100% of £5.20p.

THE HOUSE RECESSED AT 11.40 am

THE HOUSE RESUMED AT 2.55 pm

MR SPEAKER:

I think I invited members to speak on the general principles and merits of the Bill. The floor is now open on the second reading of the Finance Bill.

HON P J ISOLA:

Mr Speaker, the measures that have been announced by the

Government are obviously of a nature that the Government will forgive us if we question them a bit on them because the picture of the budget as it has developed has been one of a certain amount of uncertainty as to figures and we are still not sure what the correct figures are but, be that as it may, I think the first comment we would make for example on these measures, the first comment one is tempted to make almost immediately is that the job of the Minister for Tourism has really been made redundant because of course the increases in the two tourist products, if we call it that, whisky and cigarettes, have suffered a very, very stiff increase. We are not sure whether that was an anti-tourist measure or anti-Opposition measure. We will bear them gallantly but we do not know whether the tourists will though, and then if one adds to that the very sharp increases that have been levied on telephones, water and electricity, there is no question at all that the already tottering hotel industry will tatter still further. The release that has been announced of not putting the rates on until October, of course, is only very, very temporary relief. As I understand the position, for example, the hotel charges with tour operators are, in fact, fixed already until April, 1979, and, accordingly, in that sector which is already running at a very low figure for a lot of reasons that we have discussed ad nauseam in this House, is going to be gratuitously hit and hit very hard. One's preliminary reaction to the measures that the Government have announced must inevitably be that not a lot of thought has been given to the measures and of their effects, for example, on the private sector. Not just on the private sector in terms of industry, like the hotel industry and the tourist industry and so forth, but on the people who live and work in the private sector. One gets the feeling that the Government made the political decision of, for example, of having parity and having done that they said: "Well, how does it affect us, the Government, how are we going to balance our budget, how is it going to affect us and let us put remedial measures for us." In this connection, Mr Speaker, one is worried about what we heard during the estimates budget from the Minister for labour as to the effects on the private sector of these changes. We didn't hear, for example, from him how the non-industrials in the private sector, how far they were near to parity not just particular sections but how far they were near to parity. We didn't hear much about that so that we do not know how these sharp increases in electricity, water and telephones are going to affect the private sector not only in the sense of the business people in the private sector but the people who get their employment and their income from the private sector of which there are still a substantial number. And the leaders in the private sector, or some of the leaders in the private sector, as must be obvious to the House, have suffered in this budget or are going to suffer as a result of these measures a significant increase in capital investment by virtue of the increased duty on spirits and tobacco trade and this is significant part of the private sector. When the Government talks of the increases that will result from the increase in whisky and the increase in Gin and the increase in cigarettes of course they are only saying, I imagine, they might correct me if I am wrong, they are only saying really

the additional price that we put on whisky or on cigarettes purely by reason of the increased tax but the increased tax involves increased capital investment by the people concerned and they will wish to add on to that, obviously, a return on the extra capital invested, this is done always. So that the increases in fact to the public on a bottle of whisky or on a packet of cigarettes are likely to be more than the 26p and the 6p for cigarettes that have been referred to. But, then, Mr Speaker, these people in that particular section of private industry, if I may call it that, and who form a significant part of the private sector, be expected by the Unions and so forth to give parity to their workers and so therefore that particular sector of the industry will have to bear an increased price, a further increased price one should imagine, on spirits and cigarettes in order to be able to give parity which obviously they will have to give. And where does that leave, Mr Speaker, the private industry or where does that leave the tourist industry? The chap who comes along thinking he is coming to buy a bottle of whisky for £2.20 and finds overnight it is £3 or £3.10 or a packet of cigarettes. That is one of the reasons why I said that the Minister for Tourism is becoming increasingly redundant because the measures seem to affect that part of the tourist industry which is tottering and of course if the tourist trade goes down, I mean the economy as we know is 70% or 65% British Government spending but there is another section which is still a substantial section that depends on spending by others and that sector, Mr Speaker, has been hit very hard and the hotel sector all the more so and the hotel sector as we heard in the budget statement to the Financial and Development Secretary has suffered a 30% reduction in labour. Has the Government given any thought to that? I would certainly be interested to hear from the Minister of Tourism how he expects that the hotel industry and those who live from the hotel industry is going to survive these measures which as far as they are concerned are truly draconian and I don't think anybody will dispute that. How are they going to react to this situation? How are they going to be able to react to this situation with very limited income, not being able to put up their prices to the tour operators until April 1979 and being asked to pay in October very heavy increased charges in water and electricity. This, Mr Speaker, may be one of the consequences of the quick thinking of the Government to somehow or other try and get the revenue they require. Mr Speaker, as far as the increases in water and electricity and telephones are concerned, we take the point obviously of the funded services having to a limited extent to bear their own costs, this point we do take. We also take the point that it seems to us, as has been argued, that it is impossible to expect them to be fully self-financing and also that we question whether it is the right time now in this budget to try and put it right without knowing fairly accurately the full effect of parity in the private sector, without knowing accurately how the private sector is going to readjust to parity. This seems to me to be the crucial point on these things. But then, Mr Speaker, we do not know, for example, and certainly we would like to know, as far as, for example, electricity is concerned, how is this going to affect the average family in Gibraltar. When we talk of percentage increases it is not a very satisfactory way of doing things. I think we would like to know what the

electricity bill of an average family is going to go up by what their water bill is going to go up by. We would certainly like to have more information on that. We would certainly like to hear, for example, the reasons why the Government consider it so essential to put up these charges on electricity, water and telephones so heavily all at once. We haven't heard really of their objectives. We have heard words of these things having to be self-financing but by when do they want them to be self-financing? What is the plan? How are they planning to deal with this situation? Are they planning to put them up 50% this year and next year another 50% and the following year again, and really put the cost of electricity and of water to become such a really high percentage of the personal budget for a family in Gibraltar. It is all very well to just want to balance books but I think when you do that you want to really try and be fair to the community as a whole. How is this going to affect the fixed income person? Has the Government taken sufficient account of him? How is it going to affect the pensioner about whom we have heard a certain amount and that he is going to get increased pensions to try and offset the effects of parity, but how far we would like to know in simple terms, how far is the increase to his electricity and his water bill going to affect or offset the increases that he will have to pay. There seems to be a lot of unchartered seas here, Mr Speaker, as far as the electricity and the water and the telephones are concerned. I think the Minister for Labour said 30p more was going to pensioners for telephone.

HON A J CANEPA:

We are currently giving a telephone allowance which we introduced last year. We give it on a weekly basis but during the 13 weeks of a quarter the allowance that we introduced last year covers the increase in the telephone charge that was introduced last year. Telephone charges went up from £4.50 to £12 last year and the introduction of this allowance covered them fully. Telephones are now going up by 30% which means that they are going up from £12 a quarter, domestic rate, to £15.60p which is £3.60p a quarter. You divide by 13 that is an increase of about 30p a week and we want to cushion the effect of that by giving them at least 20p so that they will not have to give up the use of the telephone.

HON P J ISCLA:

Mr Speaker, I thank the Minister for that, that is an example that we know that that class of people is being asked on balance to pay an extra 10p a week. These are the sort of equations that we would like answers to because these particular measures on the face of it are very stiff, suddenly people's bills for water and electricity are going up 50% or 40% which is a lot and we don't know how far their wages or salaries are going to go up. We know how far the Government Sector is going up and we know how far the Ministry of Defence, there is no question about that, we know that and we still



don't know in those areas with the loss of overtime or whatever it is, whether that is going to be a reasonable charge, so I think, Mr Speaker, we would certainly like to have some comparisons on how people ordinary people, ordinary families, are going to be affected in this respect. We have borne in mind, of course, the fact that there is a budgetary contribution of £330,000 to the Improvement and Development Fund which Honourable Members know we voted against as being unnecessary in the circumstances, in our way of thinking, for cushioning off effect of parity and so forth, we think the Government has £330,000 which could be used possibly this year better by contributing to these particular services in which the increases are so sharp. There is also the other figure that has been mentioned by the Government of about £400,000 that is going to result to the Government in the cutting of overtime or social overtime as it is being called - I didn't know there were different kinds of overtime - and this again is another cushion that the Government can use until we know fully or we experience, or the population experiences, the parity effects. We must have, Mr Speaker, more information really on the likely effects of these cuts on people before we can be asked to decide which way to vote in this matter. Mr Speaker, as far as the Housing Fund is concerned, again as far as the bold increases of rent are concerned, we are very conscious that the Housing Fund got a vote of £600,000 for maintenance of Government housing estates which is a separate vote and we are very concerned that that money should be spent cost conscious. We are concerned that people should not just be asked to have their rent increased without ensuring that money that goes on housing is properly spent on housing and not dissipated. We believe as we have said during the expenditure budget, that if the Housing Manager does not have some sort of independent advice on the spending of his money, that money will be spent by the Public Works Department as and how it sees fit and we know that they have not been spending their money properly to the detriment of the tenants who we are now asking to pay increased rents. We are accordingly concerned, very much concerned, how that £600,000 is going to be dealt with and how far is the Housing interest in that £600,000 expenditure maintenance going to be legitimately protected by its own Department. We are concerned that money that is spent under that vote is properly spent, on a proper basis, for the benefit of the tenants of the housing Estates. Mr Speaker, in opening for the Opposition Group you will have noticed that we are concerned very much with the increases that have been demanded and we really want a number of questions answered before we can carry on effectively to consider the measures. I think that is all I would say at this stage.

HON A P MONTEGRIFFO:

I am not going to answer for Tourism, that will be done by my Honourable friend, Mr Serfaty, but I find the whole argument of the Opposition again most baffling. They are preaching to the converted. I am amazed, Mr Speaker, that all these arguments against the taxation that are being put forward now should not have been put across when they have been brain-washing people into parity. For years they have done it, they talk all about the goodies of parity but they didn't tell them all about the possible pitfalls that they are now exaggerating more than when we were opposing parity. I think it is a complete red-herring, Mr Speaker, to come and tell us that because we are putting 5p in the tobacco the trade have now to reimburse more money and that this again is a burden. Well, Mr Speaker, lots of Government in this House have put up the price of tobacco in many budgets and that argument have never been brought up. How much more nowadays is it necessary to increase, if anything, that particular commodity to the extent that we have done when we are talking about injecting into the economy, which the private sector will benefit £7½m, which is completely forgotten in all the arguments that the Honourable Member has put forward. Mr Speaker, to say that we have not given consideration, that we have done this lightly and that we have said that parity will balance our books, again, either they have not looked at the figures or else they are trying to score a debating point which is unscorable in that respect, Mr Speaker, because all that we are asking is to raise the Consolidated Fund to or £1.6m at the end of the day and to say that £300,000 more in tobacco and alcohol is going to ruin trade, that as far as I am concerned is a real big red-herring, Mr Speaker. How will it affect the majority of workers? Because I think the Honourable Mr Isola mentioned that when he talked about the private sector he was also concerned about the workers working in the private sector. Let us see how it will affect the majority of the private sector workers and let us take things to extremes as regards expenditure and at the lowest in the money that they are going to get. Let us take a Labourer, and perhaps the Honourable Member opposite who knows more about those figures than I know will correct me. By July 1978, he will be getting round about £60 more a month. Is that right?

HON J BOSSANO:

Is the Hon Member talking about the Government or Private Sector?

HON A P MONTEGRIFFO:

I am talking about the Government employee.

HON J BOSSANO:

The Private Sector is already getting one.

HON A P MONTEGRIFFO:

So more than £60 a month extra, but I am putting it at the minimum. Let us suppose he is going to pay 30% income tax. That would leave that particular person with £42 a month and let us put it at its worst that all these increases will cost him another £20, he will still be left with £24 more in his pocket, and that we are talking of minimum and maximum charges that he will pay. Of course there are pitfalls and of course there are areas which the Honourable Mr Isola very rightly called as unchartered, it is a new thing, but if we are going to wait till we go through this year of unchartered course, as he has put it, and raise nothing and find next year that we are worse than we are anticipating then probably we would have the allegation of: "What were you doing last year that you didn't do something, at least, to try and bring in some money?" After the tax that will accrue to Government is deducted about £5m is going into the private sector.

But let us assume that of that £5m, £1m is going to be paid extra in rent, water, electricity and telephone, that is all we are more or less intending to raise, £1m. We are creating a new social economic structure and this is what the Government was talking about when we were opposing parity and I am afraid we lost the battle and we found ourselves with a completely new set of facts before us. We cannot now be told: "Stay put, do nothing and remain with £1.3m in the Consolidated Fund." It is impossible. Are the Honourable Members opposite prepared to stand up and say that when they conceived the principle of parity they were going to leave rents as they were in Gibraltar? There are some people who still pay 90p a week for 2 bedrooms, kitchen and bathroom at Laguna Estate. Perhaps we are talking again about the gold mine. Mr Speaker, I think it is very unfair. They are perfectly entitled to oppose because they think our judgement has been bad but to bring red herrings about the traders not being able to meet the reimbursement of greater sums of money for tobacco and whisky and all that, that is stretching the point a little bit too far and does not give credibility or sincerity to the arguments that they are putting forward.

HON A W SERFATY:

Mr Speaker, I would like to answer some of the remarks by the Honourable and Learned Member on the question of the allegations of how badly we are treating the hotels and the tourism industry. In the first place, I must remind the Honourable and Learned Member that to hotels the increased prices for water and electricity will not apply until the 1st October, which is the last quarter of the year. It is possible that some of these hotels are committed with tour operators for the winter 1978/79 season but it must be equally clear to the Honourable Member that the big business and the large number of visitors come in the summer. The winter is a low season so when all is said and done those increases should not be so difficult to the hotel industry

because the number of visitors are low in the winter and if they are high, good luck to them, then they will be better able to afford another 3p or 3½p per 100 litres in water and another similar percentage in electricity.

HON P J ISOLA:

If the Honourable Member will give way. But, surely, if there are less over the winter the expenses are the same and the charges are increased. How can the fact that there are less visitors in the winter help the hotel industry?

HON A W SERFATY:

I cannot agree that there will be the same consumption of water or of electricity if the hotel is only one third or 40% full, I cannot accept that. The Honourable Member usually laughs when he doesn't like something I am saying. Of course nobody likes to pay increases for their public utilities but this is what inflation is all about and I think it is a very wise decision and high time we did it to try and reduce the subsidies to our public utilities. I think the Honourable and Learned Member referred to the price of whisky and cigarettes. It is true that the price of a 1-litre bottle of whisky which is the whisky that is becoming more and more popular, is going up by 34p per bottle, but what really affects to a certain extent the tourist is the price at the duty free shop at the airport or when he leaves by ship. There, the increases in duty are only going to be 11p but, of course, there will be corresponding increases of rent in the Airport shop so as to bring the price of a bottle of whisky at the Airport duty-free shop to the same price as when somebody is leaving on a ship but in any case the increase will be 20p per bottle of 1 litre which is now selling at £2.35p. On a carton of 200 cigarettes the present retail price is £2.30p to ships and at the Airport duty-free shop. The increase in duty is only 14p so I don't consider that something to worry very much about, 14p on £2.30. We have just seen in Spain a packet of cigarette going up in one fell swoop from 50 pesetas to 75, a 50% increase. I don't know whether there has been any debate in the Cortes about that 50% increase in the price of a packet of cigarettes. I must say that on this question of the private sector employees, I think the Honourable Mr Bossano will agree with me that in the private sector employees are nearer parity, much nearer parity, and Mr Bossano has seen to that, than the employees in the public sector with the additional point that in the private sector there is going to be no reduction in social overtime because there hasn't been any social overtime. I cannot imagine any employers in the private sector having paid out social overtime as the Official Employers have done and this is what I have been explaining to some of my own employees this morning, that they are already getting near parity so they should not moan so much about the increases in water and electricity.

HON J BOSSANO:

Mr Speaker, I find myself in a situation where I agree with the analysis of the Government but not with their conclusions and I agree with the conclusions of the Opposition and not with their analysis. I would like to say at this point some of the things that I would have said in my last contribution which I think are equally relevant now that they are talking about the revenue raising measures and mention some of the figures that I was hoping to have ready the last time but I didn't. As regards the question of the Budget this year and the label that has been put on the budget this year, I think by the Honourable Mr Xiberras, quoted in the Chronicle the first "parity budget", let me say that my own view is that if it is the first parity budget, it is only because it happens to coincide with the introduction of parity and that as far as I am concerned the figures show quite clearly that the relationship that there is between the introduction of parity and the problems of financing Government expenditure is that the size of the cake in Gibraltar, the size of the economic cake, will be that much bigger and consequently the problems that the Government might have in raising finance are that much easier. That has got to be clearly understood. I think it should also be clearly understood that when we are talking about economic variables we are talking about sums of money and we are not talking about labels. The importance about the introduction of parity is not in fact the size of the increase, the size of the increase is a historical accident resulting from the fact that it has taken us two years to reach agreement. The essence of the parity claim is, as the Honourable and Learned Chief Minister said, the method of determining wages whether wages are determined purely by virtue of local agreement on what we think is right or by virtue of looking at analogues in the United Kingdom that is all that parity does. Whether, in fact, the results of the introduction of parity in monetary terms, is something that Gibraltar can afford or cannot afford is a different question altogether but it has nothing to do with the principle of parity as such. If, in fact, the Government was giving a £20 increase to the labourer in Gibraltar and not calling it parity, the economic impact would be exactly the same. Therefore, it is not true to talk about the "parity budget" and to suggest that because the Government has agreed to parity the economy is going to be damaged. If there are members in the House who feel that the increase of £20 for a labourer is unjustified or is too big then they should say that because this is the essence of the problem, if there is a problem, in financing the pay review. As regards the private sector, I don't know the sort of problems that private sector employers may face or that businesses in the private sector may face, but I know that there is only one Union in the private sector and that that accounts for a very substantial proportion of the private sector and that in 1976 the labourer obtained on average a £7 increase and in 1977 a labourer obtained, on average, a £6 increase and that today a labourer in the private sector gets £13 more than a labourer in the public sector and that consequently with the immediate introduction of 90% of

United Kingdom rates the gap is going to be closed but the gap that is going to be closed is the gap between the public and the private and not the other way round. With the introduction of parity on 1st of July - we don't know exactly what the increase will be because it has not been negotiated yet in the United Kingdom - but based on, for example, the increases that have been given to local authority workers who are roughly comparable to Her Majesty's Dockyard workers, the most likely figure will be the 10% pay policy on top of the existing wages in the United Kingdom which would bring the total increase as at the 1st of July over the existing wage for a labourer in the public sector to £20. But, of course, for a labourer in the private sector who has already had £13 of that £20, the difference will be £7. And if the private sector cannot afford £7 today when disposable income is going to go up £9m, how could they afford £6 last year and £7 the year before? I could understand the private sector having a problem if they had to fork out a £20 increase suddenly. But the increase that they anticipate this year is no more sudden than the one of last October or the one of October, 1976. So at the level of the wages impact on the private sector, Mr Speaker, I think members must have facts when they talk so that at least they may differ in viewpoint from my own analysis of the situation and my analysis may be mistaken but my facts are correct because I happened to have signed the agreement giving people £7 and £6.

