

# GIBRALTAR

## HOUSE OF ASSEMBLY



# HANSARD

26TH FEBRUARY 1979

VOLUME 2 (BUDGET)

## SUSPENSION OF STANDING ORDERS

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move the suspension of Standing Order No 19 to enable me to move a motion to amend the Standing Rules and Orders as previously notified.

Mr Speaker put the question which was resolved in the affirmative and Standing Order No 19 was suspended accordingly.

## AMENDMENT OF STANDING ORDERS

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move that this House approves the recommendation in the report of the Standing Rules Committee dated the 11th of April, 1979, and resolves that the Standing Rules and Orders be amended as follows:-

Standing Order 32B be amended as follows:-

"omit paragraphs (3) and (4) and substitute the following paragraphs:-

- (3) The Assembly shall not proceed with the Finance Bill before the Appropriation Bill has been read for the third time.
- (4) The Second Reading of the Finance Bill shall be moved by the Financial and Development Secretary. Immediately after the Financial and Development Secretary has spoken to the Bill, the Chief Minister shall speak to the Bill. Immediately after the Chief Minister has spoken to the Bill, the Assembly shall be adjourned for such period, not in any event being less than 2 hours, as on motion is agreed to, before proceeding further with the Bill."

Mr Speaker, this has been of course the subject of consultation with all Members opposite, and the idea is that whereas before there was a time in which Members had an element of time to consider situations at the time of the Second Reading of the Appropriation Bill, which I think was not the one really that required considerable time and thought; the case was not the same with regards to the Finance Bill, which is the one on which one would expect Members to look at carefully and adopt attitudes, or consider matters. The two hours which have been fixed there - I think it was the Honourable Mr Bossano who said that it

wasn't enough - I don't say that two hours is enough, I say a minimum of two hours and it will depend at the stage of the proceedings and the day in which the Finance Bill is read. If the Finance Bill were read at 6.30 in the evening I would certainly say we should go home to think about it and come back in the morning; I would not say that we should adjourn until 8 o'clock or 8.30 or whatever it is.

If there is any question about it I shall certainly be prepared to listen to pleas from the other side for more time.

I am certain that Members opposite have been long enough now in the House to be able to gauge the extent of the thinking that these things must take. But, anyhow, I am quite open to suggestions, and that is why the Order says "not being less than 2 hours, as on motion is agreed to before proceeding further on the Bill." That is to say, we will agree at that time, at the time it will not be less than 2 hours, and at a time that will be convenient to the House, as I always try to meet the requirements of the House. I now move.

MR SPEAKER:

May I ask before we move in. This means of course that if on motion it is agreed that it should be four hours instead of two, the time is of the essence and will have to be adhered to strictly.

HON CHIEF MINISTER:

Oh, yes, a minimum is certainly of the essence and any other time that is fixed will be of the essence. I mean, I would not expect that we would adjourn for four hours and then take another half hour to come into the House!

MR SPEAKER:

What I would like to clarify before Members take a vote is that at the time of the adjournment the length of the adjournment has to be decided.

HON CHIEF MINISTER:

Precisely. And that length shall be not less than two hours. And I shall then have had consultations or discussions and I will say; I move to such a time or to next day or whatever it is.

MR SPEAKER:

I will then propose the question in the terms of the motion moved by the Honourable the Chief Minister.



HON M XIBERRAS:

The period of two hours; as the Hon the Chief Minister has said, Honourable Members on this side have been consulted and in the normal course of events this would in our estimation be considered to be sufficient.

We welcome the fact that the motion has been couched in terms of flexibility, for such period as by motion may be agreed with a minimum of two hours. However, I think I should put on the record at this particular time that if the break should come at lunch time, for instance, where a normal break takes place, then consideration should be had that two working hours should be sufficient but two hours with lunch in between would not be considered sufficient generally.

HON CHIEF MINISTER:

Well that will be one of the matters that will be taken into account, "eating time".

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

Standing Order 32B was amended accordingly.

SUSPENSION OF STANDING ORDERS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I beg to move that the suspension of Standing Orders No 29 and 30 in respect of the 1979/1980 Appropriation Bill, 1979.

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

Standing Orders Nos 29 and 30 were suspended accordingly.

#### BILLS

#### FIRST AND SECOND READINGS

THE APPROPRIATION (1979/80) ORDINANCE, 1979.

The Hon the Financial and Development Secretary moved that a Bill for an Ordinance to appropriate an amount not exceeding £34,189,362 be read a first time.

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

The Bill was read a first time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to move that the Appropriation Bill (1979/80) be now read a second time, and in so moving I shall make a statement on the Government's Estimates of Revenue and Expenditure which I have just laid before the House and which has been in the hands of Members for some time.

I shall begin, as it has been my practice in past statements on the annual Appropriation Bill, by reviewing briefly the economic scene without and within Gibraltar.

When I looked ahead at this time last year I said that the prospects for the international economy in 1978 gave little cause for cheering. And so it turned out. Recovery from the 1973/75 recession continued to be painfully slow; industrial output remained sluggish and as a result there was very little reduction in the high levels of unemployment in the major developed countries. There continued to be serious imbalances in world trade, mainly as a result of aggressive Japanese trading policies, with the inevitable consequence that exchange Rates fluctuated sharply. There was, however, a real improvement in living standards in OECD countries generally in 1978. Consumer expenditure was significantly higher in real terms than in the previous year, but it was unfortunately made to a considerable extent at the expense of domestic savings and by the accumulation of private debt. This has been particularly so in the United States but it has also been an observable trend in other OECD countries (and, I might add, in Gibraltar). While the inflationary effects of what has been described as this consumer "Boomlet" is to be regarded with a certain amount of complacency in OECD countries, most Governments have made determined efforts at least to contain if not to reduce the rate of inflation, and they continue to be extremely cautious about introducing reflationary measures.

As a result, inflation has to a large extent been kept in check throughout 1978, but increases in commodity prices during the last six months of the year, and the effects of pay settlements reached earlier were, by the turn of the year, already beginning to exert an upward pressure on inflation rates. Disquieting though these trends are for the economic prospects of the remainder of 1979, far more ominous is last month's OPEC decision to increase oil prices by 9% and to allow member states to charge a premium of not less than US \$1.20 a barrel - and in the case of light oil up to \$4 a barrel - over and above the basic price. The decision, notwithstanding that the Saudis and the United Arab Emirates have said they will not charge the premium, will have serious repercussions on the already faltering growth of world trade and on inflation. The world, it seems, has not learned the lessons of 1976. Even before the Iranian production collapsed oil supplies were becoming tight as a result of the industrial countries' failure to

produce effective energy policies to slow down the growth of demand.