HON P J ISOLA:

Since he seems to be the person who is giving me the information I asked for, could the Honourable Member say how far the gap between the private sector and the Government sector, for example, was narrowed by these social overtime payments?

HON MAJOR R J PELIZA:

At the same time Mr Speaker, could he say from what sector the labourers that he has mentioned are coming from? From what sector of industry?

HON J BOSSANO:

I can tell the Honourable Member that this applies to labourers in the construction industry, labourers in the bakery industry, labourers in Blands foundry, labourers in Saccone and Speed, labourers in Stagnetto's, that is every single labourer that is a member of the Transport and General Workers Union and works in the private sector is getting today between £37 and £38 which is £13 more than a labourer in the Government on basic wages. On the 1st of July it is anticipated that the Government labourer will go from £25 to £45 which is a £20 increase but a labourer in the private sector from £38 to £45, which is a £7 increase.

We are talking about the biggest occupational group. The labourer is the biggest occupational group in both private and public sectors. The situation with the Craftsman is not quite the same because the craftsman has been getting a slight trade increase, £7 in most cases, in some areas they have got a little bit more. In 1976, in many places in the private sector, the increases were £7 and £8 and in 1977 it was £6 for everybody. So we are talking about a situation where the increase for the labourer is going to be £7 and, perhaps, the increase for the craftsman will be something like £9 or £10. That is the situation we are talking about. That is the sort of gap that exists now. The gap between the private sector labourer and the public sector labourer is smaller than the gap between the private sector craftsman and the public sector craftsman because the craftsmen have had a flat rate increase in Gibraltar in the private sector and in the United Kingdom this was true in 1976 where they had a flat rate of £6 but it wasn't true in 1977 where they had a 5% increase, so if you apply the 5% 1977 pay increase to Gibraltar then obviously you are going to give a bigger increase to the craftsman than to a labourer whereas you have had a flat rate in Gibraltar. But in 1976 it was a flat rate in the United Kingdom and a flat rate here so when we compare Gibraltar with the United Kingdom the situation is that the increase for the craftsman in 1976 was £6 there and that what we did was the converse. We had different increases in 1976 and flat rate in 1977 and in the United Kingdom they had a flat rate in 1976 and different increases in 1977. It is important not to exaggerate the burden that this year's pay review will prove to be for the private sector and it is precisely because private sector workers had been getting what employers have accepted as being reasonable increases, it hasn't required great strikes to get them, it has been reasonably smooth negotiations in the private sector, and therefore the increase this year is not going to be of a different order to the sort of increases that private sector employers have been meeting in the last two years.

HON P J ISOLA:

Mr Speaker, my question was what was the gap as a result of social overtime?

HON J BOSSANO:

On the question of social overtime, Mr Speaker, let me say that the position of the Union in these negotiations has been that we do not recognise the existence of two different kinds of overtime. We do not accept that there is any such thing as social overtime. The position of trade unions in this matter is that overtime has always been a management prerogative and management is supposed to decide what overtime it needs to achieve the work that it wants done. In the 1974 review which was signed in 1976 the unions agreed, in fact, that management have the right to reduce unnecessary overtime. That was agreed in the 1976 pay review, that if

there was unnecessary overtime it should be reduced and in fact it was reduced in the MCD and the DOE and not in the Gibraltar Government. If one goes back to the sort of relationship that existed in 1976 when the trade union movement was arguing that the implementation of United Kingdom wages in Gibraltar would not create a financial problem for the Government of Gibraltar on the existing ratios, the figures produced today by the Financial and Development Secretary in his earlier contributions in the first part of the Budget clearly demonstrate that that argument was absolutely valid. In 1976, there were something like 200 more workers working in the DOE than there are today and it isn't because the DOE has been cutting back on employment, it is because when the DOE eliminated overtime and they eliminated all overtime, social or unsocial, whatever it was, what happened was that workers started leaving DOE to join Gibraltar Government and the private sector. It became more attractive to work in Gibraltar Government than to work in DOE because the basic wage was the same and as time went by and there was no further pay settlement the more difficult it became to make ends meet and the more attractive it was to work in the Gibraltar Government and in the private sector as well. There was a drift of workers out of the DOE and consequently today the pay increase costs the Gibraltar Government more than it did in 1976 as a proportion of the whole. I am not saying this in criticism of the Government I am saying this as far so that we understand the nature of the relationships. In 1976, the position was that there was about the same level of overtime in all the official employers, roughly speaking, 25% on average and there was a smaller proportion of the total number of employees in the Gibraltar Government. The proportion has moved from something like 60/40 to 55/45 with the United Kingdom Departments coming down to 55 and the Gibraltar Government going up to 45. Given those changes since 1976 when the Trade Union movement was saying the Gibraltar Government could afford to pay the pay increase because it would be self-financing, it is worth, Mr Speaker, looking at the figures produced by the Honourable Financial and Development Secretary when he was saying in his statement on page 33 what it would cost to implement the United Kingdom wages on the 1 July this year, as opposed to their original estimates. He said the gross cost is £970,000 and the income tax receipts are estimated to rise by £710,000. 73% of the gross cost is covered by income tax receipts arising out of that same increase. That, with the changes that I have mentioned in overtime going down in one place and staying put in the other and with the move in employment from one sector to the other so we can well see that if the relationships had been as they were in 1976 the analysis of the Trade Union side was absolutely accurate. But we do not stop there with £910,000. We are then told that there is an additional £70,000 through indirect taxation which is based on an estimated take on indirect taxation from disposable income of less than 5%, that is assuming that disposable income yields less than 5% in indirect taxation, which I think is on the low side but we cannot be sure because indirect taxation is not an easy thing to calculate and

I accept this, plus £65,000 as a result of the contribution of the Admiralty to the share of the Police. So that the net cost of an increase of almost £1m is a mere £135,000. With the relationships as they were in 1976 there wouldn't have been a net cost there would have been a net profit on the operation. When we are looking at those same figures on page 33, we see that the cost incurred by the four funded services is £257,000 which is of course £122,000 more than the cost to the whole of Government. The cost to the four funded services, the cost to part of Government, is greater than the cost to the whole of Government which means that if you have a debit item of £257,000 on the four funded account, you have a credit item of £122,000 on the rest of Government so if you debit the cost of the four funded services the surplus on the Government operation keeps on going up. I am sure the Government will not be entirely surprised but it was used very effectively, Mr Speaker, during the pay negotiations as their advisers will be able to tell them. Given that situation I think that when the Chief Minister says, as he did in his statement today, that the cost of the pay increase falls more heavily on the funded services that, in fact, is an understatement; it is not falling more heavily it is falling more heavily on the funded services than on the Government as a whole in toto because what the Government should consider when they are looking at the method of financing these accounts is that the accounts are there in order to make sure that the Government has got an accurate idea of the cost. The accounts are not there for these four funded services to be treated as if they were independent of Government. And if the four funded services cost what they do they may well cost what they do in part at least because they are being run by Government rather than by somebody else. It may be that if somebody else was running those four services they wouldn't cost so much. Workers' control is always an alternative you can have in the background, Mr Speaker.

HON P J ISOLA:

I thought that existed in the Government already, Mr Speaker.

HON J BOSSANO:

Not quite, Mr Speaker, therefore I think that in talking about the pay review having its greatest impact on the subsidized consumer services, we must understand the way that it has an impact, it has an impact precisely because if the services were as they had been before, if housing this year, in fact, had not been put on a funded account basis the impact of the pay review would have been less because the money from the income tax would have gone into Government revenues and the cost of the pay review would have gone into Government expenditure but the cost that would have gone into Government expenditure would have been the net cost not the gross cost, whereas on a funded account

basis you allocate to the expenditure side £100,000 but not to the income side the £30,000 you take away in income tax and, obviously, the greater the rates of pay with unchanged allowances, the greater the take. I am sure that an average yield of 30% is an underestimation because I don't believe anybody is paying less than a marginal rate of 30% and I think quite a lot of people after July will be paying a marginal rate of 35%, so I think the take will be greater. In fact, we have the figure produced by the Honourable Financial and Development Secretary in his closing statement on Wednesday night which unfortunately I was not here in the House to listen to but which I took the trouble the next morning to come and listen to a tape so that I could benefit from his words of wisdom today. The Honourable Financial and Development Secretary said in answer to a question by the Honourable Mr Kiberras, that it would cost £2m to bring personal allowances into line with the United Kingdom. Well, what that means is that we are paying £2m more than the United Kingdom residents are in income tax, that is what that means. It means that income tax in Gibraltar is £2m higher than in the United Kingdom if it costs £2m to bring into line and therefore, I don't know where that leaves all the arguments one used to hear about the disaster that it would be for Gibraltar to bring taxes in Gibraltar into line with the United Kingdom, now it wouldn't be a disaster because we would be paying £2m less. In the contribution of the Financial and Development Secretary he said that his Budget Speech was the Government view, the collective view of the Government, and he also said that he could not accept responsibility for the failure to issue loan in 1972 when money was transferred into the Improvement and Development Fund rather than loan stock being issued at the time that money was being repaid to investors, but he said that he took the point and that if during his term of office there was stock to be repaid he would take that opportunity to issue new stock, meaning that he agreed that it should have been done in 1972 but he cannot take responsibility. But I am afraid he has to take responsibility even though he was not physically present in Gibraltar, because he had already said in that same contribution that his Budget Speech was the Government view, the collective view of the Government, and he happens to be on to the same Government that did it in 1972 so unless the whole Government is today admitting that it was wrong in 1972 the Government of today is the Government that was responsible for committing the mistake which I have pointed out and the reserve situation today is partly the way it is precisely because of that error of judgement which I believe was more than an error of judgement and I have said so many times in the House and I don't think there is need for me to say it again. The position of the reserves and the level of reserves that the Government is aiming for suggest to me that not only is the Honourable Financial and Development Secretary being conservative as he himself has admitted in his estimates of the income that he can anticipate during 1978/79, but that he is so confident that he is being conservative that he is willing to face 1978/79 with reserves that will last him a fortnight because



we are talking about £1½m in the context of a Budget of £27m and I have still got here the statement made by the Honourable and Learned Chief Minister in 1972 when he was saying in the context of the pay review of the time that the right level of reserves was four months. Today it is a question of Government judgement as to what is an adequate level of reserves. I think this is absolutely right, there should not be a rigid formula, but if there is anything that is more dramatic than the change in Government attitude into the question of parity, it is the change in the Government's attitude in the same period of time to the question of reserves where we have moved from a position where the Government was saying: "It is impossible for the Government to do anything about a number of issues, including pay because we must maintain reserves at four months - and this was being stated as if it was almost a biblical truth with which nobody can argue, the experts all say it is four months - to a position where a fortnight, in the Government judgement, is acceptable. I don't think that a fortnight in the Government's judgement is acceptable, I think the Government is fairly confident that the reserves are going to be better than the figure that they have said because the income that they will receive is going to be higher than the £9m that they have put in the estimates as far as income tax is concerned and is going to be higher as far as indirect taxation is concerned. The Honourable Financial and Development Secretary said that the reason why there existed a discrepancy between the figures produced today and the figures produced in March and the beginning of April in the pay negotiations - and he said that I had the benefit over him of having been to the pay negotiations - I would have thought he would at least know what the Government was saying in the pay negotiations even if he hadn't been there, was that in the pay negotiations we were talking about £6.5m as a broad order of costs and that the Government had accepted the points made by the Trade Union side as to how the calculations had been made. Well, I am glad, in fact, that the points that were made were in fact accepted as being valid points and indeed I think even on the question of the indirect taxation yield that was the point which to a certain extent goes against the argument that I am using but which was also put by the Trade Union Side. The Trade Union side also argued there, I argued there, Mr Speaker, that if the Government was using a 5% yield for what they expected in indirect taxation this year, it certainly didn't make sense if they thought that was accurate, to use that same figure for the back money because it isn't sensible to expect to get the same yield from indirect taxation out of back money as you do out of a recurrent pay increase because people tend to spend more out of what they get extra in a pay packet than out of a sum of money that they get all in one go. They tend to spend more inside Gibraltar and in fact I think the Government will tend to benefit if in future we find that as a result of the agreement that has been reached in the public sector wages, public sector wages are settled within a matter of weeks instead of this long delay happening and I hope that this indeed will

be the case, but I am sure that if it does happen as it should within a matter of weeks and it will probably not be possible to do it on the exact date because in the United Kingdom the negotiation take a couple of weeks and we would have to wait here to find out how much they've got there. But if its done in July I think Government revenues will tend to benefit because more of the money will stay inside the Gibraltar economy which I think is good for Gibraltar, good for Government finances, and is something that we should encourage people to do. On the funded accounts, taking the most unsatisfactory of them all, the Water Account, I would remind Members that last year the Honourable Mr Featherstone, when questioned about why there was this discrepancy of thirty million gallons a year between production and consumption, said that it was a question, possibly, of faulty meters and people's consumption not being properly recorded. He gave me the impression that that might account for a lot of it. In fact, the Government in the estimates put in a sum, I think, of £20,000 last year for the purchase of meters to replace these faulty meters which they haven't spent, of course, because they never do, but which one would have thought not requiring the approval of the Projects Committee or so many of the other impediments that exist in the Improvement and Development Programme and given that in effect the faulty meters was costing Government a lot of money, I would have thought that if nothing else could be done in the Improvement and Development Programme at least the meters could have been brought and installed but I think it is totally irresponsible if the Government thinks that there are people whose meters are not working properly, that they should increase my water bill by 40% because my meter is working properly. We have a situation where somebody whose meter records he has no water will now pay 40% more for the no water but of course he is not paying anything, his bill will stay exactly the same. So the unfortunate person whose meter works properly is going now to have his bill increased perhaps more than he need have had it because the Government has not yet got round to replacing those faulty meters that they believe are responsible for the level of consumption. The Minister for Public Works said that he didn't know what the latest position was as regards the discrepancy between production and consumption. Of course, he knows what the production figures are because he gave them to me and I imagine that he knows them himself, and the production figures are, for this year, one hundred and thirty-six million gallons as opposed to one hundred and thirty million gallons last year. I don't know what the total consumption has been for 1977 but I do know what the consumption by domestic consumers has been because that has also been provided by the Government and I am sure they are not providing me with all this information without providing themselves otherwise we are going to find ourselves back in the situation we did, I think it was in 1973, Mr Speaker, when as a result of a series of questions to the then Financial and Development Secretary I knew more about how the Development Programme was going than anybody on the Government benches. We find that in 1977 consumption by



domestic consumers was about fifty-nine and a half million gallons which was down on the previous year where it was sixty-six and half million gallons, so we had a drop in consumption as far as households were concerned last year of seven million gallons. I don't know if this is a result that the new meters were even more faulty than the old ones I hope it isn't otherwise we are going to find ourselves in a situation where my meter which never seems to go wrong unfortunately, is going to be loaded with the expenses of the rest of Gibraltar none of whose meters work. But unless there has been a compensating increase in the consumption of water by the business community in 1977 over 1976, the situation in 1977 is that the gap between production and consumption has grown instead of shrinking and if that is the situation then, certainly, it is a situation that the House should have full information on before it is being asked to vote for greater charges for domestic consumers and for business consumers. Another point that I would like to put to the Government is, of course, that in the production of water we have got different orders of costs depending on the source and that therefore it all depends on how one does one sums, but if one assumes that in extremis the first water produced would go to domestic consumers and it is only when basic needs are met that we start thinking of using distillers and importing then, in fact, we are not very far off meeting out needs for domestic consumers from our own resources and if we produce an average cost there based on those sources, for households the deficit is a very small one. On that basis the deficit would have been a mere £6,000 in 1976 and £18,000 in 1977, that is taking the amount of water that is consumed by households and finding starting with wells and rainfall, how far that could be met from the cheapest sources. I think this is quite a practical way of looking at it. Mr Speaker, the point that I want to make is that the Water Account is the most glaring example of what we cannot do in terms of simply accepting a set of accounts and not going behind what is responsible for the accounts being in the state they are and simply saying: "Well, we've got to balance the books because the Government has got to balance the books and therefore the consumer has got to be asked to pay for the shortfall." The fact that charges for water and electricity and telephones and rents have got to go up is something that everybody accepts because one does not accept any more to find stable prices in any commodity but the reasons that are given for the increases and the size of the increases one has got every right to question. If we have had 10% inflation in the last 12 months and the Government had turned round and said: "Well, I am going to raise all charges by 10% because the policy is to keep the charges stable in real terms and re-value them with inflation, that would have been an understandable argument although, of course it would have been a more understandable argument if they were doing the same with personal allowances under the Income Tax Ordinance and revaluing those at the same time. But, in fact, that is not the argument that has been used, the argument that has been used is that these accounts should balance themselves because if they don't balance themselves it puts a financing burden on the rest of Government. That is the argument that has been used. There is more than

one way to skin a cat, of course, and if these accounts have to be balanced it might be better to balance the Water Account, for example by establishing exactly what is wrong with the Water Account than simply by charging consumers more for water. That achieves the same objective. The policy, furthermore, of saying that the accounts must balance themselves is open to question as I said in my earlier contribution where I put the Honourable and Learned Chief Minister on notice that I thought in the context of Gibraltar and with the political dimension that there is to our wish to maintain our independence of the mainland even if it means doing things more expensively, that is a political decision and therefore the price that has to be paid is a political price and it is wrong to pass that political price on to the consumers of water because the consumers of water are a captive market. What are we going to do, put the people in a position of saying: "You have got to prove your Britishness by dying of thirst or not washing perhaps?" I do accept that the Honourable and Learned Chief Minister did accept the argument in the course of the debate but the statement that he has made today about attempting to lessen the extent of the subsidy well, perhaps I don't know whether it is just a semantic difference or a significant difference that he is using "lesser" rather than "eliminate" there. The Chief Minister says it was deliberate and I am grateful for that. I am glad that the argument that I put has been accepted as being a valid one. I think that in the context of the problem of Government financing as opposed to the question of balancing these four accounts, I have said on the Water Account why the Government, in my view, is quite apart from anything else wrong in asking the House to vote for these increases without in fact having cleared up the sort of arguments that played such an important part in last year's budget and now it is being asked to do the same thing again without any of the questions having really been satisfactorily answered. If we take another item, the question of rents, the Government has said part and parcel of its policy on rents is to introduce more economic rents, more realistic rents in terms of the level of wages and salaries that will exist in Gibraltar and at the same time give people an opportunity of buying their own homes but, of course, we know exactly how much it involves in the bad side of that equation while knowing very little about what is involved in the supposed good side of the equation. The House has been asked to support 100% increases in rents and let us not fool ourselves that because the impact on the 1 July will be 57% the increase is not 100% because unless the Government is going to adopt in the case of rates the approach that they want to adopt in the funded accounts and say next year: "Well, how much should the rate be in order to cover municipal services other than electricity and water", and if they find that as a result of rent increases the yield that they get from rates is more than they need and they are going to reduce the rates, if that is what they are going to do, which we have had no indication that that is what they are going to do, the impression I got when I asked earlier on this morning was that the relationship between rent and rates was one that was going to be maintained and that increases in rents would produce increases in rates regardless

of whether increases in rates were necessary in order to cover the services that are supposed to be covered by rates then, in fact, the increase is 100% which fortunately will not affect people all in one go but it will affect them as to 57% on the 1 of July and the rest of it when the new rate demands are issued which, I believe, is in April. The decision is to increase the rents 100% and the impact will be felt as to 57% this year which is better of course, than if the whole of the effect was felt this year but, nevertheless, the philosophy about things being funded and identifying costs with income which is being applied for the Housing Account proper and for water and electricity and telephone is certainly not being applied for rates and the other services. Now I believe it is a good thing to apply this philosophy in order to have . . . .

MR SPEAKER:

May I clear a point. Rates, since the merger, is a general revenue raising matter and not attributable to any service.

HON CHIEF MINISTER:

The rateable value of property is a separate account, it is a separate assessment. It is very much the same as in the City Council and for separate services, that is to say, Rates Account services one of which is apart from the funded services such as water, electricity and so on, providing for the collection of refuse and cleaning of places, the buildings and roads and a number of things in accordance with the provisions of the old Public Health Ordinance. I didn't want to interrupt what the Honourable Member was saying because it was following an interesting trend.

HON J BOSSANO:

The identification, Mr Speaker, of specific services and specific sources of income, I think, is a useful thing for a Government to do in order to be able to take policy decisions based on accurate factual knowledge of precisely what it is costing to provide a particular service to the community and what the beneficiaries of that service are contributing towards meeting the cost of what is being provided and therefore I agree entirely with the philosophy behind it. What I don't agree is that once those relationships are discovered they then become a substitute for policy and one falls into the trap of thinking that because there is a relationship then we are caught in a situation where we must balance. The Government has got a need to raise the finance to carry out what it wants to do but the decisions to raise finance and the decisions to carry out certain functions must form part of an overall plan of what the Government is doing with the economy of Gibraltar over a number of years and where it is going and what it wants to do and it is in the context of that, that policy decisions will be taken because

the taxes that we have in Gibraltar are not the only taxes that can be introduced. There are a number of other fiscal measures that can be introduced which I believe would yield Government additional finance and it seems to me that one of the fundamental things that I have disagreed with with the Government in the past is as present in this year's budget as it has been in past years. I think the only extent to which the Government has moved away from this approach of being almost a referee in the middle of the economic situation and saying: "If you push me to pay Peter I must not Paul." The Government really is in a situation where it has either got to take it away from me or they take it away from somebody else and maybe that is why they haven't raised the rents at Varyl Begg. The only extent to which the Government has moved away from this philosophy, and I remember the Honourable Financial and Development Secretary's predecessor saying I think it was in a budget two years ago, that here in Gibraltar we could not really talk about economic management but merely about financial management, which I don't believe to be true, I believe that certainly our room for manoeuvre in terms of introducing fiscal or monetary instruments in order to expand employment or for other specific policy purposes is more limited by virtue of the nature of our economy than it is, perhaps in a national economy but it is not totally absent by any means. I have said earlier that the degree to which the Government is successful in implementing the development programme is a vital fact not just for the rest of Gibraltar but for Government revenues themselves. If the Government fails whether through fault of their own or not, they are still held accountable here for their failure this is even if for example, if I were in their place I found myself under the same constraints and I came up with the same failures then I would have to take the criticism and they have to take the criticism precisely because they won the elections. If they fail in the development programme then I think it is quite legitimate to say to the Government: "Well, I am not going to support your budget measures." I am certainly not saying that the Government is introducing a draconian budget because as I said earlier, Mr Speaker, the Government in this budget is raising £1.3m whereas last year there were a series of measures introduced which if we include the raising of postage in January which I thought was part of the budget, came to £1m at a time when in the private sector people had had a wage increase of £7 but in the public sector there had been no wage increase so in terms of the extra burden being put on people it was certainly a much greater burden last year than this year. This year we have been told that from Government sources alone from the United Kingdom Departments and the Gibraltar Government alone, disposable income is going to go up by £9-10m and therefore the amount of money being raised by the Government has got to be seen against that background. I am not attacking the Government by saying that they are going to pay a wage increase with one hand and take it away with the other because I don't think they are doing that and I think the figures show that they are not doing that. I am saying that the responsibility for the amount of money that they have to raise is to a very large extent, in my

judgement, the result of decisions that they have taken or else their failure to carry out effectively things that accepted should be done. I said earlier, Mr Speaker, that I believe the Government have an opportunity now to do better than it has been able to do in the past. I think that they have come closer to appreciating that as a Government they can take a commanding role in the economy and actually get involved in economic planning and in economic management and that the budget should be more than just a process of balancing the books, the budget should have a place in an economic strategy. I believe that these are closer to understanding that to the extent that they are saying that because of the introduction of parity which effectively means because of the introduction of a much higher level of wages than we have had in the last few years, they are in a new ball game. That is an understanding, in my estimation, of the fact that the nature of the fiscal policies that the Government can adopt, the nature of the economic policies that the Government can adopt, cannot in fact be adopted without taking fully into account the structure of employment in Gibraltar and the level of wages in Gibraltar and the nature of the economy and the relationship between the private and the public sector. I think the Government have run closer to recognising this and I hope that that recognition will not stay at the theoretical stage but will be translated into a budget next year where in fact the place of the budget in the context of the overall economic policy of the government, is clearly seen. If it happens they have a greater chance of gaining my support than they have in this year's budget.

HON M K FEATHERSTONE:

Mr Speaker, I have a very important statement to make. It is not correct that the Honourable Mr Bossano's place of residence has a special meter which never goes wrong and which is calibrated to work 25% off. I was very interested to hear some of the theories of how the water supply should be used by the Honourable Mr Bossano. He apparently advocates that the rain water and the well water should be used for one section of the community and other more expensive water for another section of the community. And I do not see why we shouldn't take this to the absolute logical conclusion and have one section of the community only having rain water, and bad luck to them when the rain runs out, and another section having the well water and bad luck to them when the wells go dry or their production is not as much as the demand, and so on. I think that would be a very interesting thing. I am not sure how we would do the distribution, perhaps, the members of this side of the House would get the rain water and the members on that side would get the distilled water. This, Sir, is almost like the simile of a job you have to do, a great big pile of bricks has to be moved from here to there and Paddy who is a real strong chap can take 50 bricks every two minutes and a manual labourer who is an ordinary workman can only take 20 bricks every 2 minutes and when the person who is doing the cost analysis comes round he would say: "Well, I will use Paddy as my

yard stick", and the Honourable Mr Bossano will, possibly, be there as the Union delegate would say: "Not in the least. We shall have to take an average of the two or we should take the average man not the specially tough fellow", and you come to a modicum which is something in between the lot. And this is what we have to do with water. We cannot just take one set of water and use it for one set of people and another set of water for another set of people. What we do try to do is to subsidise for the domestic consumer to a very great extent and it does work out that where the average cost of water is something around £2 a tonne, and I would warn you the Honourable Mr Bossano that although he asks you to give a lot of credence to these figures that were produced for him, it did state in the answer to the question that the distribution costs were not included and, of course, distribution costs would put up the actual figures quite a considerable amount, but where the average cost of water is around £2 a tonne, to the domestic consumer on the primary rate we are offering it at 60p a tonne, so I think the domestic consumer is getting a fair measure of the cheaper rain and wellwater in whatever water he uses to the Honourable Mr Isola who was very worried about what would be the increased cost for all these new things to the average person, I cannot answer the question as regards other items but for water we know that the average household uses around 4500 litres a month or somewhat less and the increased cost will work out for 53p a month. If, of course, you are a big user of water, if you enjoy all the consumer luxuries such as automatic washing machines, dish washers and you have a bath three times a day, then of course you are going to pay a fair amount more but even on the assumption that you go 50% above the basic or primary rate then you are going to pay about £1.30 a month more and I hope this figure will assist the Honourable Mr Isola to now be able to support the Finance Bill. I have very little more to say except two small points. I do hope the Honourable Mr Isola is not sincere in his allegations that the Public Works Department has mis-spent the money allocated to Housing last year and I would suggest to the Honourable Financial and Development Secretary that perhaps we could get out Finance Bill all in the same language, we are talking one breath of gallons and pounds and in another breath 250 grammes and litres. It is a little confusing and I am sure the foreigner wouldn't quite understand our legislation. I have just been reminded of one little point I did want to bring out which was something the Honourable Mr Bossano mentioned. As soon as the Public Works Department gets a report from the billing department, a report which I regret to say at times is often delayed, they do change the meters. A meter is changed within one month of the report coming in but if the report has been delayed, 3, 4, or 5 months as we understand sometimes it tends to happen, then of course you cannot lay the blame at the Public Works Department for not changing the meters. There is also a regular programme of changing meters and in fact we hope to change every meter every four years, Mr Speaker, whether it goes wrong or whether it doesn't. Thank you, Sir.

MR SPEAKER:

Are there any other contributors?

HON P J ISOLA:

Mr Speaker, I suppose it is once again my turn to contribute to the debate.

HON ATTORNEY-GENERAL:

I was going to ask if the Honourable and Gallant Member was going to use the water to brainwash us.

HON MAJOR R J PELIZA:

To brainwash you? Oh, I think that is hopeless. There are no brains to brainwash.

MR SPEAKER:

Order, order.

HON MAJOR R J PELIZA:

Mr Speaker, I find that the Government is typical of the individual who comes along with a coin and says: "Heads I win, tails you lose." This has been the attitude of this Government ever since it took office. Their attitude has been one of: "If there is any credit to be gained it is we who have done it. Parity has come to Gibraltar and it is us, of course, who have brought it about." Now, because they were unprepared for the effects of parity it is us who have got to carry the can. That is not so, Mr Speaker. The Government was elected to govern. If they have misjudged the situation over the years, if they have mis-managed the finances it is their fault. What they cannot expect is the Opposition to come along and put paid to their blunders. I think my Honourable Friend, Mr Isola, was very right in asking for certain clarification of which I think we haven't heard very much. Of course, this would not have been necessary if the Chief Minister had carried out the function that I think was agreed he would do, which is to come out with a comprehensive statement indicating the political aspects of the revenue raising matters. He hasn't done that, what he has done is that he has brought out a list of percentages which he expects the Opposition to digest and to swallow without, I think, an explanation of the consequences of the measures taken or the reasons why they have been taken. That was not contained in his statement. What he is trying to do is exactly what he did last time, to hold his horses until right at the end so that they can score debating points.

MR SPEAKER:

Let us not go into that.

HON MAJOR R J PELIZA:

Well, Mr Speaker, it is important.

MR SPEAKER:

No, I am sorry, it is not relevant.

HON MAJOR R J PELIZA:

The procedure, Mr Speaker, as agreed was that it would be the Chief Minister who would speak last and I thought that he would at least give a chance to the Leader of the Opposition to wind up for the Opposition and then, perhaps, he could wind up for the Government.

MR SPEAKER:

We are not going to debate the order of speakers.

HON MAJOR R J PELIZA:

And so, Mr Speaker, because there is really no clear statement of policy of the reasons why the measures have been introduced and their consequences we, on this side of this House, find it very difficult to agree. The fact is that if we are going to ask the people of Gibraltar to pay whether it is a tax or whether it is in payment for the public utilities is neither here nor there, it is equally money that is coming out of their purses and it is equally our responsibility that this money is properly spent. I think my Honourable Friend Mr Joe Bossano with whom I agree in many instances, has totally convinced me that there is a very clear case of mismanagement on the part of the Government and even a clearer case in the case of misjudgement and I do not see why we should condone those two blunders on their part and more or less give the impression to the people of Gibraltar that all is well. Not because there is plenty of money coming in have we got to mis-spend it in the way that the Government is doing because they are not cost conscious. It is clear that even a Union man says that social overtime was being paid, if they want to call it social overtime, if they were doing this . . . . .

HON J BOSSANO:

If the Honourable Member will give way. I am saying Mr Speaker, that as far as I understand there is no such thing as social overtime.

HON MAJOR R J FELIZA:

But as far as the Government is concerned that is social overtime and this is what I am saying. Either the Government had a reason as far as the Union is concerned of paying overtime because this was justified or else they were paying it out of the kindness of their heart but not because this was justified in terms of labour. And who pays for that? The public pays for that. I think that the Government must make a case either on social grounds or on justified requirement. I hope that the Minister for Labour can clear up this question of overtime because it is very important, that is, whether it is social or whether it was required. This is most important because obviously this will have a reflection on what the Government is going to do in the future. It is no good saying we are going to do away with overtime if overtime is required and therefore that amount must be reflected in the Budget. As you can understand, the Opposition must know this before we know what the expenses are going to be and to what extent they should be recovered. If in fact the overtime is social and it is the intention of the Government to do away with it they will find that we have a lot more money in the kitty and all these things that are being raised now are absolutely unnecessary. What the Government is asking us to do now is go vote a sum of money for which the Government themselves do not know whether it is necessary or not and I am afraid they cannot expect me to act in that irresponsible way. Of course, the mark of responsibility is doubtful right the way back when the Union was demanding parity and the whole basis of the demand, as my Honourable Friend explained today, was clearly put to them on financial figures which has been proved absolutely correct today so the Government either had a case on the financial figures which have been expounded here today for objecting to parity, or they did not have a case and it seems that they did not have a case. The consequence is a loss of very considerable revenue to Gibraltar because I think my Honourable Friend has explained with great clarity which I hope the Government has understood, that given the ratio of employees in Government and given the ratio of employees in the United Kingdom Departments, the gains for the Government and for Gibraltar are astronomical and this could have been the case if parity had been accepted before.

HON A J CANEPA:

Did the Honourable Mr Bossano say astronomical?

HON MAJOR R J FELIZA:

Well, he did not say that but I think that by the figures he was giving out if related to the amount of money that comes into our economy it was astronomical and if anybody is up in the moon it seems it has been the Government for the past six years. They have now got to come down to earth and this is what they are finding that they have now come

down to earth and I am afraid that they have got to face the consequences, not the Opposition. The Government was elected to govern and what they expect is for the Opposition to do most of the governing which I think has been the case up to now. I think that when my Honourable Friend the Minister for Labour talks about people going to the circus I would suggest to him that he should read the Hansard of the exposition given by my Honourable Friend and I think he will come to the conclusion that it is the whole Government who should go into the ring and go round in circles. Mr Speaker, one important aspect of our economy is tourism. Not because we want to subsidise the hotels, it has nothing to do with the hotel owners, they are purely shall we say the factory that employs the labour, that is what they are, it is through the hotels I think, that there are a lot of people in Gibraltar who are earning money, not only those who work in the hotels but also, for instance, the taxi drivers. The hotels, Mr Speaker, is an important matter that we cannot neglect. If we neglect the hotels or if we make it impossible for them to carry on functioning in Gibraltar then I think that many other people in Gibraltar will suffer through it. I cannot understand how a Government which criticised the Opposition for taking little notice of tourism, and in fact we did take a practical attitude towards tourism, now seems to have forgotten them altogether. So if we see that the mainstay of tourism in Gibraltar under an island economy as it stands today is hotels, we have got to do everything possible to try and keep them going because there are travel agents who exist from that, shops, restaurants, I have mentioned the taxis already, places of entertainment, even revenue coming into the Government depends on that. The money the tourists spend on drinks in Gibraltar is money collected as import duty, the money they collect on tobacco, all this is revenue coming into Gibraltar which we can ill afford to despise as I am afraid the Government is doing. I think the Honourable Minister for Tourism in trying to justify his lack of consideration for the people that he is supposed to be looking after, said that tobacco in Spain had gone up - I don't know by how much he said - and, therefore, it was much more expensive there than here but what he cannot understand is that tours to Spain are much cheaper than tours to Gibraltar and that the only way that we can attract tourists to Gibraltar is by compensating the higher cost in coming to Gibraltar by making him understand that when they come here they recover the money that they think they have lost by paying more for the tour. This, I am afraid, the Minister has not given consideration to. And then he goes on and publishes a leaflet to try and bring people to Gibraltar which I had with me a moment ago but I appear to have lost, and has the audacity there of giving the impression that we have a free port in Gibraltar and therefore that things are cheaper. He said that in the leaflet and he comes here today and puts up the goods that I think would entice tourists to come here. I was talking to an English lady two days ago and she was telling me, knowing that I was a Member of the House of Assembly, that she had read this in the leaflet and that she was thinking of taking the matter up under the Trade Description Act in the United Kingdom. It is going to be very bad for Gibraltar



if a case like that were to go to Court and the Gibraltar Tourist Office in Britain were to be fined for acting contrary to the Trade Description Act. I would commend to the Attorney-General to look into this very carefully and if this is the case to withdraw that leaflet immediately as the loss that that may cause to Gibraltar can be very great indeed in adverse publicity in the United Kingdom which is our main market. I would very carefully consider this. Perhaps there is nothing in it but perhaps there is. I think it is my duty to bring this to the notice of the House since of course I have been approached on this matter indirectly. Mr Speaker, is this the best we can do to try and help the tourist trade and all the people who earn their livelihood from that in Gibraltar by saying: "We shall not put up the price of water until October and after that there is nothing we can do because we are going to have less people coming to Gibraltar so what does it matter." We have read from the report - I am not going to read it again - that it is clear that unless something is done there will be a possible closure of hotels in Gibraltar. I think that no responsible Government given the situation that we are in today, given the figures that my Honourable Friend, Mr Bossano, has produced, no responsible Government can overlook that point. I do hope that they can do more, much more can be done, and I am not going to tell the Government how they are governing and they should find the way out. There is much more than the Government can do to try and keep the hotels going and all the other industries that exist because the hotels are functioning. So much for hotels. I would like to pass on to the private sector. I think my Honourable Friend, Mr Bossano, who I keep quoting today, may in the great sincerity try and put the case over that perhaps the largest number of employees in the private sector are nearer parity than perhaps some of us here on the other side of the Opposition tend to believe. He also says that most of these private firms have settled fairly quickly and of course the Government took much longer. There is a very simple explanation for that. Private firms, when approached by a Union, must listen to the Union very carefully, much more carefully than the Government because the existence of the private firm depends on whether it can carry on trading. But the Government, it seems, can carry on trading come what may because it is too easy to find money from the people by raising taxation as they have done in the past because they did not have you might say the ingenuity or the guts of facing the situation squarely. They felt they were right and if they didn't feel they were right then they should, of course, come to an understanding with the Union on pay but there is no question of a private firm acting in that manner. If a private firm and employees go on strike it means a loss every day.