The European Members have done something, it is true, but not enough, but the main culprit is the United States where the consumption of oil continued to rise, unchecked even by realistic price adjustments despite the falling value of the dollar, to reach an all time high in 1978. The OPEC decision was not accompanied by any firm agreement on production levels, and since it now seems to be accepted that Iranian output will not return to its prerevolution level of five million barrels a day in the foreseeable future, shortages and similar price jumps can be expected whenever world economic activity picks up. Indeed unless the growth of consumption can be slowed the growth of industrial output in the OECD countries could well be constrained by the availability of oil supplies.

For the rest of 1979 at least it seems certain that the industrial world is facing a prospect of minimal economic growth, higher prices and higher inflation and a set back in the collective balance of payments position.

The steadily increasing rate of extraction of North Sea Oil lent a certain degree of superficial respectability to Britain's economic performance in 1978. Industrial investment reached its highest level since 1971 and showed a 7% increase over 1977. A very large part of this investment, however, was in oil production. Even so, real industrial output rose by only 2% and if oil is taken out of the equation the rate of growth was barely half as large. Inflation for the twelve months to June last year was a "post-crisis" low of 7.4%; there was a rapid growth of real disposable incomes which by the second quarter were over 8% higher than in the corresponding quarter a year before. Spending on consumer durables went up by 16% compared with 1977, and this rise has been marked by a sharp increase in consumer credit. Exports did well too despite a relatively strong pound and the balance of visible trade had swung into surplus by the end of the year notwithstanding that invisible earnings were down by £650 as a result of the relative expensiveness of the country's traded services. The relative strength of sterling abroad has owed much to North Sea Oil, and coupled as it has been with high interest rates, it has pulled in large amounts of foreign money via an active gilts market. It has also had the effect of course of making foreign goods that much cheaper with the result that the additional demand arising from the upsurge in consumer spending has been met to an uncomfortable degree by increased imports of finished manufactured goods which rose by 14%. But underlaying the superficial respectability which North Sea Oil has lent to some of the economic indicators, the persistent weaknesses of the British economy remain. Productivity and industrial efficiency generally are depressingly low by the standards of the United Kingdom's main competitors. Output per man in manufacturing industries has actually declined over the past five years, while the growth of productivity per man in the same period rose by a mere 0.6%. A dismal performance when compared with

3.3% in Western Germany, 3.7% in Japan, and 2.7% in France.

Unemployment continues to be a matter of great concern, and after falling by more than 100,000 in December, it increased both in January and February. These increases probably owe more to the severe winter weather and the effects of industrial disputes than to any sudden reversal of the underlying trend. Nevertheless, with no appreciable growth in the output, exclusive of oil, it is quite likely that the underlying trend will turn upwards later in the year.

Equally disturbing, inflation is picking up again. Increases in the Retail Price Index over the last quarter of the year were appreciably greater than in the earlier months, and the year-on-year rate measured in January was 9.3%. With the effects of the stage four pay settlements still to be felt, and aggravated as they will be by the disruptive effects of recent industrial action, not to mention the effect of oil price rises on the production of raw materials and commodities generally, domestic inflation is now being firmly predicted to be back in double figures by summer.

Departing from the text for the moment, Mr Speaker, I see that the March figure was in fact 9.8%.

The outlook for the United Kingdom economy is pretty dismal - whatever views one may have about the outcome of the general election in a fortnight's time - and that is bad news for Gibraltar. With one heavy dependence on imported goods from the United Kingdom it is inevitable, as I pointed out last year, that the rate of inflation in Gibraltar is linked with the rate of inflation over there. The rate of price changes in Britain takes time to work its way through, and as we saw last year, the declining rate of inflation in the United Kingdom in 1977 did not reach Gibraltar until the beginning of 1978. We can expect, therefore, much the same kind of time-scale before the currently rising trend in the United Kingdom makes itself felt in Gibraltar.

To revert to 1978, the downward trend in Gibraltar continued throughout the first three quarters of the year and was reflected in our index for food prices where the quarterly increase was an average of only 1.5%. During the last quarter, however, the index jumped up sharply by 4.3% partly as a result of rising world commodity prices but also reflecting the effects of the private sector pay settlements reached during the year. Overall, however, food prices in 1978 rose by only 9.1%, the lowest yearly increase since 1970. But there the good news stops. For while the United Kingdom's rate of inflation remained below 10% throughout 1978, retail prices as a whole in Gibraltar rose by 15.6% over the year, a rate of increase which shows very little change from the three previous years.

Until last year the full impact of price inflation on household budgets in Gibraltar was considerably lessened by the

very high level at which the public utilities and housing rents were subsidised. The increased charges and higher rents which became effective last year in association with the parity settlement of salaries and wages inevitably exacted a price in terms of local inflation and it is estimated that the direct impact on the Index of Retail Prices of the 1978 budgetary measures was an increase of around 4%. But the consumer was still shielded; even with the increased charges and rents, general revenues contributed some £2.5 millions last financial year by way of subsidies, and housing and water will be in need of further heavy subsidisation again this year.

Wage increases in the private sector, subsequent to the public sector parity settlement, and to a much lesser extent the induced effects of the budget measures as a whole, resulted in an estimated further increase of about 2% in the general price level. It is essential, however, to measure last year's inflation against the very substantial increase in net disposable incomes arising from the final settlement of the 1976 Pay Review. By comparison with October 1977 overall average weekly earnings for full-time adult men had risen by about 50% a year later to just over £64. Within the Official sector average earnings rose from around £41 a week in October 1977, to £67 in October 1978; an increase of 63%, while in the private sector the increase was 28%, earnings averaging around £60 a week. Allowing for inflation and tax it is estimated that the purchasing power of the average Gibraltarian's weekly pay packet rose by almost 25% between October 1977 and October 1978 and was 19% greater than it was in 1972. The combined earnings of the weekly paid and the monthly paid increased in real terms by roughly 31% over the same period. The move to parity with United Kingdom salary and wage levels reestablished the position as it was in 1974 when average earnings in the official sector were ahead of those in the private sector. The average earnings of full-time weekly paid adult men employed in the official sector were 12% higher than in the private sector, an exact reversal of the position as it was in October 1977. In the case of monthly paid full-time men the differential widened from 10% in October 1977 to 45% in October 1978, and is a reflection of the much larger proportion of more highly paid professional, managerial and administrative cadres in the official sector - 45% as against only 25% in the private sector. In the case of full-time employed women this differential in October was about 35%.

During last year's debate on the budget some concern was expressed about the difficulties which the private sector would face, particularly in relation to clerical and related employees, in adjusting to parity wage levels. It was pointed out at the time that because earnings in the private sector had, to a considerable extent, anticipated the public sector parity settlement the adjustment would not have a dramatic impact nor would it be particularly difficult to absorb. In fact earnings in the private sector between October 1977 and October 1978 increased by

an average of 30% and those of all clerical and related workers went up by some 26%.