MR SPEAKER:

Yes, but we are not going into that aspect.

HON MAJOR R J PELIZA:

Mr Speaker, if they go on strike or blacking the firm is out of business and therefore very, very promptly rather than lose £20,000 on trade for the year, they rather lose £10,000 and settle. That doesn't mean to say that they are getting a fair return for their money.

MR SPEAKER:

Order. Let us not lose our sense of proportion. We are discussing revenue raising matters. All that Mr Bossano said was the fact that the private sector due to agreements arrived at, whichever way it might have been arrived at, were nearer, apparently, than Government employees and therefore the increases which would now entail are less than they were before. If you want to discuss that matter as a theory you can do so.

HON MAJOR R J PELIZA:

Mr Speaker, it is not a theory at all. I am driving to the consequences which is the important thing, this is what the whole point is. I have to point out that therefore, Mr Speaker, a private firm may ill afford to be paying the £7 today. The extra £5 which is now entailed according to what Mr Bossano said before, may well cripple the firm because all they have to do before was to pay that up because they were more or less forced into doing it, not because the income was coming in but this is so even in England today, Mr Speaker, it is the Government which is today telling the British firms that if they put up their pay they will go to the extent of stopping their contracts. The Chief Minister says that they have not done that. Of course not, if you are incapable of doing it with yourselves, how would you do that to a firm. This is the point, and I think the Chief Minister has really hit the nail on the head. They haven't done that, of course they haven't. If they had done it, the Union wouldn't have been able to do it and therefore I now come to what the Labour Minister said the other day, if I had been the Union I would have done the same thing, forced the private enterprise to give the pay and then the Government would have had to give it. That is precisely what they did. And I cannot understand that a Minister of Labour should say that this is precisely what he would have done.

HON J BOSSANO:

If the Honourable Member will give way. It is not my job to defend the Government but I think the Minister for Labour was saying that if he had been on the trade union side he would have done the same thing.



HON MAJOR R J FELIZA:

If he had been in the Union he would have done it. The Union was acting in a manner that he thought had he been a Union member he would have done it himself. Hardly, I think, a statement to be made by a responsible Minister who not so long ago was criticising the Union for acting so irresponsibly. And the Chamber of Commerce, too, if I may say so, for giving way on the pay and now he agrees. I think at least he must accept my argument, Mr Speaker, that there are big firms like Shell who can always draw from other funds but I think the middle and small firms in Gibraltar without the amount coming in through parity find it very difficult to make ends meet. The Honourable Mr Bossano thinks that most people here are getting something equivalent or much nearer parity than we believe but I think that on the other hand there are members of small firms perhaps on the clerical side like my Honourable Friend Mr Isola said today, who perhaps are not so near to parity as he thinks and some firms who may not be able to afford it even after parity has been paid. I only hope that those who have put faith in parity, and as I say I include myself in that, will be able as we have done in the past to carry on meeting the extra cost that obviously parity will bring about not only in wages but also in things like water which is being increased by 50%. I think, possibly, the Minister for Labour believes that that is where the gold mine is, that that is where we can get the money to keep Gibraltar going but this is not so. Those firms are kept going because of the money coming in from the United Kingdom Departments and unless that comes in first the whole cycle of our economy is reversed and what could be prosperous can easily become disastrous. We find, in fact, that because of the bad management of Government we lost 5% from the DOE money coming in from the United Kingdom employers which would have served our economy very well. By taking away 5% of DOE employees, by not having proper coordination with the other United Kingdom employers, Gibraltar has lost a lot of money. That is a great disservice to the economy of Gibraltar and the Government is to blame. If they expect the Opposition now to OK it, I think they are very, very mistaken. Mr Speaker I think that I have said enough except to say that there are I think many instances in many places, many individual cases, which could well feel the pinch through the increases that the Government is proposing and to some extent perhaps unnecessarily because the funds may well be there to obviate at least in this instance until we know more about it, how to proceed. It is obvious that because the Government did not have their heart in parity, and I think they admit this, they have never taken the trouble to work out how parity was going to be introduced unlike the Opposition who if had they been there would have been thinking about parity and they would have all the time been planning economically to make the introduction of parity smooth and prosperous for everybody in Gibraltar. The Government was really against parity, in fact, they were determined not to introduce parity. They were caught on the hop, as you might say, they have not really taken into account how to do it properly, they have found in fact

that over a period of time when they could have been getting money in they have lost that amount and now they have got to make it up somehow. The Financial and Development Secretary obviously wants to play safe, absolutely safe, because it is an experiment. We, of course, would have approved it, step by step, and we would know that every step we were taking would be the right one and always with one foot on the ground. They have been caught in the air. This is what has happened. This is what has happened to the Government and is reflected in the kind of revenue raising matters that have been produced in this House when they ask for rents to go up 100% in one place and 50% on the other without taking account that perhaps someone is only paying £2 and therefore his increase is going to be £4 and the other one may be paying £20 and his increase is going to be £40. Every case is an individual case and the Government should have given much more consideration to that and have come here and explained what the consequences were going to be and give an undertaking that there would be no hardship ever in any home and measures would have been taken to see that no hardship was going to be felt because now that Gibraltar was going to have more money all the more reason why there should not be one single person in Gibraltar who should suffer any hardship. But, no, they were caught up in the air and now they have come down to the ground and they are really on the head. That is the position of the Government and that is not something that the Opposition is going to condone and because of that I, certainly, will vote against it.

HON H J ZAMMITT:

Mr Speaker, having come down to earth I would like to say a few things. I will come back to the Honourable and Gallant Major Peliza later on but I would like to give a few facts and figures to the Honourable and Learned Mr Peter Isola who wants to know some of the consequences of what some of the increases were due to or how they are to affect individuals. Mr Speaker, in a normal budget if one was to increase a particular item of duty, it is obviously equally simple for any Opposition to criticise. I have never heard of any budget or budget measures being applauded by an Opposition. This particular year, although I do not entirely agree with the Honourable Mr Bossano in everything he says, I think it has been one of the most intelligent contributions I have heard in this House particularly in the case of parity because, Mr Speaker, without much slinging I think it is very simple very easy for the Opposition who have been shouting at Government for the last five years to introduce parity and cries of shame and being capitalists and what have you, when we agreed parity we have done wrong, we have done everything wrong according to them. Mr Speaker, if we, according to the Honourable Major Peliza have not been able to give the matter any thought, over the last five years, then I think that the time that the Honourable Members opposite have given to this particular budget which is no more than possibly minutes in some circumstances I think that speaks for itself. We have spoken of parity for some time here and there have been motions on parity and needless

to say that any responsible member, never mind a responsible government, was fully aware that parity was to bring consequences along with it, we all knew this, Mr Speaker. In fact, the Honourable Mr Bossano knows this and he is as we know a very staunch Union Member but he is the first one to admit and sincerely say that parity has consequences. In fact, it has been those consequences, Mr Speaker, which has been one particular factor that this so called irresponsible government has been looking over for a number of years. Mr Speaker, if we talk of parity, I assume we talk of parity in all concepts not parity for a particular individual and not for the other. When we come to revenue raising measures there has been a big hoo-ha particularly from the Honourable and Learned Mr Peter Isola as to the increase on tobacco and spirits affecting our tourist trade and I think that the small but valid contribution of my colleague the Minister for Tourism, set his fears, I hope, at rest because as was mentioned we are able, even with the increase, to sell a packet of 20 cigarettes at what we call the duty-free shop for 24p and I think that is good value for cigarettes in anybody's language, Mr Speaker.

HON P J ISOLA:

Could I ask the Minister how that compares with prices on the aircraft as regards drink and cigarettes?

HON H J ZAMMITT:

Mr Speaker, I am glad I have been asked that because of course we are able to say Government considered this. We just didn't go into it as the Honourable and Gallant Major Peliza who of course as we all know lives in England that the duty alone on a 26 oz bottle of whisky in the United Kingdom is £3.50p.

HON MAJOR R J PELIZA:

I buy my whisky in Gibraltar.

HON H J ZAMMITT:

Well, I am glad he comes in now and again to take his duty free bottle back, Mr Speaker, and I hope he carries on coming and taking his duty free bottle back, it helps our economy. Mr Speaker, £3.50p is not - I must say this in case I may be quoted later on - is not a definite sum because in England it is taxed according to the alcoholic content of the particular brand of whisky so it fluctuates but there are some that pay much more than £3.50p. Our duty in Gibraltar, with parity, Mr Speaker, of which the Opposition made so much hoo-ha about and now they don't like it, is £1.02p Mr Speaker, I would like note to be taken of that, in the United Kingdom it is £3.50p and in Gibraltar it is £1.02p. Cigarettes, Mr Speaker, if my mathematics are correct they are going up by something like

I think it is 5½p, roughly, which will bring the average packet of king size cigarettes to 45p, the equivalent Mr Speaker, in the United Kingdom, with parity, is 63p. So we are not being all that wicked. I admit, Mr Speaker, I am a great smoker and a very poor drinker but it will cost me a few pennies more because, unfortunately, I smoke as much as three packets a day. Mr Speaker, it is all very well to look at the white side of things and forget the black when it becomes convenient but no member opposite ever said if parity comes through somebody will have to pay for it. In fact, when we left the House this morning there were people in the streets who were already saying that they would have to pay the same price for tobacco and whereby as in the United Kingdom. We are still Mr Speaker, despite parity, better off. Those are the effects of parity and I must be very honest about this, Mr Speaker, I was very interested to listen to the Honourable Mr Bossano because all this hoo-ha that the other members of the Opposition are creating at least, those who have so far contributed, seem to receive very little support because the effect of parity which has been known now in particular for the last couple of weeks or so, I haven't seen any letters in the press from the private sector saying that they are going to be ruined.

HON MAJOR R J PELIZA:

If the Honourable Member will give way. There is no firm in the world who will say they are going to be ruined. That would certainly ruin them.

HON H J ZAMMITT:

Well, Mr Speaker, then it strengthens all the more Mr Bossano's argument that if the private sector was able to give £6 and £7 before parity now, with an injection of £4-£5m into the economy, they will certainly be able to bear parity. So, Mr Speaker, I do not think it is true to say that it is going to cripple the private sector.

HON MAJOR R J PELIZA:

I haven't said that parity was going to cripple anybody. I have said that if parity had been introduced as it should have been done by stages, the fears that we have today would not be there. This is what I am trying to say.

HON H J ZAMMITT:

But, Mr Speaker, how very illogical. We have introduced it by stages, Mr Speaker. We get all these arguments now in 1978 and all the way through, when parity was being demanded none of the Members of the Opposition suggested that we should be careful because we were going to cause hardship on this, that and the other but yet the Government, the so called irresponsible Government, has given consideration, as my Honourable Friend

the Minister for Labour has announced, and no doubt will enlarge upon later on. We have considered this very carefully. What we cannot consider quite honestly is that a shop which probably pays £1 a month of water is going to have to close down because they are now going to pay £1.50p or close down because they are going to pay another 50p on electricity. If that is the case I feel very sorry for that shop, Mr Speaker. I think it was the Honourable Mr Peter Isola who referred to the £600,000 in the Housing Fund for Housing Maintenance, and the expression he used, if I am correct, was that we were now asking tenants to pay increased rents. I would like to remind the Honourable and Learned Mr Isola that despite the fact that the rent element is going up, rents have been subsidised and continue to be subsidised and again for his own information I would like to remind him that the rent for a maisonette last year in England was £17.48p per week.

HON J BOSSANO:

Not in England, in London.

HON H J ZAMMITT:

Yes, in London. Mr Speaker, the Honourable Mr Bossano when he stood up said that he agreed with the analysis but not with the conclusions of Government. I think that is quite fair. I don't expect Mr Bossano to stand up and say: "Well done, you have done your job, you have done everything extremely well." Mr Bossano also said that he didn't agree with the conclusions of the Opposition but he did with their analysis or perhaps, it was the other way round. Mr Speaker, I agree with Mr Bossano on one thing and that is his consistency as opposed to the inconsistency of the Opposition who have been shouting for parity and now when it is here they are making an issue about it.

HON P J ISOLA:

Mr Speaker, would the Minister care to comment on the inconsistency of the Government on this issue.

HON H J ZAMMITT:

Mr Speaker, we haven't hidden it. The Chief Minister had the political courage to stand up here and explain why Government had given in to parity but let me reiterate, Mr Speaker, that one of the issues of parity was the effect it would have on Gibraltar's economy. Mr Speaker, I would like to refer to the comments of the Honourable and Gallant Major Peliza. He contributes to this House and were it not for him, the sessions would be very boring. I appreciate that at least it brings a certain amount of humour into the House and it keeps us awake, the Hon Major Peliza says we are in the moon, that we have no brains to brainwash and all

the rest of it and then in the same breath he is demanding from the Chief Minister a clear and intelligent statement. Well, if we have no brains I don't think he can ask for that. It is quite correct to say that the Unions demanded parity, there is no doubt about it. They did this with the support and encouragement of the integrationists, Mr Sepaker, who now fall out of line and find all the faults that parity has brought. Invariably, at times of revenue raising a lot can be said and anybody can argue on what is right and what is not right and on this particular occasion if anything goes wrong the Government is blamed but it falls squarely upon those members of the Opposition who now criticise the Government. It does, Mr Speaker, they are responsible because they have been urging the Government to give parity and when parity is given then they start criticising. Another word the Honourable and Gallant Major Peliza used was ingenuity, that we had no ingenuity. Mr Speaker, I don't think he himself can draw much encouragement from the ingenuity that he had as Chief Minister when at a time like this, at the budget session in 1972 he created such havoc when there was a bigger mess created than what this so called irresponsible Government has done. So, Mr Speaker, in ending up we have not burdened Gibraltar or the poor Gibraltarians or the poor Chamber of Commerce or the poor tradesmen with excessive costs, we have done what we think is fair and what I think the people think is fair. This is the consequence of parity. It is absolutely irresponsible for members opposite to say that parity can be brought in without consequences.

HON M XIBERRAS:

Mr Speaker, may I ask whether the Government intend to have three speakers at the end? Can I ask the Chief Minister whether that is the idea?

MR SPEAKER:

I am not concerned with the order of speakers. This is something that we must not debate.

HON M XIBERRAS:

I am asking the Chief Minister through the Chair.

HON CHIEF MINISTER:

Mr Speaker, this is a debate in which points are answered from one side to the other. It is not my fault if there are six members on that side and nine on this side.

HON M XIBERRAS:

Mr Speaker, I have no objection at all to standing up here other than the fact that it seems to be somewhat unfair.

Mr Speaker, in fact I hoped that we could hear further arguments from the Honourable Mr Canepa.

HON A J CANEPA:

I had intended to speak this afternoon before the Honourable Leader of the Opposition and give him the chance to sum up but there are two other members on the other side and we have already had two members speaking consecutively from here.

MR SPEAKER:

The Hon Leader of the Opposition said that the other two members of the Opposition are not going to exercise their right to speak.

HON A J CANEPA:

If the other two are not going to speak I don't mind giving the Honourable Leader of the Opposition the benefit of summing up on behalf of Honourable Members opposite.

MR SPEAKER:

Having cleared that point, do you expect to take more than a quarter of an hour?

HON A J CANEPA:

I might, Mr Speaker.

MR SPEAKER:

Then we might recess for tea at this point.

THE HOUSE RECESSED AT 5.20 pm

THE HOUSE RESUMED AT 5.55 pm

HON MAJOR R J DELLIPIANI:

Mr Speaker, the Honourable and Gallant Major Peliza has complained quite bitterly at the way the Chief Minister has presented the revenue raising measures. I can well understand the difficulties they are having because they haven't had the idea to ask the Honourable Mr Joe Bossano to join them in working out the percentages because I am sure he would have contributed quite a lot to Major Peliza's efforts at understanding the revenue raising measures. I am sure that they are sadly missing the ability of the Honourable Mr Bossano.

I will only deal with the two departments where there have been increases in tariffs and that is the Electricity Department and the Telephone Department. A lot of thought went into this quarter. A lot of thought has been given by the Government so that people in the lower income groups would not suffer hardship and I am sure my colleague the Minister for Labour will bring out the salient points on how we intend to help out with this question. Basically, my contribution is to assure the members of the Opposition that with respect to telephones and electricity - and I know it is hard to talk about an average family or an average consumption - but I can assure you that the increase will be something in the region of £1 a week for these two services for an average household. The Honourable Mr Bossano suggested that the public utilities are so expensive because they are run by Government and that he was sure that he could think of other ways of giving this service to the public of Gibraltar at a much cheaper rate. I can think of one straight away, we could ask our friends across the boarder to throw us a cable and give us some of the electricity from "La Sevillana" and we could ask them to provide a pipeline from across the border and supply water at a cheap rate. But I think that Gibraltar would not like the idea of being dependent on electricity and water from Spain and I think the Honourable Major Peliza said something about who should pay for this. It is quite obvious to me. It is the people who do not want it who will have to pay for it and it is Gibraltar who doesn't want to be dependent on electricity and water from Spain so we are going to pay for it because we want to be independent. If the Honourable Mr Bossano would just allow me to criticise one of his suggestions about worker control. He said that worker control would produce cheaper electricity. I am sure it would, but all we need is a little bit more of workers' cooperation and we can produce that. But Mr Bossano who I think has been giving the most clear and concise analysis of our budget from the Opposition side even though I may not have agreed with some of his analyses, has a lot to blame as a Trade Union member in that obviously as a Trade Union official his first obligation is to get as much money as possible for his own members whether they are in the Electricity Department, in the Telephone Department or in the Public Works and I sometimes cannot help but feel that they get a bit too greedy at times and will not cooperate so that other members of the Union share the overtime, for example, have to be called in at night so that they can get their allowances, etc, etc. In private enterprise it is good business to reward your hardest working employees, it makes sense, the harder your employee works the more money you give him. Unfortunately, in Government departments we cannot do this. For example, you might have a really hard-working employee, and there are hardworking employees, let me assure the House of this, there are hardworking, conscientious employees. There are hardworking employees but the Union has a policy that all overtime must be shared so what happens? The hardworking employee when the time comes for the overtime has been working hard all day and there is a little bit of overtime and there has been a chap beside him who has done nothing all day, the overtime has to

be shared. This does not encourage good productivity, it is my sincere hope that the Honourable Mr Bossano as a very active member of the Trade Union movement, will cooperate certainly with my department and with the shop stewards and my management so that we can go into an analysis of how we can produce more in our departments for the benefit not only of themselves as workers but as consumers. Thank you, Mr Speaker.

HON A J CANEPA:

Mr Speaker, during the last four days of debate and discussion we seem to have heard nothing but talk about the private sector. I suppose one must credit members of the Opposition with at least the same extent of concern that one has on this side of the House about the health of the private sector of employment but their continued obstinacy in not accepting the information, the facts, that have been provided for them, not just by the Honourable Mr Bossano who is, of course, very intimately concerned with negotiations in the private sector, but also from the Government side particularly by himself who as far as possible try to monitor and keep abreast and keep myself informed of what is going on in the private sector. As I say, in the face of such obstinacy I cannot but wonder at the reason behind it and I cannot but think that it is perhaps an understandable attitude from persons who seem to have lost completely any last vestiges of support which they may have had amongst the working classes in Gibraltar. And so what at one time appeared to have been enlightened conservatives have in the last three or four days in the course of the debate been seen really to be conservatives once again not enlightened both with a small c and even, perhaps, with a capital C. I am not going to go over the same ground over again and again that we have had this afternoon debated perhaps even ad nauseum about parity and the consequences of parity and whether people who formerly were in favour of parity now do not appear to be so or at least as I have already said in my earlier intervention, they seem to have more misgivings about it than the extent to which they continue to support it. When we have heard so much about planning it would have been interesting since after all it has happened, it is a fact of life and nothing can be done about it, not for information to be provided for the benefit of the Government so that the Government can use that if that is what the Honourable Major Peliza thinks that he would have been doing by making a positive contribution, it would have been interesting to know how people who were the main proponents of parity historically in Gibraltar, how they expected parity to be paid for. Whether it was from the gold mine or from some other source, what sums had they done, if ever, how seriously did they at the time and over the years consider the implications and the repercussions of parity.

HON MAJOR R J PELIZA:

Will the Honourable Member give way?

HON A J CANEPA:

We never seem to be able now in a debate for one member to get up and have his say for half an hour or so without constantly having to give way.

MR SPEAKER:

May I say just in case members do not realise what the rule is, it is very difficult for the Speaker to intervene when someone asks the person who holds the floor to give way, if that person sits down immediately. The rule is clear. The person who speaks holds the floor and if he does not give way to the other person that person is not entitled to say a word. Over and above that in any given circumstances it is up to the Speaker to decide whether the person who holds the floor will give way or not. It is as simple as that.

HON A J CANEPA:

You ought to have given the answer if you were Leader of the Integration with Britain Party for so many years, shouldn't you? That is the point that I am making, and in any case the Honourable Leader of the Opposition who is going to sum up on behalf of the Opposition has an opportunity if he so wishes to answer that question, if not, he needn't answer. The Honourable Mr Isola asked earlier this afternoon why all at once were we passing on these increases in the funded services to the consumer. We are not passing on these increases all at once. Not even a third of the necessary increases, because the funded services are being subsidised to the tune of not less than £2.5m and only about £1.1m is being passed on. It is not being done all at once but surely if some increases are necessary, and I do not think that any member of the Opposition will argue that no increase is necessary, and if he does I would like him to do so but substantiating that argument, if some increases are necessary, surely, this is the occasion to do it when the majority of the labour force, a good 60% of it, are virtually in one single increase going to be receiving increases in wages and salaries in excess of 50% and, putting that into cash terms, in excess of £60 or £70 for a labourer only, higher, of course, as you go up the grade. Higher in cash terms though perhaps not necessarily in percentage terms. This is the time when people can afford as a result of the increases which they are receiving in wages and salaries to absorb the increases in the funded services, in rents and so on. I think that I explained a couple of days ago but I will repeat it if necessary, how because wages have remained static in the public sector whereas social benefits have been increased constantly, in the same way as has been happening with wages in the private sector, these categories of people in the community have, as it were, been placed in an advantageous position where they are able to - if you like to put it in another way - they have had it fairly good in the last couple of years compared to workers in the public sector so now they are in a position to meet these increases. I explained how

a couple on old age pension getting £22.50p a week tax free are relatively better off than a labourer who may have a family who is getting £25 a week or £27 a week, if you like, in the efficiency agreement but who also has to pay £1 something a week in social insurance contributions. The electricity bill for such a couple is going to increase by about £3 a month more. Their water bill is going to go up by 50p a month, on average - I am talking about a couple living on an old age pension - telephone, if they have one, £1 a month more. What about rents? Perhaps, if they have other income they may not be entitled to rent relief in which case let us assume that they are living in accommodation for which they are paying a rent of £2.50p or £3 a week, they are going to pay another £2 a week, i.e. £8 a month. A total of £13 or £14 a month and there are going to be other increases in the cost of living but already this last January they had an increase in income of £30 a month, 3 months ago. Next January they are going to be getting another £30 a month unless my projection is wrong and I am assured that it isn't. If the old age pension goes up to £30 a week there will be an injection into that small household of £30 a month. Whichever way you look at it, whichever way you play about with figures, they can afford it and in fact they will be better off than what they are now. If they are not in that happy situation they may be entitled to rent relief in which case, of course, the impact of the increases will be substantially reduced. I think the Honourable Mr Peter Isola also asked about the gap in wages, salaries or earnings, if you like, in respect of non-industrials in the private sector. In fact, the question has been asked repeatedly about the extent to which the private sector is there or thereabouts near parity. I gave the information a couple of days ago, I quoted from the Employment Survey and I think with your leave, Mr Speaker, I might do so again because these are crucial figures that we are talking about. Earnings for full time weekly paid adult males in the private sector have been higher than in the official sector since April 1975, ranging from a small differential of 4% in April 1975 to 10% in October 1975 and April 1976 and to 12% in October 1977. These figures, and I said this two days ago, tend to understate the growing differential between earnings in the private and official sectors because of the disguised effect of overtime earnings. Were overtime levels in the private sector to equate to those in the official sector the corresponding differential in October 1977 would have been around 20% so average weekly earnings in October 1977 were already 20% higher in the private sector than in the public sector and the figures that I have quoted for that survey do not include the 6% across the board increase negotiated in November, 1977. That was too late.

HON P J ISOLA:

Mr Speaker, if the Honourable Member will give way on a point of clarification. I think he said they were 20% but, surely that was only the case according to the report, if the level of overtime in the public sector equated that of the private

sector. Can he say whether it does or whether it doesn't?

HON A J CANEFA:

No, of course it doesn't.

HON P J ISOLA:

Well, then how can it be 20%?

HON A J CANEFA:

The 20% reflects the extent of better basic wages and basic salaries, if you like. I think I said there was a 6% increase in October, I meant a £6 a week increase, so not taking that into account the real gap was of the order of 20%. The £6, naturally, makes it considerably wider. What I think is annoying in a way is that where Honourable Members opposite readily swallow or accept, at least, whatever figures the Honourable Mr Bossano states with regard to the budget, generally, be it expenditure on revenue, he has twice, that I can remember, stated that there were increases of £6 a week in one year in October 1976 and £7 a week in October 1977, he has stated that it is his considered view, and he is in a unique position because he negotiates across the private sector and no Honourable Gentleman opposite has that wide view of the private sector which he has. The Honourable Major Peliza may know something about the retail trade, the Honourable Mr Xiberras knows something perhaps about the building industry, but none of us I would say are in that unique position and yet the information that he has provided has not been accepted fully by Honourable Members opposite. I think that that is unfortunate and that is to me evidence that they are not really willing to look at the matter in a detached way, that they are not willing to look at it objectively but that there is a certain amount of pure party politics in their attitude and so we have found ourselves, because Honourable Members opposite do not listen, do not understand or do not appear to want to understand when it doesn't suit them to, that we have been going round and round in circles. We have been having to repeat ourselves again and again and I think that it all adds up to a pretty pathetic performance on the part of Honourable Members opposite in this respect, they seem to have been all at sea. Social overtime: Why do the MOD and the DOE cut overtime in the way that they have done so in the last few years, and why hasn't the Gibraltar Government done the same? The DOE and the Ministry of Defence, Dockyard, have responsibilities which go no further than those of employers. They do not have wider responsibilities than that, they are employers. The Gibraltar Government has got wider responsibilities than just an employer, it has a responsibility to the community generally. I have been questioned by the Honourable Leader of the Opposition more than once when he has been worried that the government might not do



something with overtime that would have a detrimental effect to our workers and to the economy, generally, and this is something that the government must bear in mind. It has a wider responsibility and it has a wider responsibility to see that undue hardship is not caused. We also have a responsibility to see that when people are given overtime they deliver the goods and I have expressed this concern in the House, I can certainly remember doing so in the budget of 1976 distinctly. I remember expressing my concern at the extent to which one could see some workers, and I say some because there has been a wonderful display of real productivity just round the House in Cornwall's Lane in the last month or so, but I have expressed my concern to see some workers not doing the work for which they have been paid, and at overtime rates. In the case of the MOD and DOE, you have got officials who follow instructions from the United Kingdom from Ministers, perhaps, about the extent of their budget and they are giving instructions to cut down on overtime and they can do so in a perfectly detached manner because they do not have the responsibility for the interests of Gibraltar in the same way as Ministers of the Gibraltar Government. That is why we have had to be careful at what we did with regard to social overtime; you have people who have got used to a particular pattern of living, to a particular pattern of expenditure, because the money has been there. And so the time to cut on social overtime was clearly when there were massive substantial increases in basic wages that by doing this carefully, with reasonable consultations, enabled that to be done without the men suffering a decrease in their pay packets and the opportunity is there now and we hope to be in a position to do it with consultation and cooperation over the next two or three months. I would like to come back to the private sector because I may not have answered the Honourable Mr Peter Isola's question fully. He asked specifically, I think as well, about the position about non-industrials. I have been given a note by the Government Statistician who conducts the Employment Survey and I would like to refer to it. In October, 1977, monthly paid employees non-industrials, their earnings in the private sector were more or less the same as those in the public sector. Given parity in the public sector it is to be expected that there will be a need for an adjustment in the private sector and that adjustment may be significant but it could be more so if we did not bear in mind what the structure of those monthly paid or non-industrials employees in the private sector is. In the private sector, I am advised, it is more heavily weighted towards the relatively lower paid workers than in Government. Government, for instance, is always accused of having a top heavy administration, well, if that is true then if the private sector does not have the same top heavy administration the extent of these increases in real cash terms is going to be less. There is a greater percentage of class and related grades like sales and service workers than in the public sector. Therefore, in terms of the effect of overall wages the bill is not going to be as significant as in the public sector. The adjustment in respect of the private sector non-industrials is likely to be greater than in the case of industrials in the private sector but it will not, I repeat, be as large as in the case of their counterparts

in the public sector because of this higher percentage of higher paid individuals. I am told also that there is a smaller number of non-industrials employed in the private sector than in the public sector. There is also a greater emphasis on part-time employment, there is less overtime, there are less promotion prospects in the private sector than in the public sector, and so the impact in all probability will not be as great as Honourable Members opposite seem to fear. In conclusion I would like to come to the Honourable Major Peliza who unfortunately this afternoon reverted back to form. There will be if we are able to cut down on social overtime, more money in the kitty and the extent of that has been mentioned. There will be this year, we hope, about £400,000 more and that is what brings the estimated balance in the Consolidated Fund at the end of this financial year, 31st of March, 1979, to the anticipated £2m. If that is not realised the figure will be about £1.6m but £2m, I would suggest, is not a very sizeable reserve in the Consolidated Fund. I think at the time when the Honourable Major Peliza was in Government the proportion of the balance compared to the size of the budget was more like six months. So we have to be prudent, I would suggest, we have to be responsible that the Government doesn't go completely into the red. If the Government did, I am sure Honourable Members opposite would be the first ones to accuse us of being irresponsible for not increasing charges or taxation in order to gain political popularity. Again he has almost entirely devoted his intervention this afternoon to the question of tourism. In his days in Government, and all along to my mind, the linch pin of the economic policy of Honourable Members opposite has been defence spending. You have got the defence spending there, it is going to increase and isn't that going to have a beneficial effect in the private sector? Isn't that money that Honourable Members have always been referring to going to go, as they put it, round and round? Isn't it going to generate more wealth? The problem of the tourist industry, surely, comes to one crucial thing - air communications - the lack of it. That is the problem, a far greater problem to any increase in charges that there may be for the hotels. He also talked about the Government taking away 5% from the DOE. I think he must have meant that 5% of employees, as the Honourable Mr Bossano said, left the DOE and took up employment with the Gibraltar Government. Is it our fault that the DOE cut in overtime to the extent that they did, or would the Honourable Member have suggested that because they did that we ought to have followed suit and taken that amount of money out of the economy? Not only were the DOE taking money out of the economy we should do the same. I say that with one reservation and I repeat what I have said, that if we are giving people overtime be it social overtime or what have you, the taxpayer is entitled to a fair return for the taxes that he pays in order for the wages of those people to be paid. I do not shift that responsibility.

HON P J ISOLA:

Mr Speaker, if the Minister refers to the speeches that have

been made in this House by the Minister for Public Works at Estimates time last year and again this year on this question, how can he reconcile his statement of duty and obligation to the taxpayer with the other part of his statement.

HON A J CANEPA:

I try to be sincere and I do not shirk what I consider to be the truth. There have not been good industrial relations between the Government and in particular the Transport and General Workers Union, that is obvious, and because there have not been good industrial relations whatever the Government may do, whatever attempts the Government may make at better management, will be resisted when people feel aggrieved with respect to what has been a situation of confrontation, workers wanting parity and not getting it. If they felt aggrieved about that then that, surely, has been detrimental to the ability of the Government through its management to put that right. I hope that we can now come to grips with that. I think it would be irresponsible of politicians never to admit that they may have been wrong, that they have made a mistake. You have to be a big man to admit that you may have been wrong and to tell the people that you have been wrong and now you have an opportunity to put things right and then leave it to the people. My judgement is that what is really at the bottom of the discomfiture that I have noted of amongst Honourable Members opposite, a little bit of bitterness amongst members of the Parliamentary Group has been that they can see that the writing is on the wall for them, at any rate, because we are about to enter into an era, between the Gibraltar Government and the Union, of much greater cooperation. This afternoon, I am happy to tell Honourable Members opposite, the Gibraltar Government clerical Association has accepted the offer of the Gibraltar Government and the opportunity is there and Honourable Members opposite can see themselves because of that confined to the opposition benches for many more years to come.

HON P J ISOLA:

Mr Speaker, does not the Honourable Minister think it is a little unworthy of him to make those remarks in view of the support the Government have had from the Opposition in these matters?

HON M XIBERRAS:

Perhaps the Honourable Member will interrupt me when I come to Mr Isola's point. Mr Speaker, I really don't know what the two interventions of the Minister for Labour have really been about. The first was a pathetic, to use his own words, justification of the Government's well known and utterly complete about turn on the issue of parity. Let me say without any hesitation whatsoever that Honourable Members on this side of the House, and I speak for colleagues that have joined older members, like Mr Isola and Major Peliza,

entirely support the question of parity. We do not have to explain to the Government that we support parity. Who in Gibraltar is going to believe this tremendous lie that we of the Integration Party do not support parity. What a fabrication, Mr Speaker, what political gimmickry, what bypassing. Let me read, Mr Speaker, because I did not want to bore members in fact with the reading of the 15-page letter which I sent to Sir Jack Scamp and I am not going to do it now but I am going to read, Mr Speaker, with your permission and it is available to Honourable Members opposite, when they were fighting against parity tooth and nail, putting the whole community at risk by doing so, asking for help from the Opposition, seeking meetings with the Opposition in the interests of the community, dragging me away from parties in the middle of a weekend to resist public enemy No 1, Mr Bossano.

MR SPEAKER:

Order. We are not going to make an issue of whatever stand anyone took on parity. Please come down to earth.

HON M XIBERRAS:

I am very much down to earth, Mr Speaker. I am answering allegations about the Integration with Britain Party and my Honourable Colleagues' attitude to parity and I hope Mr Speaker, if only by the loudness of my voice . . . .

MR SPEAKER:

Order. You are entitled, most certainly, to refute the allegations but let us not make an issue of the matter.

HON M XIBERRAS:

No, I simply want to quote, Mr Speaker, because the Chief Minister said, in fact, that one of the reasons why the Government had been unable to accept parity which had been proposed for some years by the Integration with Britain Party of which Mr Bossano was a member . . . .

MR SPEAKER:

But that was part of another debate.

HON M XIBERRAS:

Yes, but it has been raised in this debate. Let me say, Mr Speaker, that I wrote to Sir Jack Scamp saying the following:

MR SPEAKER:

If you are going to quote please let me know who the letter is from and the date of the letter.

HON M XIBERRAS:

Mr Speaker, it is the 19th of June. A letter to Sir Jack Scamp published as an IWBP press release and I have, as I said, copies for all Honourable Members if they want one. "It has been suggested that parity is a politically motivated issue. Whereas it can be seen that the IWBP has worked over the years towards this aim, that the Gibraltar Trades Council espoused this object or principle in the present dispute is in no way attributable to any approach from my Party nor is the wide support of the idea enjoyed attributable solely to the presence of Mr Joe Bossano in the Transport and General Workers Union. The Gibraltar Trades Council, as is known, represents all the Unions in Gibraltar with the exception of the Gibraltar Workers Union (which Honourable Members supported at one time and which no longer exists). My Party does not enjoy the confidence of all these unions which embrace members of all political persuasions. The explanation is to be found rather in the natural aspirations of the people of Gibraltar to enjoy equality of status with those of the United Kingdom including the economic aspect and in the obvious differential in Gibraltar between the United Kingdom recruited employee and the Gibraltarian." I will stop there, Mr Speaker, but obviously the whole letter is clearly in that line. Mr Speaker, if not, the Honourable Mr Canepa who is worried about the support this side of the House has amongst the workers, can ask any worker in Gibraltar whether it was the AACR, in fact, who gave birth to the idea of parity or whether it was the IWBP. The Hon Mr Canepa talks about this side being conservative. If espousing parity, if welcoming parity, if calling it a milestone, perhaps, the milestone, or certainly the milestone in the history of working class progress in Gibraltar, if that is being a conservative then the Honourable Mr Canepa can certainly call me a conservative. Other Members of this group, the Honourable and Gallant Major Peliza and the Honourable and Learned Mr Isola, as you know still belongs to the IWBP, they have defended the idea of parity in this House and they continue to do so. As regards the Honourable Mr Restano and the Honourable Mr Perez, well, the Honourable Mr Bossano can reply to that because they were members of his Party and no doubt he will be able to vouch what I myself am able to vouch that, yes, we do support parity and nothing the Government will say to the contrary is going to convince the people of Gibraltar, is going to convince the workers of Gibraltar to the contrary. Mr Speaker, we want the benefits of parity to be enjoyed in full measure by everyone in Gibraltar. That is the reason for our concern about a particular sector and the Honourable Member has produced arguments. I work as a clerical in the private sector. I know what my wage is, I know the wage of my colleagues in the private sector. I know the private sector, not just the building industry. I am not a capitalist as the Hon Member well knows. The Hon Member knows only too well what

I am by profession. The Hon Member knows only too well my attitude towards the working classes of Gibraltar and the Hon Member also knows that I have a sense of responsibility for the whole of Gibraltar and if it is at issue exactly what the position of the private sector is, if the Minister for Labour says that it is of the workers in the private sector, if it is satisfactory, then I say the Minister for Labour is entitled to those remarks. If an officer of the Transport and General Workers Union said it is satisfactory he is entitled to his remarks, but let it not be misunderstood the comments of Honourable Members on this side are not out of pique, they are out of concern for those workers in the private sector but the Union will no doubt take care of its own in the private sector and if this situation is different to what the Minister for Labour or the office of the Transport and General Workers Union feels, then, no doubt, the Union will put this to the right. We have made the point because we feel that this Government particularly, after its changes in policy, after its complete about turns, has a very special responsibility that its very late decision should not harm any particular section of Gibraltar. The Honourable Mr Bossano, perhaps, shares my scorn of the Government's attitude on this matter. He made a very tactful speech, completely beyond the understanding of the Honourable Mr Zammit, completely beyond the understanding of the Honourable Major Dellipiani. To hear their contributions, Mr Speaker, in this debate, I would have thought that these two gentlemen in fact considered Mr Bossano's speech a defence of the Government.