The substantially increased earned incomes have been accompanied by considerable financial improvements for those on fixed incomes. Retirement Pensions, Elderly Persons Pensions and Supplementary Benefits have all been increased by - 50%, 60% and 20% respectively - while the index-linked social Insurance Old Age Pensions have risen by 33%. In each case the increases were greater than the inflation rate.

High levels of unemployment continue to exist in most of the industrial countries in the West and in the light of the world economic prospects for the next twelve months there seems little reason to hope for an early improvement. Gibraltar, happily, continues to be spared either the existence or the spectre of serious unemployment and apart from a small, hard core of around 40 whom, for one reason or another, it is virtually impossible to place in permanent employment, and some juvenile unemployed, there is, as a generalisation, a sufficiency of jobs in relation to the availability of manpower. Juvenile female unemployment does however, remain something of a problem. Of the 64 young persons registered as being out of work no fewer than 60 are females.

I referred last year to the disturbing trend of increasing employment within Government and I am glad to be able to report this year that this trend seems to have been checked. Between October, 1977 and October 1978, the level of employment in the Gibraltar Government was more or less static around a figure of 3340. Here I must correct, with apologies, the information given to the House in reply to Question No 56 by the Hon Minister for Labour and Social Security which indicated that employment within the Gibraltar Government had risen to 3440. That figure which the Minister gave in all good faith was, as he stated in his reply, based on a quick count of the employment survey returns and was regrettably incorrect.

The results of the October 1978 Employment Survey show that in the private sector as a whole the number employed rose by 8% from 3895 in October 1977 to 4420 in October 1978. The increase was largely in hotel and tourist services, the retail trade and in the financial segments. The downward trend of private sector employment in the building and construction industry has been reversed but the increase in the number employed has been disappointingly small - about 5%. However, since October 1978 the number of work permits issued for the industry suggests that there has been a further 10% increase.

For the tourist industry 1978 turned out to be better than seemed possible at this time last year and after two lean years the industry encountered brighter times. Activity as a whole and the hotel sector in particular, picked up considerably as the Employment Survey figures indicate. Arrivals at hotels increased by 25% compared with 1977 and the percentage sleeper occupancy rate went up by 21%. The

factor mainly responsible for this encouraging upturn in hotel business was the increased number of civil charter operations during a year which saw a three-fold increase in the number of flights and a record number of seats used - 13,000. Moreover, despite the reduction of scheduled flight services the number of passenger arrivals measured in terms of seats used was much the same as in 1977 - 29,400. Load factors were in consequence high throughout the year reaching an extraordinary 99.8% in July and maintaining a figure of over 90% for every month from June to October.

The number and frequency of calls by cruise liners continued to decline and with them the number of cruise ship excursionists. The 1978 figure was 30,398 as compared with 42,333 the year before, a drop of 28%. Altogether the number of visitor arrivals by sea declined by 7% and the total number of all visitor arrivals also fell slightly from 121,000 to 119,000.

Tourist expenditure in 1978 is estimated to have been about £5.5 millions and owed a good deal to the growing contribution made by visiting yachts and the day excursionist traffic which between them now constitute an important part of Gibraltar's tourist trade. Yacht arrivals increased by 20% as compared with 1977 and the number of excursionists arriving by sea, inclusive of the hydrofoil, went up by 15%.

While the prospects for the coming season cannot be described as good, the increased seat availability of the Boeing 737 aircraft on the scheduled route, further increases in charter flights and a continuing rise in yacht traffic and day excursionists do at least raise the hope that the modest improvement we saw in 1978 will be maintained.

Statistically 1978 was a mixed year for the Port. The number of ships calling was slightly up on the previous year - 2,651 against 2,591 in 1977 - but the total tonnage entering the Port fell sharply from 20.2 million tons to 17.98 million - a drop of 11%. Moreover, there were 164 fewer calls by deep-sea vessels and fewer ships were calls for cargo. On the other hand the number of ships calling for repairs and bunkers was virtually the same as in the previous year while the number of containers landed shot up by 83% to 2,107. There was in consequence severe congestion in the Port and the loading, unloading and handling of over 2,000 containers in the very restricted space available on the existing jetties gave rise to conditions which at times have been described as chaotic. Operational problems associated with the regularity of the container services were acute as well and it says much for the efforts of those concerned in the operation of the Port that the traffic was kept moving. Bearing in mind that the 2,000 containers handled in 1978 represent only about 50% of the expected eventual traffic - assuming that is, 85% containerisation of general cargo - the creation of additional space at the Port is a matter of the greatest urgency. It is therefore most gratifying to be able to tell the House that the reclamation between jetties 2 and 3 has been approved.

The project, estimated to cost £1.3 million, will be financed by a Ministry of Overseas Development aid grant and is currently scheduled to be completed during the second half of 1980.

On the financial side of the economy, the value of currency notes in circulation has risen from £4.3 millions in March 1978 to some £5.7 millions in March this year. Circulation peaked at £6.5 millions in September last year with the payment of public sector retrospection.

Commercial bank deposits rose by no less than £7.7 millions, or 26% between December 1977 and December 1978 with time deposits rising by 3% as a proportion of total deposits. Loans and advances made by the commercial banks went up by £3.7 millions an increase of 27% during the same period and no less than one fifth of the total of bank lending locally is represented by personal loans and advances. At £3.56 millions in December 1978, it is quite clear that a very significant proportion of the heavy consumer spending last year, and particularly during the last half, was met from credit and this suggests that the Government may have to consider ways and means of imposing some measure of credit restraint. The decision to leave the interest rate on deposits with the Government Savings Bank at 5% was undoubtedly a wise one. Between December 1977 and December 1978 deposits with the Bank increased by 18% as compared with only 3% over the previous twelve months period. Even so the value of deposits in real terms has fallen by about 53% by comparison with the year 1972.

Commercial Bank savings account deposits rose by 40%, somewhat less than the rise in the corresponding period between 1976 and 1977, but unlike the Government Savings Bank the value of these deposits in real terms has continued to increase.

Imports of petroleum products into Gibraltar in 1978 dropped sharply by 30%, or £3.43 millions. On the other hand the value of non-fuel imports rose by 12% over the previous year and thus the fall in the value of total imports was only marginal - from £39.6 millions in 1977 to £39.4 millions last year.

Imports of non-fuel items were markedly unevenly distributed during the year; in fact almost one third by value were entered during the last quarter with November recording an all-time record figure of £3.9 millions. A decline in the value of petroleum product imports was anticipated although the fall was greater than expected. World shipping remains depressed and reduced demand from this quarter was probably a significant factor in the decline in the value of imports of oil products. Sterling's appreciation against the US dollar also contributed.

For the past four years consumption of food as a proportion of total consumption has declined. The decline continued in 1978 but at a slower rate - the proportion fell by 1% to 31%, whereas between 1976 and 1977 it declined by 4%.