MR SPEAKER:

I am afraid we are wandering. We are now going into an analysis of what the speeches of Honourable Members amount to. I have not heard a word yet on the Finance Bill.

HON M XIBERRAS:

No doubt, Mr Speaker. Unfortunately, neither Mr Zammit nor Major Dellipiani seemed to be attaching much importance to the subject either. Mr Speaker, may I finish off what I am saying in this sense and deal with some of the points related to the revenue raising measures which, I assume, the Honourable Mr Bossano despite the flattery from the other side is going to oppose, despite the fact that he certainly, I should hope, welcomes parity and yet he will oppose the revenue raising measures on the basis of a different analysis, he has said. He is entitled to that analysis, it does not cancel out ours. But, Mr Speaker, the sense of responsibility of Honourable Members opposite is not confined to telling the people of Gibraltar that we must vote the revenue raising measures or otherwise we are failing in our responsibility. The sense of responsibility of Honourable Members opposite is to have adopted as much prudence about other matters for which taxation might or might not be necessary, but certainly expenditure is necessary, as they appear to be displaying now. Mr Speaker the taxpayer in Gibraltar is asked to pay for a

stadium that has been out of action for ages . . . .

MR SPEAKER:

We are not discussing expenditure now, we are discussing the Finance Bill.

HON M XIBERRAS:

If a taxpayer in Gibraltar, Mr Speaker, is asked to pay for the long time which the Government has taken to come to the conclusion that parity is inevitable, if a taxpayer in Gibraltar cannot expect from its elected Government a decision on this basic matter or could not have expected as far back certainly as, 1974, then, Mr Speaker, I don't know what responsibility and prudence amounts to. Mr Speaker, the Hon Mr Bossano in his neatly balanced speech, raised one point of great importance and significance. He was, in fact, in the course of his address answering many of the questions which the Opposition Parliamentary Group through, and quite calculatedly so, through the intervention of my Honourable and Learned Friend, Mr Isola, had posed to the Government and it was the Honourable Mr Bossano who was answering those questions. The Government was too keen to make political points. For instance, coming to these points. Where are the returns of the parity payments into the individual funds shown? He was so subtle, Mr Speaker, that at first I disagreed with him, I did not see the point but, surely that is of significance. What shall we say about the management of economic affairs? Are we to consider these revenue raising measures completely in isolation as if the whole of the economy of Gibraltar ran on rails, as it were, rather than be directed by a Chief Minister and Ministers and the Financial and Development Secretary? Are we not to consider in the need to raise revenue now in electricity and water and so forth what the Government might have done or how justified it is to ask the people of Gibraltar whose financial affairs and its economy has been mismanaged by Honourable Members opposite? Are we not to consider this? Are we not to consider the warnings of the Financial and Development Secretary when he is telling us for two years in succession of the slump in tourism, and tourism, Mr Speaker, may not be the whole body but who will cut off a hand of the economy? Are we not to consider the admonitions of the Chief Minister as regards cost consciousness, the supporting evidence provided this year by the Financial and Development Secretary of 50% increase in the labour force, the information of the Honourable Mr Bossano that the Government at a time when parity was certainly on our cards but not on the Government's cards, when the Government certainly knew that another influx of labour into the Gibraltar Government and especially labour, coming out of the United Kingdom Departments was going to halve the possibility of balancing the budget when it came to the giving of parity. Two hundred workers, Mr Speaker, that is my Honourable and Gallant Friend's 5% and that is the political mismanagement which the Honourable Mr Bossano

is talking about. Those are the decisions that were not taken, Mr Speaker, and those are the decisions for which the people of Gibraltar are asked to raise money to put money into their pockets now. We on this side are most reluctant to give the Government authority for this money.

HON CHIEF MINISTER:

I wonder where the Honourable Leader of the Opposition got these 200 from.

HON J BOSSANO:

If the Honourable Member will give way, Mr Speaker, I was using the example in a slightly different context so there is no confusion in the minds of the House. The figures are there and different interpretations can be put to them and the interpretation that the Honourable Member is making is as valid as the one I was making but it is not the identical one. All that I said was that if the Government was arguing today about the cost of the implementation of parity, the figures showed that when Scamp was here and the Trade Union Movement was arguing that the Government would not have a financing problem, the relationship then was that the DOE had 200 people more than it has today and that those 200 people that the DOE has not got today some of them have gone to the private sector and some of them have gone to the Gibraltar Government because the DOE cut employment and with time, the other jobs became more attractive.

HON M XIBERRAS:

Of course they didn't want parity Mr Speaker, the Chief Minister of Gibraltar didn't want parity either. I don't know if they want it now or they just have to swallow it now.

MR SPEAKER:

Order. Let us get back to the debate.

HON M XIBERRAS:

Mr Speaker, I am not going to enter into the question of the private sector any more, I am dealing with the Gibraltar Government now. May I address myself to the statements made by the Honourable Mr Featherstone in this respect. If, Mr Speaker, the Government of Gibraltar had made a genuine and at least half successful effort to manage its own affairs in accordance with stated criteria in this House, namely, of cost consciousness, of good management, then we would look at the books with a greater degree of objectivity but how can we give our bene placet, how can we give our agreement to Honourable Members opposite when they say: "We are going

to make a determined effort to put our House in order", and the Minister responsible for the biggest department in terms of manpower, with 850 industrial workers and a non-industrial scale of posts or a number of posts which my Honourable and Learned Friend very rightly dug into in the course of the Estimates of Expenditure, how are we going to look at this request for funds with any degree of objectivity when the Minister complains about the productivity of his Department and is impotent to stop it. Who are the taxpayers of Gibraltar, Mr Speaker, today? Is it the filthy rich or is it every worker? Is it the worker in the private sector who gets a big chunk of his pay packet going to the Government every single week? To whom is the Minister responsible? To whom is the Government responsible? Are we defending the rich or are we defending everybody in the community by a vote of no to these taxation measures because the Government does not work hard enough, does not put its own House in order. Coming back to the Honourable Mr Bossano's statement, Mr Speaker, he put the situation quite clearly. I take the digs that he had at me but I take those in good part, absolutely in good part. He put the situation quite clearly, in fact when he spoke about the historical accident of the matter of parity not having happened before it did. That is my view, Mr Speaker, we share a view on this. How could we not share it, Mr Speaker, when we were on the same side then, that parity should have been given earlier, that the transition should have been a softer one and the money would have been in the pockets of the worker earlier and the benefits would have been better all round and then we need not even fear any dislocation effects. That is my view, not the view attributed to me by Honourable Members opposite that I have misgivings about parity. I do not have misgivings about parity at all, Mr Speaker. When Honourable Members opposite were talking about the Dockyard economy, the depressed Dockyard economy, because we advocated parity, we were saying: "No, parity is good for the budget." Now it comes in all of 50% increase at one go. Why, because the Chief Minister at the time was not convinced about the arguments or because it was an integration concept, as he told the House. Mr Speaker, the Financial and Development Secretary spoke of a certain amount of leeway in the budget of £500,000, he said.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I do not recall ever saying £500,000, I indicated £400,000.

HON M XIBERRAS:

Mr Speaker, this arose as far as I can remember, out of the three following circumstances or possibilities. One that indirect taxation as a result of £10m to £12m drifting into the economy might produce a higher yield in indirect taxation. Well, the estimate for the yield in indirect taxation is half a million pounds extra on last year's approved estimates. I have a hunch that £500,000 might very well be underestimated when you have £10-£12m coming into the economy.

I have a hunch. Mr Speaker, he also spoke about the overtime. The Honourable Mr Bossano very gently chided the Government for not living up to its responsibilities in the matter of the agreement. I think he said that it was part of the agreement that overtime should be cut down.

MR SPEAKER:

We are really just quoting and repeating what other Members have already said.

HON M XIBERRAS:

It is my understanding that the overtime...

MR SPEAKER:

It is no use trying to remember the quotation unless it is right because you are going to get interruptions.

HON M XIBERRAS:

It is my understanding that overtime was to be cut as a result of the agreement.

HON A.J. CANEPA:

No, no.

HON M XIBERRAS:

No? Well, let me say then that the question of social overtime has been mentioned now and the Financial and Development Secretary made allusions to this reference to the £400,000, the gradual reduction of overtime when parity came in. I think that is perfectly fair.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I am sorry to interrupt. I feel I must put the record straight. The £400,000 which the Honourable the Leader of the Opposition has now mentioned indeed was mentioned by me in relation to a progressive reduction of overtime and that was in response to the remarks made by the Honourable and Learned Mr Peter Isola. I never mentioned any figure in relation to the possible increase in the revenue from the Currency Note Income Account. I conceded the point that it could be a conservative estimate, I put no figure in it and therefore it is not one of the considerations in relations to my mention of the £400,000, so let us get our facts straight.



HON M XIBERRAS:

Let me say, Mr Speaker, that in general terms the Financial and Development Secretary for a number of reasons thought that there might be a certain amount there which might increase the revenue and let me add, Mr Speaker, that we have voted against the £330,000 for the Improvement and Development Fund and that...

MR SPEAKER:

You are bringing into this debate things that have been decided already and I do not think we ought to.

HON M XIBERRAS:

£330,000, Mr Speaker, and that, in fact, adds to the disposable income of the Government if it had not chosen to put those into the Improvement and Development Fund. If the Government had done its work properly then there might be a lot more building in Gibraltar even at this particular time.

MR SPEAKER:

I must call you to order. Let us speak about the question before the House and nothing else. I am afraid that you have held the floor now for half an hour and I think I am entitled to say it now. We are talking about the Finance Bill and the revenue raising measures.

HON M XIBERRAS:

My argument is, Mr Speaker, that if in exercise of economic management and responsibility for the economy the Government had created a level of spending here especially through the development programme which would have injected money into the economy through taxation, through work being available then, certainly, we would be in a better position now and I do not believe myself, I believe myself that it would be even less necessary to raise taxation. If the Government had been successful, Mr Speaker, in encouraging tourism to an extent instead of announcing drops here in this House and the level of economic activity had increased in Gibraltar then our tax situation would have been better and it would have been even less necessary to introduce taxation into this House. But as it is I do not believe it to be necessary and I do not believe the measures of the Government to be justified. I do not believe this House should even consider the question of rents because the Government has made no attempt to tell us after the painstaking work done in the Wyles report and so forth, has made no attempt whatsoever to justify a case for the increase in rents other than to point at the deficit in the Housing Fund. It has not said how it would affect different areas of Gibraltar, all it has said is that it has made the political wild statement to say Veryl Begg is excluded. But

what about the other areas, Mr Speaker? What about the Laguna and so forth? Has Government considered what the effect might be there? Do we know whether with such a big increase we need to look at the relativities between different areas in Gibraltar? Has the Government made a defence even for keeping those relativities there? Do we think that people in some areas in Gibraltar should pay more than they do now in comparison to other areas in Gibraltar? The Government has not justified that. Anyway, we are not required to vote on those particular increases but our attitude is quite clear. We oppose those increases. We think that there is lack in the economy and at work there could be a more gentle phasing in of the increases in this very special year for Gibraltar when we are paying something like £2.9m in back money which are not going to be used next year and when the on-going cost of parity in this very, very extraordinary budget, to quote the Chief Minister, are not yet known. What the Government needs is simply enough money to get through, this year, and let us look at the situation next year even though it might be politically inconvenient for the Government because it would be nearer the elections. On the question of water, Mr Speaker, we have a committee going but does not exonerate the Government. We have a 35% loss in water here and a Minister of the previous administration said that it was an acceptable loss. Well, let the Government get that house in order as well and then come to the House for measures. On electricity, Mr Speaker, electricity is a very inflationary commodity when the charges are raised. That is something that goes throughout business. I haven't received really any accurate statement or I don't remember hearing any accurate statement about the possible inflationary effect of the measures to be taken. Usually, the Financial and Development Secretary does produce an estimate of the inflationary effect and then the House is in a better position to judge. On the question of taxes on whisky and cigarettes or liquor or tobacco, generally, our attitude is that we would very willingly vote for this amount of money, we would certainly give the Government even more splash than it has from whatever it is, from the Currency Note Fund or as Mr Bossano has said, from the income tax in increased yields, for overtime to be cut, or for anything else. We would very willingly give the Government £300,000 more just to tidy it over to the next budget. But we are not prepared to vote in favour of £300,000 because the Government has been completely ineffectual in the question of tourism, completely ineffectual. The Minister, Mr Serfaty, has two departments there which the Opposition has been severely critical and those two areas are critical as far as we are concerned in our consideration of the budget because they are two areas, the development programme and tourism which could have generated the kind of wealth he always wanted to generate to make extra taxation avoidable. So, Mr Speaker, our attitude on the £300,000 is to abstain on this particular measure. We will abstain because if the Government wants £300,000 more we are saying it is their responsibility but we are critical of the Government for not delivering the goods in tourism and construction and our vote is a sign of protest, perhaps, the most we can do from these benches. We cannot go on strike or get the legions out but the most we can do is to vote against it and perhaps the Honourable Mr Serfaty, if he is still in the post, will be able



to do something next year and maybe we will be able to support revenue raising measures if they are needed, Mr Speaker. It is a question of judgement about how much tobacco and so forth is going to cost, whether it is going to be detrimental to the tourist trade and so forth. Let the Government make the judgement. The Opposition does not disagree with contributions being made by the Government to the various funds. Obviously, we have accepted this. The level of those contributions must be a matter for the Government. Government has said so much for each fund and it is a matter for the Government but we are not giving the Government our support for raising more revenue measures, we do not feel for instance in the case of the Housing Account which has been in deficit for I do not know how long, which has come on our book of estimates before the House this year for the first year, that there should be an attempt to wipe out deficits or at least to raise money quite drastically this year, the first year in which housing is really being treated as a funded service. It is up to the Government whether they wish to reconsider an increase in the subventions that they wish to make in the light of events as they develop in this coming year and if there is another budget called for, well, it is open to the Honourable the Financial and Development Secretary to follow the example of his colleague in London, he can have more budgets than one. As things are now, certainly, we will not support either electricity or water or telephones, we will vote against those and we will not support the £300,000 in indirect taxation though we shall abstain on this. So Mr Speaker, I thank the House for its patience, I am sorry I had to go into somewhat political arguments but, in fact, all we have heard from Honourable Members on the other side has been this camouflage behind which they wish to justify the colossal error of judgement of the Chief Minister and his colleagues on the question of parity. Indeed, this has been a parity budget, indeed, but parity does not carry with it, as far as this budget is concerned, an obligation of Honourable Members on this side of the House to support the measures proposed by the Government.

MR SPEAKER:

I now call on the Chief Minister to reply.

HON CHIEF MINISTER:

Sir, I can well understand the sense of indignation and the sense of annoyance that the Leader of the Opposition feels over this and how he has misrepresented the whole idea to be able to use his attack to what he may think is the best effect. We have never said that the idea of parity is ours and that it was not the idea of the IWPB, quite the opposite. I made a very clean breast of the situation and gave the reasons why we were opposed to parity at the beginning, the reasons which have changed and the reasons which have made it possible to support it and the adventure because I think it is an adventure that parity is likely to bring to Gibraltar and the fears concerned because we are entering into an unknown world for the moment. The annoyance of the Leader of the Opposition is

that as far as he was concerned parity, and for that matter the Honourable Friend on his right, parity was part of the programme of the IWPB for integration. Perhaps, that accounts why they had no plans at all as to how parity would be introduced in Gibraltar without integration. Otherwise what is the use of telling us all the things that would have been required before you introduced parity when you have never produced a pamphlet, if you have never said how it should be done by itself. But, of course, it was all frustrated with the abortion of the idea of integration and that is why you are not ready and that is why it is so difficult to say what should have been done and when the Honourable and Gallant Major Peliza started saying: "You should have started thinking long ago", what thinking did he do long ago about the introduction of parity without integration in Gibraltar? No, I am not going to give way, I am asking a rhetorical question and I can ask as many rhetorical questions that I think is proper for me to ask. I am entitled to say that there has been no planning at all and, in fact, it has taken a period of gestation it has taken a period of confrontation, it has taken a period of negotiation between the parties and let me say once again that the Government by itself however much it would like to say we would have wanted parity by ourselves, we couldn't have done it, the same as the Integration with Britain Party in their two glorious years and ten months in office couldn't do a thing about parity except speak about it. They were in office, they could have implemented parity but parity without the consent and the support of the Ministry of Defence is just not viable for Gibraltar. It must be for all or for nobody and this is where the gold mine of the Honourable Major Peliza came about. The gold mine is the employment of the MOD and the more you can get out of them the more money you have for the economy and if you bring integration you have everything and that is where the whole concept arose. That is why parity without integration is a completely different thing economically than parity with integration because with integration all the other responsibilities which we have to face now would have come together. That was not to be and if it was not to be it wasn't. Now we are meeting a completely new situation. I will come back to the Hon Mr Xiberras in a few minutes but there were one or two points raised by the Honourable Mr Isola about the question of hotels and the question of whether hotels are full or whether hotels are empty. The existing cost of water for hotels equates to about 19p to 20p per bed nights sold and the Government's measures will increase the potable water cost per bed per night by about 8p to about 27p to 28p so that really the cost of water is directly concerned to the extent to which the hotel is occupied. We have made provision to release the hotel from the areas more affected particularly because they will have signed a contract. When the hotel industry settled the claim for the wages of their waiters and their staff and so on, they didn't make any big noises that that was going to be to the detriment of tourism. They took it in their stride as being a normal thing that they should negotiate new wages and it doesn't seem that that in itself has spoiled the chances of the hotels. They have been able to bear the increased costs and I do not see

why they should not be able to bear the new increased costs of the services. I know that the Honourable Mr Bossano cannot support the budget. For one thing he may have increased as much or more if he had been the Minister responsible, in a different way, and therefore why should I agree with somebody else's way, he has no responsibility. But he has had the responsibility to explain a number of reasons which are pertinent, which are pertinent not only in respect of the manner in which we have approached this, he has said that the measures are not draconian and I do not think he would deny that he has said that and that the measures still carry a considerable element of subsidisation of the funded services. It may be of interest for members to know that the amount of rent increase that we hope to get under the rent increase is £320,000 and in water £154,000 whereas the contribution in water for 1978/79 will be £757,570 which is the deficit. So, really, we are subsidising these measures considerably. In so far as these measures are concerned and the interest to try and keep pace with them, Mr Xiberras was thinking very differently in last year's budget. At page 293 of the Hansard to which he is so fond of referring, he said with regard to the increase in charges. "I do not know whether the Government has reached the right kind of mix in the subsidy contribution element for this. I ask the Government to consider that even though by the size of some increases in past budgets the increases which are being proposed in this budget may be considered perhaps not trivial but less, yet they are going to have an effect at the time when politically and economically it is very much in Gibraltar's interest to be strong." - I would have thought that if ever we wanted to be strong it is now that we are going to have parity. - Mr Xiberras continued: "Therefore, I would apply in consideration of the size of the deficit over these years, I would apply the thinking of the Honourable and Learned the Chief Minister on a similar occasion some years ago. We are in no danger now contravening laws but it is quite clear that these increases should be introduced gradually, in other words, the deficit should be wiped out gradually and that we should not go into an immediate liquidation of the deficits outstanding." It is extraordinary. If somebody has the time, I haven't got it, if somebody has the time to look at the record and be able to see what people have said they will find they will not speak as often as they speak because they are caught by their own words. This is exactly the theory that I have been developing in this budget. But there is more to come. In the same speech - he was talking at page 293 - and now I am going to quote from page 585. There he says: "I think the Honourable Member at least can be credited with 40% of the change of mind on this occasion, other times it has been more but on this occasion 40% of a change of mind is not bad. The Honourable Member is bringing to this House measures in order to balance the account but the Honourable Member can fly in the face of all his political history for as long as I have been a member of this House and accuse my Honourable Friend of not taking due care with the finances of these services. Can he expect support from the Opposition for that statement? Of course he can not. Well, I will give him a measure of support. I will give his Government a

measure of support. I have said in this House before and I told the Minister for Housing that I value my reputation for integrity in this matter but I am not prepared to vote against electricity or telephones. I think it is right we should be moving in a direction, finally, this administration is moving in. I say finally because its whole history in relation to the Honourable Mr Montegriffo, the Honourable the Chief Minister and the Honourable Mr Featherstone, in the City Council was completely opposed to what they are doing now, asking the people for money. Their attitude was to put the day off, better days will come. But I am willing to give them that measure of support which appertains to the balancing in the long run of those services." So much for the non-cooperation.