Features of the 1978 import figures were the apparent stabilisation of import demand for consumer durables, furniture and clothing and the unprecedented increase in the number of motor vehicles and spare parts imported. Imports of motor vehicles amounted to 1151 units, 415 more than in the previous year, an increase in percentage terms of over 56%. This means that domestic investment in new cars during the last two years alone has probably been in the region of £4½ to £5 millions. The inflow of colour television sets has continued unabated; indeed it accelerated to 1700 sets as compared with 1500 the previous year. In all, nearly 6500 sets have been imported in the three years 1976, 1977 and 1978 and along with motor cars this must represent an investment by the community at large of at least £6 to £7 millions.

The pattern of Gibraltar's exports in 1978 was very similar to that of her imports. The sharp fall in the value of oil fuel and petroleum based products exported - from £11.4 millions in 1977 to £8.6 millions (25%) - was substantially compensated for by a 31% increase in the value of non-fuel exports which rose from £2.48 millions to £3.25 millions. In terms of volume, oil fuel exported as bunkers declined from 189,000 tons to 151,000 tons a drop of 20%.

The overall balance of visible trade in 1978 was therefore a deficit of £26.6 millions as compared with £25.7 millions the year before and £18.7 millions in 1976 an adverse change of 3½% on the year. Taking the value of oil fuel and petroleum based products out of the account the deficit was £28.2 millions an adverse change of 10.5%. From such data as is available it is estimated that invisible earnings, aid flows and exports exceeded the visible trade deficit and that Gibraltar's balance of payments for 1978 was in surplus.

It is time now to turn to the Government's financial position, working forward as usual, from the out-turn for the financial year 1977/78. It will suffice if I mention the salient figures.

Before I do so however, I want to repeat, for the public record more than anything else, the substance of what I said in moving to suspend Standing Orders to enable the accounts to be laid. On more than one occasion in the past the House has criticised the delay in tabling the audit report and accounts and has complained that these delays have militated against an informed and objective scrutiny of the estimates at budget time. It is much to the credit of the Accountant General and to the Principal Auditor and their respective staffs that I was in a position to lay the audited accounts for the financial year 1977/78 this morning. This marks a welcome improvement on the performance in past years, an improvement which I hope will not only be maintained but improved upon in the future. The objective must be to have the accounts audited and ready for presentation to the House at its first meeting in the calendar year so that the Public

Accounts Committee can start its work before the matters reflected in the accounts become too much ancient history and particularly so that any excess expenditure can be appropriated at the budget meeting.

Actual revenue and expenditure in 1977/78 were both very satisfactorily close to the revised estimates presented to the House at this time last year. In the case of revenue the two figures only differed by £35,000, actual receipts being £18.66 millions. On the expenditure side the revised estimate was £83,000 less than the actual figure of £19.95 millions and of the difference £54,000 was accounted for by a single under-estimate of the amount spent on the maintenance and paintings of Crown properties. The expenditure for the year included of course the £2.54 millions appropriated as subsidies to the public utility services and the budgetary contribution of £330,000 to the Improvement and Development Fund.

The combined effects of these differences coupled with a net loss of £24,923 on the annual revaluation of the Consolidated Fund investment portfolio produced an actual Consolidated Fund balance as at the 31st March 1978 of £2.22 millions as against the revised estimate of £2.37 millions.

As we are well into the first month of the new financial year I want to preface my remarks on the revised estimates for 1978/79 by reminding the House of what I said last year when dealing with the corresponding position. Let me quote "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." For 1977/78 in that quotation read 1978/79 this time.

The Government budgetted to end the 1978/79 financial year with a current account surplus of £2.158 millions. It also budgetted to spend £2.59 millions on further subsidies for electricity, water, telephones and housing and to make a contribution of £330,000 to the Improvement and Development Fund. This additional expenditure was estimated to result in a deficit on the year's working of slightly more than £½ million leaving, as the reserve, an estimated Consolidated Fund balance at 31st March this year of £1.6 million.

For the second year running total expenditure has outstripped revenue. Last year, that is 1977/78, the margin was £1.3 million; in 1978/79 the revised estimate puts the margin at £1½ million leaving an estimated reserve of a mere £460,000.

Ordinary recurrent expenditure for the year ending 31st March was originally estimated to amount to £24.5 millions. It is now estimated to be £25.9 millions an increase of £1.4 million over the original estimate.



The largest single item of additional expenditure which had to be met was a further £613,000 for the settlement of the 1976 Pay Review. The fact that so large an additional sum had to be provided cannot, in my opinion, be attributed to bad estimation. The original estimate was made at the time when a number of aspects of the final settlement were still unresolved. Moreover it did not take into account the cost of the consolidation into basic salaries and wages of the Phase I (26) and Phase II (5%) supplements in October, both with retrospective effect from 1st July. Now could account be taken of the net cost of staff inspection which resulted in the creation of new posts and the up or downgrading of others. Even now the true cost of this exercise is practically impossible to compute because of the numbers involved, promotion dates, retrospection etc. Finally, in arriving at the original estimate it could not be foreseen that the cost of re-structuring the Gibraltar Broadcasting Corporation staff edifice would prove to be so expensive. Taking these factors into account the true underestimate is more likely to be £300,000 or between 4% and 5% of the original estimate. The additional sum of £613,000 was appropriated by this House on February 26th and the revised total cost of the Review is thus £8.08 millions.

Including the £613,000 for the Pay Review, the House authorised by Supplementary Appropriation during the year the expenditure of an additional £1.39 million. This included an additional £115,769 to meet the steadily rising use and cost of drugs, dressings and pharmaceutical supplies; £83,493 for a further contribution to the Scholarship Fund; £75,000 for importation of water; £65,000 to meet the cost of electricity supplied to the city by the Inter Services Generating Station and another £65,000 for the Kings Bastion Station itself and £40,000 for specialist treatment of patients sent to the United Kingdom. There will also be additional expenditure arising from the management of the unallocated stores holding where the value of purchases is expected to exceed the value of issues by the considerable margin of £146,000.

The revised Estimate of Revenue of £26.78 millions is very close indeed to the original estimate; that it is so is however, coincidental since there have been significant variations on a number of items.

The estimated yield from income tax is now put at £10.2 millions and not £10.4 millions as shown in the printed estimates. PAYE collections will amount to £6.5 millions. This is approximately £400,000 more than the original estimate of such collections which was included in the £9.71 millions shown as the approved estimate for the year. The additional revenue which the settlement of the Pay Review was expected to generate by way of indirect taxation did not materialise: the total revenue yield from customs duties is now expected to show a drop of £220,000 as compared with the forecast figure.

During the budget debate last year there were repeated allegations from Members opposite that the Government was deliberately underestimating the revenue effects of the Pay Review settlement. The Government's assumption of 5% of net disposable income arising from the injection of retrospective pay-ments & increased salaries and wages as the basis for estimating the yield from indirect taxation was singled out as being unrealistic. The revised estimate shows whose judgement was in fact the more realistic.

Another factor which affected the net cost of the Review was the Admiralty share of the Police Force. This was estimated to be £885,000 an increase of £485,000 over the previous year, of which £345,000 was estimated to be attributable to settlement of the Pay Review. In the event the Admiralty share will only amount to £640,000 for reasons which I shall explain in a moment.

All told therefore the net cost to the Government of the Review is now put at approximately £2.7 millions as opposed to the estimate of £2.3 millions made at the time.

Departmental earnings are, in aggregate, likely to produce some £240,000 less than the estimate. The largest individual shortfall is on the demonetisation of the old £5 and £1 currency notes. Although the original estimate of £500,000 was based on the very definite redemption trend as it appeared in April last year, I said at the time that the figure was a "guesstimate" rather than an estimate. It obviously did not make anything like a sufficient allowance for the clearly very large quantities of old notes which people had hoarded away and it proved to be an altogether too optimistic a guess. The actual credit to revenue was only £160,000. Other sizeable shortfalls include an estimated £125,000 from philatelic sales and £120,000 under the Note Security Fund surplus where the value of the Fund as at 31st March 1978 only admitted a transfer of £31,400. In the case of the Government Savings Bank the original estimate made provision for the transfer to revenue during 1978/79 of surplus funds amounting to £85,000. At the time the revised estimate was prepared the value of the Bank's investment portfolio showed a depreciation of £60,000 and on the assumption that this depreciation was likely to persist the value of the statutory reserve on 31 March 1979 would not have been high enough to allow any transfer to revenue. Following the more recent increase in the value of gilts a re-assessment of the position was undertaken on the 29 March. This revealed that the valuation had swung in the opposite direction and produced an appreciation of £31,000 with the result that under the relevant provisions of the Savings Bank Ordinance approximately £47,000 out of an estimated excess of £90,000 in the Bank's Revenue and Expenditure Account, should be available for transfer to revenue during the 1978/79 year of account. The necessary adjustment will be reflected in the final approved Estimates. The balance of the excess in the Bank's Revenue and Expenditure Account will be credited to the reserve in accordance with



the provisions of the Ordinance to raise its value to the statutory 115% of the amount due to depositors on 31st March, 1979. As in previous years the detailed figures are shown in an appendix which will be distributed with copies of this statement.

Altogether there was a cumulative shortfall in Departmental Earnings of £648,000 but to a large extent it was compensated for by increases under a number of other items.

The Currency Note Income Account (£130,000); the Silver Jubilee Coin Issue (£66,000); Berthing Charges (£81,000); net profit on the Lottery (£39,000); Hospital Fees (£29,000); and container charges (£38,000).

The House will have noted from the Financial Statement which appears on page 5 of the printed Estimates that the amount appropriated for a Budgetary contribution to the Improvement and Development Fund - namely £300,000 - does not appear in the revised estimates, the contribution will not be made. I hear that the Hon Member sitting opposite me is giving himself a family audible pat on the back! The decision not to make this contribution followed the success of the Government's efforts to raise money for development in the London market. Similarly, no provision is being made in the estimates for 1979/80 for any such contribution by the Consolidated Fund in aid of the year's capital programme.

Now some comment must also be made on the Admiralty Share of the cost of the Police Force. The approved estimate of the revenue reimbursement was £885,000; the revised estimate is £641,200. The reduction is due to the restoration with effect from 1st April 1978 of the percentage share payable on the basis of an agreement made in 1947. Prior to 1976 the Admiralty share had fluctuated around 36% of the total cost of running the Force. In January of that year when the agreed triennial review took place, the Treasury, with Admiralty agreement, raised the percentage to 48. During the early part of last year the Admiralty queried the correctness of this revenue percentage and in the course of the detailed re-examination which ensued it was established that there had been an error in applying the formula established in 1947. Instead of determining the Dockyard manning requirement as a proportion of the total manning requirement, the 1976 arrangement was based on the proportion of the Dockyard manning requirement to the overall Police strength - a proportion which worked out at 48%. It was subsequently agreed with the Ministry of Defence that although there would not be any adjustment in respect of the period prior to April 1st 1978, the correct percentage, now 36.5%, should be applied as from that date.

The revised estimates of the public utility undertakings and of the Housing Fund are set out in Appendices A, B, C and D to the printed Estimates.

Taking the Electricity Service Fund first, the Fund brought forward to 1978/79 a somewhat larger deficit than was originally estimated - £172,155 as opposed to the £147,000 which was to be covered by the budgetary contribution. Excluding the deficit brought forward and capital charges, the revised total operating cost of the service was £2.11 millions or some £51,000 less than the original estimate. The ordinary revenue of the Fund, that is not counting the budgetary subsidy, is estimated to show an increase of £127,000 and to amount to £1.95 million. On the basis of these revised estimates therefore the Fund is expected to start the new financial year with a surplus of £242,839.

The Potable Water Service Fund, in spite of beginning 1978/79 with a somewhat smaller surplus than was estimated, is still expected to be marginally in surplus when the final accounts are closed. At £1.34 million the revised estimated operating cost of the service was up by £64,000 but on the income side receipts are expected to exceed the estimate by some £112,000.

The Telephone Service Fund is now expected to show a slightly greater deficit - £15,300 instead of the £3,102 originally estimated, operating costs are likely to be lower by some £7,000 and ordinary revenue is estimated to be up by some £39,000 but the effect of these favourable factors is more than offset by higher capital charges and the fact that, contrary to the original estimated position, the Fund brought forward to 1978/79 a deficit of £18,382.

The Government's expenditure on and revenue from public housing was funded for the first time last year and provision was made in the estimates for total expenditure amounting to £2.016 millions. Income from rents, including arrears, was put at £1.048 million and an appropriation of £968,000 was made from the Consolidated Fund as a subsidy to balance the Housing Fund. The revised estimates show a rather different picture; expenditure is likely to be £92,000 more than the estimates while the revised estimate of income from the rent roll which is shown to be only £860,000 in the printed estimates will in fact be £940,000. The reason for this is because the Housing Department, at Treasury insistence, was required to reappraise the rent roll and as a result was able to confirm that its original revised figure was understated by £80,000. The Fund is now expected to be in deficit by £135,000 and not £215,000 as shown in the accounts at Appendix D of the printed Estimates, which Members have.

One general observation on the accounts of the Funded Services needs to be made. The cost of increased contributions to the Social Insurance Fund payable by the Government as employer in respect of the employees of these services, the cost of the leave and sick pay terms negotiated as part of the Pay Review Settlement and, more important, the high levels of overtime being worked have an impact on the accounts of all the undertakings which should not be underestimated.