HON M XIBERRAS:

If the Honourable Member will give way.

HON CHIEF MINISTER:

I am not going to give way, I am very sorry. I am speaking and I shall not give way at all. I will not answer any questions, I am speaking and I am going to exercise my rights and that is that.

MR SPEAKER:

Will the Honourable Chief Minister give us the page of the Hansard he has quoted from.

HON CHIEF MINISTER:

I cannot swear that there was not some interruption between page 293 and page 585 the reference is the March 1977 Budget Hansard page 293, and page 585. Those are the two quotations. So, by their mouths you shall know them. I can understand, too, the annoyance of the Leader of the Opposition that because of changed circumstances, because of his long stay in those benches, the time has come around, things have changed and it has been the task of this government to implement parity. I can understand his chagrin, his avoidance. For one thing, if he were here, he would say: "There you are, that is the first part of integration." I think he knows better now but he would still say it. That is in so far as what has been said about the implementation of the services. I have not said at any time that it is necessary or absolutely essential to balance the accounts but it is certainly desirable to get as near as possible and to know what elements of support you are giving from the other factors to know it, not to be in the dark as we were from 1969 till we settled the accounts, but to know it and to say this measure of support, this important service requires, this will be paid by other tax payers. This is the way we have to do it as a social policy but, equally, it will be

believed and understood and I think the trend of the speech by the Honourable Mr Bossano supports this, that the less dependant those services are on other taxation, the more manoeuvrability, the more ability has the Government got to carry on with its social policies because it will know that as much of the money that it is in the kitty that has not got to go towards supporting these services can be used for the benefit of the community as a whole and can be used for new ventures, for relieving the more needy, for relieving the allowances on taxation and for all those things that in the society we are going into are going to be necessary. That is why we have made the effort that we have made this time. Others would have gone further than this. I think that we are in a period of expectancy, we do not know how this is going to work one way or the other, that assessments by economists and Financial Secretaries with the greatest respect are all very worthy of consideration and so on but there is, overall, something that cannot be measured scientifically and that is, what is going to happen to the community when the money is spread over in the way it is going to be done now. There is one thing certain, a few people are going to suffer. Let there be no mistake about that, a few people are going to suffer, the people in some industry that cannot afford it, a few people are going to suffer until the adjustments come. But if it is going to be for the benefit of the whole, if, as we have it now, the Service spending is going to continue at no less a level at which it is now and if there is going to be, as we hope there will be, industrial peace and good production then, perhaps, we could see the beginning of the best Gibraltar we have seen for many a year.

MR SPEAKER:

I now call on the Financial and Development Secretary to make his reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I shall try to be brief. First of all, I do apologise for the House because in my opening statement on this Bill I did not give any indication of the likely effects on the Index of Retail Prices and household budgets of the Government's proposals. I can tell the House that on the Government calculations, a typical household budget which I believe, statistically, is 1.7 wage earners, in a typical household, living in post war accommodation i.e., Government accommodation, who have a telephone, that their weekly total costs would probably go up as a result of the higher charges on the funded services by a figure in the region of £3. As far as the Index of Retail Prices is concerned, I am advised that the calculation is that the overall effect is unlikely to be more than 4% or 4½%, the overall effect of the Government measures. Sir, the Honourable Mr Bossano, in relation to indirect tax yield, suggested I think, if I understood him correctly, that there would be a tendency to spend more out of current earnings than out of retrospection. Well, I

think in fairness he will admit that that is an entirely subjective judgment and that there could equally be three or four other subjective judgements. He also said that in relation to the fact that occurred some years ago when the Government redeemed a large public loan and at the time failed to offer a reinvestment opportunity, he pointed out that although I had maintained and indeed it is true, I was not the Financial Secretary at the time, I had not very long previously said that anything I said in this House was a Government view. To him I would say "touche" but I would put this to him as well in return. Again, if I understood him correctly, he said that perhaps the funded services were inefficient because they were run by the Government. I am not going to say whether I agree or whether I disagree with that but I am very glad that he seems inclined to accept the fact that State run or nationalised commercial enterprises are, ipso facto, inefficient. I only have one more thing to say, Mr Speaker, and that is that I find it quite an astonishing fact on the part of the Leader of the Opposition. Yesterday evening unless I did not hear a whispered "No", I understand the Opposition voted in favour of, firstly £7.47m being the cost of the pay settlement and, secondly, £2.59m being the cost of the subsidies to the funded services. Having voted for that, Mr Speaker, what the Opposition as I understood the Leader to say was that they were going to vote against the revenue measures which would be necessary to give effect to what the House has with their approval voted in favour of.

Mr Speaker then put the question and on a vote being taken the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The following Hon Members voted against:

The Hon J Bossano  
The Hon P J Msola  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon M Xiberras

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to give notice that the Committee Stage and Third Reading of the Finance Bill will be taken later today.

This was agreed to.

HON ATTORNEY-GENERAL:

Mr Speaker, I beg to move that we suspend Standing Order 29 in respect of the Landlord and Tenant (Miscellaneous Provisions)(Amendment) Bill, 1978.

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

HON ATTORNEY-GENERAL:

Mr Speaker, I beg to give notice that Standing Order 30 be suspended in respect of the Landlord and Tenant (Miscellaneous Provisions)(Amendment) Bill, 1978.

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

THE LANDLORD AND TENANT (MISCELLANEOUS PROVISIONS)(AMENDMENT) ORDINANCE, 1978.

HON ATTORNEY-GENERAL:

Mr Speaker, I beg to move that the Bill for an Ordinance to amend the Landlord and Tenant (Miscellaneous Provisions) Ordinance (Chapter 83) be read a first time.

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

SECOND READING

HON ATTORNEY-GENERAL:

Mr Speaker, the Bill gives effect to what has been referred by the Honourable and Learned the Chief Minister earlier in this meeting. It is to allow private landlords to increase rents of pre-war dwellings. Section 7 of the Landlord and Tenant (Miscellaneous Provisions) Ordinance, provides that the statutory rent which applies in respect of any dwelling house is that calculated in accordance with the provisions of the Second Schedule, and the provisions of the Second Schedule were those laid down in 1969. In 1975 we increased the rent which was chargeable first of all by 25% with effect from the 1st July, 1975, and then by 40%, not a further 40%

but by 40% with effect from the 1st January 1976. What we are now doing is providing that from the 1st July, 1978, the rent may be increased by 110% but, let me make this quite clear, if members opposite would like to get pencil and paper, we are not increasing the present rent by 110% we are increasing it by 50%, it is merely 110% increase over the original 1969 rent, no more than that. If the Honourable and Gallant Major Feliza would like to get pencil and paper, I am quite prepared to give him an example. That is what we are doing by clause 2 of the Bill. By clause 3 we are making a minor and consequential amendment to Section 7A of the Bill which allows in certain cases provided that the Surveyor and Planning Secretary agrees, for a different rent to be fixed where the letting is to a Gibraltarian, this is where there is an agreement between the parties. In those cases if the rent is higher than what is the statutory rent, that is taken to be the proper rent for those premises but the date is fixed as the 1st July, what is the statutory rent on the 1st July 1978. The last amendment affected by clause 4; there is a provision in the Ordinance that the Rent Tribunal can in certain circumstances increase or decrease the rent of premises but there is a limit placed on the amount by which they can increase and a limit on the amount by which they can decrease and we are now raising the limit by 50% of both the amount of increase and the amount of decrease, so what was £14 is increased to £21 and what was £10 is increased to £15.27. I don't propose to discuss the principles, they have been discussed in this House, this is merely giving effect in the private sector for private landlords what Government proposes to increase its own rent. Mr Speaker I commend the Bill to the House.

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

HON P J ISOLA:

One is slightly concerned that this Bill should have come to the House at this late stage. This is not a revenue raising measure. What is the haste with regard to this Bill? This is the budget, we are discussing revenue raising measures and I think if the Landlord and Tenants (Miscellaneous Provisions) Ordinance is going to be introduced on the question of the increases of the rent I think this is something that should be discussed by the House at a later stage. I personally, Mr Speaker, have amendments that I would like to suggest to the Landlord and Tenant (Miscellaneous Provisions) Ordinance and this Bill would be probably the right time to do it as it concerns the protection of tenants. There seems to be in our legislation some flaws in our law under which protection is not extended from generation to generation. I think the Honourable and Learned the Chief Minister had experience of that in a case and I think that the law requires to be amended to give this protection. There are families in Gibraltar who could be evicted from houses on the death of the existing head of the family and there are this sort of

amendments that I would like to consider, I am not at this stage making any judgement at all as to whether rents of private landlords should go up or not and there is obviously a case. If the Government is going to put up its rents there is obviously a case for private landlords but, certainly, I would like the Government to take it if they would the Second Reading but certainly not the Committee Stage and Third Reading of a Bill which is not a revenue raising measure.

HON CHIEF MINISTER:

I am sorry that the Honourable Member has not raised this matter before which he could have looked into if in fact there were injustices. I don't know whether I made it quite clear when I opened my statement this morning that the pre-war Government housing would go up by 50% only. We felt and there has been a feeling for a long time particularly when landlords of protected dwellings get notices from Public Health Inspectors to carry out work, that the rent really is not enough to warrant the expenditure involved. Leaving this for another time would mean losing the opportunity of increasing the rents in time for the 1st July. As far as we are concerned we would like to get on with it. I know what the Honourable Member is referring to and I have experience of these things. In fact, we have been at the receiving end in respect of a case in which somebody had no protection because she had been living with her sister-in-law all her life and had no protection, if that is the case that is worrying the Honourable Member, among other things.

HON P J ISCIA:

If the Chief Minister will allow me, that is one case I had in mind but that is different. The case that I have in mind is that there are a number of people today living in houses in Gibraltar that if the father died, for example, a man of about 70 were to die tomorrow, the children who have lived there for 40 years would not be protected. That are the cases.

HON CHIEF MINISTER:

I am surprised to hear that because, normally, the definition of tenant includes the son, daughter, sister, brother, whatever it is, living within six months at the time and that I think would be a highly technical thing which we would have to look into.

HON P J ISOLA:

Not from generation to generation. This is exactly what I want to put right, that they are not protected generation to generation.

HON CHIEF MINISTER:

But we are not discussing that matter. I would wonder whether we would not take this now and I certainly would be quite prepared and happy to discuss any aspect, any hardship arising out of the Landlord and Tenant (Miscellaneous Provisions) Ordinance in so far as tenants are concerned but this one is one of relief of hardship, for a change to the landlord. The point is that if we do not take this through all its stages tonight the implementation of the new rent will be at raiseance with the implementation of the new rent in Government dwellings which I think is undesirable. We would certainly like to get on with this Bill without prejudice to looking at the very valid points that the Honourable Member has made.

HON M XIBERRAS:

Mr Speaker, there might very well be and there is, in fact, merit in this particular Bill because the situation in the private sector in respect of these houses might very well be in certain areas much worse and in fact, much more unfair to the landlord than in the case of the Government. There is merit in the Bill my Honourable and Learned Friend Mr Perez in fact made reference to this. Our difficulties arise from two considerations. The first is the one pointed out by Mr Isola that we feel that there could be some addition to this Bill which would round the amendment off and secondly that it is, obviously, related in the Government's mind to the increases in Government rents, it need not have been so, in fact, but it is linked in the Government's mind to the increases in Government rents against which we have voted. We would like to give separate consideration to this and since the situation as we all know has been as it is in the private sector for a very long time, I do not think that one month extra is going to bring much financial hardship on the landlords in the private sector. In the meantime, Mr Speaker, we would like to see and study what the effects of the Government measures on housing and so on are to be which have already been approved by the House. Therefore, Mr Speaker, our attitude to this is that certainly there is substance in the proposal before the House and we would not want to impede progress of this legislation but we do not by our vote wish to be associated with the increases in the House and therefore we will abstain and the Government, if it wishes, can carry it.

HON CHIEF MINISTER:

If the Honourable Member will give way. I think it would be most unfair that the Government should increase its own pre-war housing and leave the private pre-war housing for a later date. It would look even more unfair than it may be and discriminatory and therefore we will certainly carry on with the Bill.



HON M XIBERRAS:

Mr Speaker, if the Government had been able to give us more time for consideration then, certainly, my Honourable and Learned Friend, as I said, already made the point and we certainly do agree that there is room for a measure of increase of rents in the private sector and we know for a fact that this situation has been outstanding for ages in the private sector. I agree that since the Government has carried the measures on Government housing then it is consistent with the Government's view that this should happen in the private sector as well, but there are other considerations in the private sector which do not apply to the Government even before the increase and we do not want to be associated with support, by implication, of the Government's housing measures. I think it is a reasonable proposition for the Government to consider that the situation should be allowed to carry on for one month in the private sector. I don't know when the last revision of this took place, it must have been many years, I am sure, I don't recall seeing one in my time of the House.

HON CHIEF MINISTER:

Yes, in 1975.

HON M XIBERRAS:

It has been going on for two years at least. I don't think it is going to be that prejudicial to the landlord to leave it for another month. It certainly may be unfair but only for a month and if the Government wishes to take the onus of this then it is perfectly free to do so.

HON A J CANEPA:

Mr Speaker, I disagree, in principle, with the point that the Honourable the Leader of the Opposition is making that we should delay implementation of the increases in the private sector by a month. Let me say that I am an affected party, my landlord is a private landlord, so it certainly would come in handy to have the increase delayed by a month. In practice I think it is going to be very, very difficult for it to be delayed by a month only because it may well be that after this meeting of the House, the House may not meet again until June and if that is the case and if legislation is passed in June, by the time the Bill comes into force you must also give landlords a reasonable opportunity to do whatever administrative changes are required, to give notice to tenants and therefore unless they were to charge rents retrospectively which is impossible to do, in practice it is not going to be a month, it is more likely to be two months or even three. The points which the Honourable Mr Isola has made, in my view, are not related to the Bill. The Bill seeks to increase the rents by 50%. The only

relation is that whatever legislation were to be required to put right those cases that he has in mind would also be in the guise of an amendment to the Landlord and Tenant (Miscellaneous Provisions) Ordinance, but what I would suggest to the Honourable Mr Isola that he should do is that he should write to the Government, actually write, putting across his views, putting across the cases which are giving him concern and ask the Government to consider the matter and, if necessary, enact the necessary amending legislation which, in principle, I don't think we would have any objection to doing.

HON P J ISOLA:

If the Minister will give way. The only reason why I mentioned that is because once the House has a Landlord and Tenant Bill before it, it is the appropriate time to put in a provision.

HON A J CANEPA:

Perhaps, but supposing we had not brought one. Supposing there had been no Landlord and Tenant (Amendment) Bill before the House today or at this meeting, what would the Honourable Member have done then?

HON P J ISOLA:

I would have written the letter the Honourable Minister has referred to.

HON A J CANEPA:

I think it is his duty, if he is aware that there are these deficiencies. After all, in this House he is a legislator, that is what he was elected for, it is his duty to bring these matters to the notice of the Government either by writing or putting a question in the House and asking the Government to look into it. I think that is what he should do.

HON J BOSSANO:

Mr Speaker, I am voting against it, not because if I vote in favour somebody might think by implication that I am supporting the other Bill, but because, in fact, I was not supporting the other one and I am not supporting this one either. My view is that if one thinks it is wrong for pre-war Government tenants to have their rents increased 50% then I don't see how one can think it is right for pre-war private tenants to have their rents increased I think the last time that the Government brought legislation to the House to increase the rents I also voted against. The



Honourable and Learned the Chief Minister can always check up and he can quote a few things where he can trip me up but I think I voted against at the time. From memory of what I said on that occasion my view then was, as I recall, that in fact private housing was an absolute jungle in Gibraltar and that I would not support a measure which simply tried to put something that was considered wrong right by making it easier for landlords to pay for repairs and so on and leave the situation as it was. I think that there are a lot of tenants in the private sector who need protection and are not getting it and I don't think that simply to increase the rent for pre-war private tenants in order to compound a felony of what the Government is doing to its own tenants is the way to tackle the question of the Landlord and Tenant Ordinance. I would hope if the Government is going to bring another piece of legislation to the House, because I can see the logic of their wanting to do this at this time and I would have thought that logic would have appeared obvious to the Honourable and Learned Mr Isola who was so concerned previously about the effect of private businesses of the introduction of parity. That, I think, is the logic behind this Bill now on the part of the Government but it is not a logic that I accept but I thought he accepted it. I thought his quarrel with the Government was that they hadn't gone far enough in protecting the private sector but I would hope, Mr Speaker, that if the Government is going to bring legislation to the House at a later stage to take care of the sort of anomaly that the Honourable and Learned Member spoke about they will be much stronger and go to the extent of protecting people in rented accommodation and protecting people in a lot of other situations who are today totally unprotected and I think what one needs to do is to end once and for all the speculation that exists with private housing in Gibraltar.