As regard the level of overtime being worked in the Government Service as a whole, it was pointed out during last year's budget debate that this had been rising steadily since April 1975 and that between then and October 1977 the overtime bill for weekly paid workers had almost doubled in cash terms - an increase, in real terms, of 40%. Due warning was given then that overtime working would have to be substantially reduced and would need to be related to the real needs of the job. The aim was in respect of industrials to reduce overtime working from an average of 16 actual hours worked per week to 5 hours, in other words from 24 to 6 $\frac{2}{3}$  equivalent, with a consequent net saving of around \$400,000 in 1978/79 and \$500,000 in a full year.

Although overtime working has been reduced in the Public Works Department as intended this saving, regrettably, did not materialise, according to estimated made by the Industrial Relations Office the post-parity overtime bill is now running at an annual rate of \$1.9 million. So far as the industrial grades are concerned the current cost of overtime is \$0.96 million compared with the pre-parity estimate of \$0.83 million.

In the case of the non-industrial grades post-parity overtime is now costing \$0.95 million compared with \$0.55 million before parity. The estimated increase is roughly \$400,000 or 73%. The Departments principally concerned are the Police with \$0.11 million, the Medical and Health Department with \$0.05 million, the Port Department \$0.05 million, the Fire Service \$0.04 million and the Prison Service with \$0.03 million. The balance of the increase is in respect of the supervisory grades spread over a number of departments and in respect of the PTO grades in the Public Works and Housing Departments.

While the effect of the consolidation of pay supplements and last year's 9.5% award is undoubtedly a contributory factor in the overall increase in the overtime bill, it is also a fact that some departments have permitted overtime working in excess of the planned limits.

Now for the Improvement and Development Fund. The actual balance on the fund at the commencement of 1978/79 was, in round figures, \$422,000. Receipts into the fund during the year amounted to some \$2.45 millions of which \$2.13 millions derived from Development Aid grants. Local funds, plus sundry contributions and reimbursements accounted for \$322,000. The main source of the local fund contribution is the \$250,000 9% Debenture, 1993 issue offered to the public on 8th February 1979, under the authority of the Local Loan No 6 Ordinance, 1976. As at 31st March, \$201,600 had been taken up by public subscription, the balance being taken up by the Note Security Fund.

Expenditure from the fund - that is the Improvement and Development Fund - during the year is expected to be \$2.96 millions of which \$2.13 millions will be development aid. The fund is therefore expected to carry forward into 1979/80 a deficit of \$87,000.

It is self-evident, as the Hon Mr Bousano pointed out to the House last year, that expenditure on capital projects acts as a stimulus to the economy as a whole and is reflected in increased wage earning capability and in the level of taxable profits. The degree of underspending on the development programme is therefore a matter of concern, not only for its own sake, but on account of the effect which it has on the Government's recurrent revenues.

The estimates for 1979/80 follow the format established two years ago.

First the bare bones so to speak of the Estimates as presented. The Government will start the year with a reserve for which the revised estimate is \$460,911. In the estimates as they are now presented and as they are now in the hands of Members, expenditure on the ordinary recurrent services provided by the Government is \$27 millions while the ordinary revenues are expected to yield \$27.50 millions, giving an estimated revenue surplus on the year of \$0.58 million. To cover the estimated deficits on electricity, potable water, telephones and housing and to balance the respective Special Funds will cost an estimated \$1.77 million and will produce an overall deficit for the year of \$1.19 million. On these estimates therefore the Consolidated Fund is estimated to be in deficit by \$734,589 by the end of the financial year.

The estimates highlight three things. First, excluding the annual subsidies paid to the Funded Services and any contribution to the Improvement and Development Fund, they show the rate at which expenditure on the ordinary services provided by the Government is growing relative to the revenues available to finance them. In the financial year 1976/77 there was a revenue surplus of \$2.4 millions; in 1977/78 the surplus was \$1.5 million; for the year just ended it is expected to be down to a little over half as much as \$820,000 and the estimate for next year is under \$600,000.

Second, during the two years 1976/77 and 1977/78 the revenues have had to finance subsidies to the Funded Services amounting in aggregate to over \$4 millions and will be financing an estimated further \$2.6 millions in 1978/79.

Third, the effect on the reserve position. At the end of the financial year 1976/77 the Consolidated Fund balance stood at \$3.5 millions; a year later it was \$2.2 millions. It is now estimated to be down to under \$1 million. These facts speak for themselves.

Before commenting in detail on the Government's anticipated revenue and expenditure in 1979/80 I have to deal with two matters which will affect the Estimates generally - the treatment of the 1979 Pay Award and the payment of the higher Efficiency Bonus.

For the Pay Award the procedure adopted last year has been repeated, namely a block provision of \$1.5 million has been made under a separate Head - No 28 - and the Appropriation

Bill authorises the virement from this Head to other Heads of expenditure of such sums as may be required. The amount provided represents 10% of the Government's total salaries and wages bill. There is nothing whatsoever sinister about the choice of 10%, it is not a Machiavellian device to pre-empt the negotiations; the fact that it is 10% and not some other percentage figure carries no implications of any kind; it is a 'without prejudice' figure in all but one respect - namely it is the figure which has been used to estimate the yield from income tax where the assumption has also been made that there will be a corresponding award by the other official employers.

The Government agreed last last month to an increase of \$1.50 a week in the industrial employees' Efficiency Bonus with proportional increases for juveniles and part-time employment. The increase is retrospective to 1st July 1978 and is estimated to cost \$190,000 gross in 1979/80. The increase will also be payable to some industrials employed by the other official employers. The net cost to the Government in 1979/80 of the increased bonus is approximately \$90,000 but in estimating the overall effect on revenue, account has to be taken of increases in the Dockyard Productivity Scheme affecting some 1,500 employees. The effect on income tax revenue of the combined increases in bonus and productivity payments inclusive of retrospection is estimated to be a gain of \$285,000. An amendment to Head 28 will be proposed at the Committee Stage to provide, by way of a separate subhead, for payment of the Efficiency Bonus and Revenue Head 1 will also be amended.

It is convenient to begin a more detailed review of the estimates for 1979/80 as they have been presented with some comments on the four Funded Services. As I have already mentioned the Electricity and Water Funds are expected to start the year with surpluses; the Telephone and Housing Funds on the other hand are expected to carry forward deficits.

As Appendix A shows there will be a substantial increase in operating costs in the case of Electricity which, if nothing is done about them, are estimated to produce a deficit on the Fund of \$85,000 by the end of the year. A significant part of these increased costs is attributable to the fact that the present fuel cost adjustment mechanism will not recover in full the oil price rise which became effective from 1st April. Oil prices were increased again as from yesterday and the effect of this further increase on operating costs is estimated to be \$88,000. Oil prices could well go up still further in the course of the year. It is therefore, clearly essential to alter the fuel cost adjustment mechanism and this will be done in the Finance Bill. With this alteration the Electricity Department has calculated that the revenue of the Fund from bills issued will rise by an estimated \$152,000 and that in consequence the deficit will fall to \$21,000. This however, does not take into consideration the higher Efficiency Bonus. For the Electricity Undertaking payment of the higher bonus are estimated to amount to

\$18,400. Thus the projected end of the year deficit will be \$39,400. In passing I would ask the House to note that it will be necessary at the Committee Stage to amend the provision under subhead 5 of the Electricity Vote to take account of the \$88,000 for additional fuel costs which I mentioned a moment ago.

The estimates for the Potable Water Service Fund - Appendix E - forecast an operating deficit of \$707,600 for 1979/80, not a great deal less than the amount which had to be covered by subsidy last year. Taking account of the higher Efficiency Bonus, which in the case of the Water Service Fund is estimated to cost \$9,200, the revised end of the year deficit will be \$708,300.

In the case of the Telephone Service, Appendix C, the deficit of \$15,300 which the Fund is expected to bring forward to this year is estimated to rise to \$114,000 by March next year. Payment of the higher Efficiency Bonus is estimated to cost the Service \$7,200 and to raise the end of year deficit to an estimated \$121,200.

The estimates of the Housing Fund are at Appendix D and reflect the Government's decision announced last year to make a further increase in rents with effect from 1st July. Even so the Fund will continue to operate at a substantial deficit and allowing for the smaller deficit brought forward and for the additional cost of the Efficiency Bonus will require a subvention of \$856,000.

Allowing for the effects of the higher Efficiency Bonus it would require a total budgetary contribution of \$1.8 million to cover the estimated deficits on the public utility and Housing Funds. As the Financial Statement on page 5 of the printed Estimates shows such a contribution would exhaust the reserve and result in a Consolidated Fund deficit of roughly \$2 million.

The Chief Minister will be announcing to the House shortly 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 burden of these deficits on the general revenues.

All I shall say at the moment is that the effect of these measures will be to reduce the need for budgetary contributions to the public utility and Housing Funds by approximately \$2 million.

And now the Revenue Estimates. Taxes on income are estimated to yield slightly over one third of the Government's total revenue. Adjusted for the tax assessable on the higher Efficiency Bonus and the Dockyard Productivity Scheme, together with an amount of some \$80,000 which was expected to be paid in March but was in fact received in April, Income Tax Receipts are estimated to be \$10,165 millions.

On the basis of receipts in the financial year just ended and making some allowance for the effect of inflation on ad valorem duties, revenue from import duties is put at 24 millions. With world shipping continuing to be in a very depressed state it seems unlikely that the trade in bunkers will pick up. The estimated revenue from export duties has therefore been left at the same figure as we expect to get in 1978/79 - namely 230,000.

The substantial increase in the yield from the general rate and the proportionately smaller increase in the yield from the salt water rate, are of course the automatic result of the general increase in the level of public housing rents which took effect from 1st July last year. Together these two items are estimated to produce an additional 2792,000 under Revenue Head 3. The Head will also receive a further 2125,000 from estate duty following the settlement of the estate of a non-resident who had assets in Gibraltar. Notification of the settlement was received too late for the amount to be included in the Estimates. The adjustment will of course be reflected in the approved Estimates which will therefore show 22.612 millions as the total estimated receipts under Internal Revenue.

The revenue receipts from Head 4 - Licences - in 1978/79 were inflated by the payment of the arrears due from the major sporting club licensee following the settlement of a dispute. In aggregate 1979/80 revenue receipts from licences are estimated to produce 2264,600.

Departmental Earnings under Revenue Head 6 are estimated to yield 2.36 millions or about  $\frac{1}{2}$  million less than the approved estimate for last year and nearly 2300,000 less than the revised estimate. The decrease is due to a number of factors. It cannot be assumed for example, that any vessels will be laid up at the Detached Mole for long periods as was the case during 1977/78 and again last year. Receipts from berthing charges must therefore be expected to be considerably less than they have been over the past two years. There will also be a drop in revenue from container charges following the Government's decision to extend the period during which no fees are payable on containers remaining within the prescribed area. Philatelic sales are again expected to fall for the second year running; the bumper year of 1977/78 is not likely to be repeated. Net earnings by the Treasury in 1979/80 will of course not be boosted as they were last year by the demonetisation of currency notes and by revenue from the sale of the Silver Jubilee Coin Issue. Moreover, the Note Security Fund is not expected to produce a surplus for transfer to the Consolidated Fund. As I mentioned earlier the value of currency notes in circulation increased from 24.3 millions in March last year to some 25.7 millions in March this year - the actual figure for the 31st of the month being 25,651,410. Inevitably therefore, the value of the statutory reserve has increased and an assessment carried out on March 29th, showed that the reserve was only 4.5% of the value of notes in circulation.

This is well below the 10% "trigger point" laid down by law for surpluses to be transferred. The Consolidated Fund also derives revenue from the Currency Note Income Account the estimates for which are shown in Appendix F on page 118. Interest on investments has been put at 2255,000 and after allowing for a higher contribution to the Note Security Fund and the cost of some replenishment of stocks the amount estimated to be available for transfer to the Consolidated Fund is 2465,600. Partially offsetting these estimated decreases some items of Departmental Earnings are expected to produce rather more revenue than last year; Hospital fees are expected to yield an estimated 279,000 more than the revised estimate for 1978/79 and Passport fees, passenger dues and Tourist Office receipts are also expected to show small increases. The largest single rise however, is in the estimated profit on the Government Lottery where receipts should reach 2431,500, an increase of just over 2100,000 on the revised estimates for 1978/79. Once again the success of the Government Lottery reflects the excellent work done by the Lottery Committee and the Treasury staff concerned with its management. The House will be pleased to know that the June draw will be one of 35,000 tickets at 24 each for a price structure as for Christmas last year. The first prize which is what interests people the most will again be 250,000.

Finally as a result of the improvement in the anticipated out-turn of the Government Savings Bank for 1978/79 which I have already commented on, there should be some surplus available for transfer to revenue in 1979/80. The amount of the surplus will depend on the value of the Fund on 31 March 1980 and at this stage I have assumed that 250,000 is a reasonable estimate. The necessary adjustment will be reflected in the final approved Estimates.

Interest earned by the Consolidated Fund investments is affected by a number of variables any one of which can affect significantly the actual revenue outcome for the year. There is the value of the Consolidated Fund itself; this is affected by the cash flow which in its turn is affected by its intricate relationship with the value of the bills actually outstanding at any given moment. Finally of course there is the movement of interest rates during the year. Taking account of the Government's overall financial position and the possibility that cash flow difficulties will be experienced at some stage during the year, the estimate of revenue from interest earned on the Consolidated Fund investments has been put at 260,000. The House must accept however, that this interest cannot be estimated closely and that as a result of any of the variable factors I have mentioned the final outcome for the year could be significantly different.