HON MAJOR R J PELIZA:

Mr Speaker, perhaps I could explain because there has been no chance for the Parliamentary Group to explain its position on this. The fact is that we are consistent and we are going to carry on being consistent. We objected to the rents going up as the House perfectly knows and we would of course vote against the Bill if this was going to have any effect whatsoever on the Government. It is clear that the Government is going to go ahead raising the rents and, therefore, it would be in our belief and in justice to vote against the Bill. However, we can show our disagreement in a manner I think that will be fair to all concerned and the only way I think we can do that is by abstaining and I think this is perfectly consistent with the line that we have taken and I hope that my Honourable Friend Mr Bossano realises that.

MR SPEAKER:

I now call on the mover to reply.

HON ATTORNEY-GENERAL:

Mr Speaker, the first point is I think quite obvious. The reason that this has been brought at such a late stage was that to publish the Bill beforehand would have given some indication of the Government's budget measures in particular the raising of Government rents and that is why we have had to bring it at this stage without prior publication. The second point is that there is already on the stocks a Landlord and Tenant (Miscellaneous Provisions) Bill which I have drafted and has gone to Council of Ministers to be considered by them shortly ironing out certain anomalies which have been discovered in the present Ordinance and I think I can give a complete undertaking on behalf of Government that if anybody, whether it be the Honourable and Learned Mr Peter Isola or anybody else should care to make representations to Government that they think further anomalies exist, those anomalies will certainly be considered by Government. It is quite clear that that particular Bill, if and when it is published and no doubt it will be published, will be published in good time to allow the House to give ample consideration to it but it would be quite impossible to include in this Bill today, published as we had to publish today any other amendments because we could not do ample justice to them.

Mr Speaker then put the question and on a vote being taken the following Honourable 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 A W Serfaty  
The Hon Dr R C Valarino  
The Hon H J Zammitt  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

The following Honourable Members abstained:

The Hon P J Isola  
The Hon Major R J Feliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon M Xiberras

The Bill was read a second time.

HON ATTORNEY-GENERAL:

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

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Mr Speaker, I beg to move that this House resolves itself into Committee to consider the Finance Bill, 1978, and the Landlord and Tenant (Miscellaneous Provisions)(Amendment) Bill, 1978.

THE FINANCE BILL, 1978.

Clause 1

On a vote being taken on Clause 1 the following Honourable 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 P J Isola  
The Hon A P Montegriffo  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon M Xiberras  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

Clause 1 stood part of the Bill.

Clause 2

On a vote being taken on Clause 2 the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

The following Honourable Members abstained:

The Hon P J Isola  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon M Xiberras

Clause 2 stood part of the Bill.

Clause 3

On a vote being taken on Clause 3 of the Bill the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

The following Honourable Members abstained:

The Hon P J Isola  
The Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon M Xiberras

Clause 3 stood part of the Bill.

Clause 4

On a vote being taken on Clause 4 the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammitt  
The Hon J K Havers  
The Hon A Collings

The following Honourable Members voted against:

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

Clause 4 stood part of the Bill.

Clause 5

On a vote being taken on Clause 5 the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammitt  
The Hon J K Havers  
The Hon A Collings

The following Honourable Members voted against:

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

Clause 5 stood part of the Bill.

Clause 6

On a vote being taken on Clause 6 the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammitt  
The Hon J K Havers  
The Hon A Collings

The following Honourable Members voted against:

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

Clause 6 stood part of the Bill.

Clause 7

On a vote being taken on Clause 7 the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammitt  
The Hon J K Havers  
The Hon A Collings

The following Honourable Members voted against:

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

Clause 7 stood part of the Bill.

The Long Title

On a vote being taken on The Long Title the following Honourable 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 P J Isola  
The Hon A P Montegriffo  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon M Xiberras  
The Hon H J Zammitt  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

The Long Title stood part of the Bill.

THE LANDLORD AND TENANT (MISCELLANEOUS PROVISIONS)(AMENDMENT)  
ORDINANCE, 1978.

Clause 1

On a vote being taken on Clause 1 the following Honourable 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 P J Isola  
The Hon A P Montegriffo  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon M Xiberras  
The Hon H J Zammitt  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

Clause 1 stood part of the Bill.

Clause 2

On a vote being taken on Clause 2 the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammitt  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

The following Honourable Members abstained:

The Hon P J Isola  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon M Xiberras

Clause 2 stood part of the Bill.

Clause 3

On a vote being taken on Clause 3 the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammitt  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

The following Honourable Members abstained:

The Hon P J Isola  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon M Xiberras

Clause 3 stood part of the Bill.

Clause 4

On a vote being taken on Clause 4 the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

The following Honourable Members abstained:

The Hon P J Isola  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon GT Restano  
The Hon M Xiberras

Clause 4 stood part of the Bill.

Clause 5

On a vote being taken on Clause 5 the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

The following Honourable Members abstained:

The Hon P J Isola  
The Hon Major R J Peliza  
The Hon J B Perez

The Hon G T Restano  
The Hon M Xiberras

Clause 5 stood part of the Bill.

The Long Title

On a vote being taken on The Long Title the following Honourable 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 P J Isola  
The Hon A P Montegriffo  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon M Xiberras  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano:

The Long Title stood part of the Bill.

THIRD READING

HON ATTORNEY-GENERAL:

Mr Speaker, I beg to report that the Finance Bill, 1978, and the Landlord and Tenant (Miscellaneous Provisions)(Amendment) Bill, 1978, have been considered in committee and agreed to in both cases without amendment, and I now move that they be read a third time and do pass.

On a vote being taken on the Finance Bill, 1978, the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The following Honourable Members voted against:

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

The Bill was read a third time.

On a vote being taken on the Landlord and Tenant (Miscellaneous Provisions)(Amendment) Bill, 1978, the following Honourable 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 A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon J K Havers  
The Hon A Collings

The following Honourable Member voted against:

The Hon J Bossano

The following Honourable Members abstained:

The Hon P J Isola  
The Hon Major R J Peliza  
The Hon J B Perez  
The Hon G T Restano  
The Hon M Xiberras

The Bill was read a third time.

HON CHIEF MINISTER:

I beg to move the adjournment of the House sine die.

MR SPEAKER:

I now propose the question which is that this House do now adjourn sine die and in so doing I will call on the Honourable Major Peliza who has given notice under Standing Order 25B that he wishes to raise on the adjournment the question of United Kingdom citizenship.

HON MAJOR R J PELIZA:

Mr Speaker, before I go any further I would like to make

it absolutely clear that I would greatly rejoice, and let there be no misunderstanding in this case, that I will greatly rejoice if the people of Gibraltar were to get full United Kingdom citizenship. I don't want any misunderstanding as there was earlier with regard to parity. These are two principles to which I have dedicated my political life so far and I don't want there to be any misunderstanding whatsoever and certainly no fabrications by any person inside or outside the House in this respect as there seems to have been about parity. There are three reasons why I thought of raising this matter. One is that nothing has happened in Gibraltar as far as I know, nothing concrete has come out of the discussions with regard to the Green Paper and therefore if the situation continues as it is and the law as intended were to be enacted, we would remain British Overseas Citizens which is something of course that we do not wish to be and therefore we don't want to miss the opportunity of regaining a right that we seem to have lost. Secondly, the Government seems to be doing nothing about this vital question for the people of Gibraltar and I think they need pushing into action and I hope that what I have to say tonight will produce some results. Thirdly, because very rightly there are lots of people in Gibraltar who are becoming very disturbed particularly because the question of immigration is becoming such a public issue in Britain and possibly one of the leading political matters in any future election. The people are very concerned and to the extent that spontaneously young people are now going round asking for signatures for a petition to the Queen part of which I would like to read, Mr Speaker, because I think it is important. The petition that it is intended to be sent to Her Majesty the Queen reads as follows: "In this letter, we are trying to place before you our feelings about the situation which is pressing on us as regards the changes in British Nationality which your Government is about to introduce. We Gibraltarians would like to bring to your attention that we would consider it an act of discrimination against us if a proposal to class us as British Overseas Citizens is put into effect. We would remind Your Majesty that the people of Gibraltar have gone through great suffering over the years, especially since the frontier with Spain was closed in June, 1963, so as not to give up our birthright as British Citizens and as your subjects. We consider ourselves to be as British as the Scots, the Irish, the Welsh or the English. We consider that there should be no difference in nationality between us and them. Our loyalty, to Your Majesty and to Britain has been proved many times. In 1967 all our people except 44 voted in a historic referendum to remain British although we knew that we would pay dearly for our choice. Today, the mass majority of us wish to remain British in a British Gibraltar and nothing the Spanish Government has done through the restrictions against us has made us change our minds. We have always believed that Britain would respect our wishes, the wishes of our people, and that we would never be let down. We did not think that our loyalty would be repaid by relegating us to second class citizenship. We do not feel we deserve this. The proposal in the Green Paper of British Nationality makes us doubt if Your Majesty's



Government has been speaking clearly to us all the time. It makes us think that we are not wanted. We feel hurt and neglected when we see that it is Your Majesty's Government's intention not to recognise us as British in the same way as Her Majesty's subjects in Britain are British. Britain has been our mother nation for nearly 300 years and we have always felt very proud to have been born British. If we are treated in the way that the Green Paper proposes to do, we feel that Britain has let us down in a moment of great need. We ask Your Majesty to consider that the future of 25,000 British Gibraltarians is at stake and hope that Your Majesty will be able to intervene on our behalf. We remain loyal subjects of Your Majesty", and this is, Mr Speaker, where the signatures, of course, will be appended as they go round collecting them. I think it is very, very said that the people of Gibraltar because of lack of leadership of the Government, or at least lack of information on this very important matter, the people themselves have to take the streets to collect signatures to send to Her Majesty. I think we have on many occasions through questions in this House been prodding the Government to get on the move on this very essential issue which to me is even more important than parity and I think, perhaps, to most of the people of Gibraltar is more important than parity. On this particular issue the Government is doing nothing and we may miss the boat. The Conservatives are making it clear that if they are re-elected they will take very definite action, and very speedy action, too. First they intend to restrict very considerably the influx of Asians but in doing so it is also clear from what one reads in the papers, that it will affect the white Commonwealth as well. We, perhaps, will be a little luckier than others because obviously it will not affect the entry of members of the EEC and in that respect we shall have the right to carry on moving into Britain for the purposes of working and possibly of doing business or exercising one's profession within the limitations of the EEC legislation. But the EEC legislation gives no right to a member of the EEC to settle in any other country. They give them the right to work but not the right to settle and whilst it appears that now if one has been working and remaining a resident of Britain for five years eventually one gets to the right of settlement or the right of abode, as it is put, the intention is to do away with that altogether so that regardless of the number of years that a person may be working in Britain or staying in Britain for any purpose that will not automatically qualify him to the right of abode. All I am saying is that we are entering very difficult times in that respect and that we must be sure that all the rights that we aspire to and that were ours and were taken away by a piece of legislation, are restored. I would like to bear what the Chief Minister can say has happened since these matters were raised time and time again here. I would like to hear what progress has been made because I just don't know, I haven't heard anything at all either officially or unofficially or through my colleagues. We are at the moment protected to the extent that we have been given undertakings, both by Lord Thompson and subsequently by Lord Home and that so far has not been changed but in the process of the new legislation we do not

know what our status will be. We do know, however, what Mr Hattersley had to say when we appealed to him. He rejected the idea, so at the moment that appeal that was made jointly by the Chief Minister and the Leader of the Opposition not so long ago, that appeal has had no response, in fact, it has had a negative response. But the great danger is that whilst we are moving very fast with talks with Spain, we seem to be delayed on this even more vital issue. It is important to open the frontier, it is desirable that we do that without losing our sovereign rights, but I think it is even more important that before that happens we have our United Kingdom citizenship because one restraint of our argument is that by being Overseas Citizens our movement is restricted you might say, as of right to 2½ square miles but once the frontier is opened the case that one can make of the effect of the restrictions in that respect may well be eliminated and therefore our strength of argument may be weakened. Furthermore, I think it is in our interest, above all, that regardless of what constitutional talks may take place in the process of the talks with Spain that may well take place simultaneously, I don't know what can happen but lots of things could happen, regardless of what may happen in that aspect, the question of United Kingdom citizenship should be assured and established before that should happen. That is an important point, it is vital to the people of Gibraltar and I felt it was my duty, Mr Speaker, in the circumstances, to bring it to the attention of the House and, hopefully, to get the Chief Minister to give us a satisfactory reply.

HON MAJOR F J DELLIPIANI:

Mr Speaker, for the first time today it gives me great pleasure to associate myself with the sentiments expressed by the Honourable and Gallant Major Peliza. I haven't got a good mind to go back on what I said months ago but I seem to remember that my second speech in the House referred the question of United Kingdom Citizenship and how strongly I felt on the matter and how I was prepared to take the matter up to the Court of Human Rights. I would certainly be prepared to do that in my personal capacity. I have expressed my very strong views on the question of United Kingdom Citizenship quite a few times during the course of discussions with my own Colleagues and they all know how strongly I feel on this matter, in fact, I put it above anything else.

HON J FOSSANO:

Mr Speaker, I think the most important point of what the Honourable and Gallant Major Peliza said of course is the fact that we seem to be moving very slowly in this matter. I feel that, perhaps, there is less chance at the moment of the legislation being immediately passed in the United Kingdom than appeared earlier because the prospects of the Government in the United Kingdom going to an election in the autumn seems to be very high from what one reads from

the United Kingdom Press. I think that in that context, of course, it might be even more important to get our point of view put just in case the rather remote chance of a Tory Government being returned to power does materialise, and one doesn't know how they would react to the views of the people of Gibraltar on this matter. I myself feel in fact that one of the things in our reaction to that Green Paper that perhaps is wrong is that we have tended to react in a very insular fashion and made a very sort of special and exceptional case for Gibraltar whilst almost accepting the principle as being applicable to everybody else. I think that the British Government claimed in the Green Paper that they were indulging in an exercise in open Government - I don't know whether they had been reading our manifesto or not - but they said they were indulging in an exercise in open Government and in fact inviting contributions on the whole concept of nationality. I think that whilst you need to make very strongly our own position, I think it would be a good thing if we get round to putting those submissions in to perhaps expand also a bit more on the whole question of nationality as such, because I feel that in terms of getting support if we look as if we are just saying it is alright to do it to everybody else but make an exception of Gibraltar, we may get less sympathetic hearing from some people certainly in the Labour Party than we might otherwise do.

HON XIBERRAS:

Mr Speaker, I would like to say a few words in support of my Hon Friend's motion. There is no need to say in the House that this is something which both Major Peliza and other colleagues of ours on these benches have supported or have pushed forward for I don't know how many years as part of the programme of the Intergration with Britain Party and that the Parliamentary Group is fully committed to this. The Honourable Member, I think, said that he had not heard of any progress in fact I said that we had told him that we had met on this to discuss a possible joint memorandum and that this was being rephrased and the Hon Bossano was, in fact, present at the meeting as well. I entirely agree that this matter has been allowed to slip because perhaps there have been other matters which I do not think should take the place of this one. There was a motion in the House on which I expressed the view that there should be development on this issue and pressure on this particular issue of United Kingdom citizenship at the same time as we embarked on any other process, Strasbourg or otherwise, and that it was not a question of allowing this particular issue to fall behind the other. I am glad to hear at least one Hon Member on that side, Major Dellipiani, voice strong feelings about this. Support of this kind is always welcome and I think that the Chief Minister does need to take note of the feelings of Hon Members in the House that the matter has been allowed to lag behind and I would refer him to our interview with Mr Frank Judd when he was here when he encouraged, in fact, representations to be made and that was possibly in October last year, and to letters which I have shown the Chief Minister,

I believe, from Lord Thomson and so forth where certain representations had been made inviting comments from Gibraltar. As Mr Bossano has very rightly said, the Green Paper was an exercise in open Government and I think that for all our prudence in this matter we should realise that if we do not put those arguments forward they are in danger of lagging behind the other process, the Strasbourg process, and it is important that the impression should not be given that we are sacrificing one for the other. This is a mandate, in fact, of the House, a motion which I believe was unanimously approved, I am not too sure, I think Mr Bossano abstained, on the need to convene the representative bodies to have constitutional change and in the course of the debate it was mentioned, certainly by me, that this particular item was one on which surely there was consensus and surely one to be taken up urgently. Whether it can be done as soon as Major Peliza says or not, the actual change in the law, depends on the United Kingdom end but certainly we here should press ahead much faster than we have done up to now.

HON CHIEF MINISTER:

My recollection of the position is first of all we made an initial protest in this matter, then we got together on one or two occasions, then we sought clarification, then we obtained a number of details of clarification which were required, then we had a meeting of all the members of the House of Assembly who were here at the time and my recollection of that was that it was left to the Leader of the Opposition and myself to agree on a memorandum to be sent on behalf of all the members and that is what I think is pending. Let me say that I share the views although I may not express with the same enthusiasm but I share them fully, I have no reservations about the matter. I have always felt, despite what had happened before, that the status was the same before and I know that the status will be different now so therefore I myself attach a considerable amount of importance to the legal situation of the status of the individual. My understanding is that after the last meeting it was agreed that we should send a memorandum and that we should get together to do it.

HON M XIBERRAS:

If the Hon Member will give way. There was, in fact, as the Hon Member knows, a draft prepared, it was discussed by all elected members and the points which was suggested for amendment were to be drafted by the Administrative Secretary and when these were ready I was to be notified so it is up now to the Chief Minister to notify me when the draft is ready.

HON CHIEF MINISTER:

Quite right. I was not trying to put the blame on the Leader of the Opposition. It was left in my office but it was left

for us to look at the amendments that were made from the memorandum that was prepared. I haven't seen them either so there is no reason why we should not have this memorandum if we give it top priority, within next week.

HON M XIBERRAS:

Mr Speaker, if the Hon Member gives way. The Honourable Mr Bossano points out that his impression of what the Chief Minister has said is that the memorandum is to be agreed between the Chief Minister and myself and then sent off. My understanding of it is that the Chief Minister and myself will meet to discuss that the amendments have been made in the spirit of the meeting of elected members and that subsequently there will be a meeting of elected members to approve it and after that of the representative bodies.

HON CHIEF MINISTER:

I am sure that if that is the case the record will show it. I was not trying to mislead, I was speaking from memory.

MR SPEAKER:

I will then put the question which is that this House do now adjourn sine die.

The question was resolved in the affirmative and the House adjourned sine die.

The adjournment of the House sine die was taken at 8.50 pm. on Thursday the 27th April, 1978.