My final comment on the Revenue Estimates relates to Head 8 - Reimbursements. As a whole the Consolidated Fund is expected to receive just over 28 millions by way of reimbursement. The bulk of these reimbursements will be derived of course from the recovery of expenditure incurred in respect of the four funded services, in all some 26.85 millions. There

will also be a substantial increase in respect of reimbursements by the Ministry of Defence on account of the children of Service personnel attending Government Schools. The amount in 1978/80 is estimated to be £266,700. In the other direction the Admiralty share of the cost of the Police Force is expected to drop by some £240,000 as compared with the approved estimate last year for the reasons I have already explained.

The adjustments which I mentioned in dealing with the funded services just now will of course affect the amount to be repaid by the respective Special Funds. The total of these adjustments is plus £150,600, being £62,800 on account of the Efficiency Bonus and £88,000 for the higher fuel costs at the generating station. The approved Estimates will be amended to reflect these adjustments and the total for reimbursement under Head 8 will become £8,187,900.

Now expenditure. In cash terms the Government's ordinary expenditure in 1979/80 is estimated to rise by just over £1 million, or 4%, by comparison with last year's revised estimate. The 1979/80 figure is £27 million. This comparison is very misleading however, because the revised estimate of £25.96 millions for 1978/79 includes some £3 millions for arrears for salary, wages and allowances for the period up to 31st March 1978. The true increase is therefore £4 millions or 15.4%.

The Estimates as presented show provision of £1.77 million as the total of budgetary contributions to the four Special Funds but as I stated earlier the Government has decided on measures which it estimates will reduce this amount to £1.21 million.

Thus total estimated current account spending in 1979/80, inclusive of the various adjustments I have mentioned in the course of this statement, is estimated to be £28.49 millions and not £28.78 millions as shown on page 5.

Hon Members when speaking to the Government's overall financial position, will obviously need to have before them figures which reflect the Government's measures and all the adjustments I have referred to. A revised Financial Statement together with revised estimates of each of the Special Funds will be therefore circulated after the Hon Chief Minister's statement and I give notice that I shall move, when the House goes into Committee of Supply on the Estimates, to delete page 5 and pages 113 to 116 inclusive and to substitute therefor respectively the new page 5 and the new pages 113 to 116 inclusive.

Before I summarise for the Hansard record the Government's overall financial position as shown in the revised Financial Statement, a word about the Consolidated Fund Charges, the Heads of Expenditure which fall directly under the Treasury and the estimates of the Improvement and Development Fund.

As with every other Head of expenditure, the Consolidated Fund Charges reflect the impact of parity settlement. Expenditure on the salaries and allowances of the holders of those offices the emoluments of which are charged on the Consolidated Fund under the provisions of the Gibraltar Constitution, is estimated to be £90,000 in 1979/80. The cost of Statutory pensions is estimated to rise by some £42,000 as compared with the revised estimate for last year. The increase not only reflects the effect of parity on new pensions and gratuities but also the index-linking of existing pensions. Except for the two new borrowings, Public Debt Expenditure is little changed. Provision is now made for the interest and commitment fee on the £2.5 millions Barclays Bank International Limited Loan and for the servicing of the recently issued 9% debenture, 1993. As I explained to the House when the relevant Bill was being debated at an earlier stage in this meeting, the Barclays Bank Loan is available in two tranches, the first of £1.5 million until 30th September and the balance of £1 million between that date and the 31st March next year. Interest accrues from the date of each drawing and is payable in each roll-over date. Since the rate at which the money will need to be drawn down depends on the progress of locally funded development projects and since in any case it is anybody's guess how interest rates will move over the next 12 months, it is impossible at this stage to forecast with any degree of precision the amount of interest that will in fact become payable.

The cost of running the Customs Department is estimated to be £342,600 as compared with £266,500 pre-parity, an increase of £114,100. The increase represents an additional 1p for every pound of revenue collected, namely 8p instead of 7p. The provision for overtime, part of which is recoverable by way of charges, is based on the Staff Inspector's recommendations for revised duty rosters. And here I must depart for a moment from the printed text to add the clarification that I want to make it very clear that the duty rosters set out in the Staff Inspection Report were examples, and no more than examples, of the way in which the duties of the customs might be organised.

In the case of the Income Tax Department although the cost of running the department has just about doubled since 1977/78, the cost of collecting the tax is still only 1.3% of the total revenue yielded.

For the Treasury itself expenditure in 1979/80 is expected to be just over £2 million an increase of almost £½ million over the revised estimate. Less than half the expenditure accounted for under the Treasury Head can be considered to be departmental expenditure in the sense that spending by, say, the Education Department is, the greater part goes on subventions and on the Government's share of contributions to the Social Insurance Fund which the Treasury, as a Department, has no



control. The Treasury Staff has been increased by six mainly as a result of Staff Inspection and considering the great expansion of the volume of Government's financial business over say, the last 5 years, it is worthwhile commenting, I think, that the 1979/80 establishment is only 6 more than it was in 1974/75.

The bulk of the increased spending by the Treasury for which provision is being made in the Estimates will go in subventions, where GEC will take almost £1 million, and on contributions to the Social Insurance Fund which are estimated to amount to £351,000. The ordinary subvention to the GEC will be £605,500, getting on for three times the 1977/78 figure and almost twice the revised estimate for 1976/79. This very large increase represents the cost of the recent review of GEC salaries and wages. In addition an estimated sum of £346,200 will be paid to the Corporation to meet the cost of the conversion to colour TV. As the final comment on the estimates for the Treasury Head I should explain the reservation of the sum of £20,000 which has been provided for contribution to the Government Insurance Fund. As at 31st March the estimated value of the Fund was £365,000. This is totally unrealistic cover for any but relatively minor damage to Government property as a whole. It is proposed therefore to re-appraise the whole question of insurance of Government property and until that is done the sum of £20,000 provided under Subhead 11 will stand reserved. Dividends on the Fund's existing investments will be sufficient to meet the premia on those particular items of property which are separately insured.

Total estimated expenditure from the Improvement and Development Fund in 1979/80 has been put at £7.7 millions - a formidable target. This expenditure will be financed largely by Development Aid grants under the 1978/61 Aid Allocation agreed last year but there will also be a substantial contribution from Gibraltar's own funds including of course the agreed 10% contribution to aided projects costing more than £200,000. As shown in the Summary of Receipts on page 89 of the printed Estimates, the capital works programme for this year will involve £5.47 millions of aid funds. The local funding requirement will be £2.3 millions.

As the House is aware actual receipts of development aid funds are dependent on the rate of actual expenditure on approved projects. This will not be the case with Gibraltar's own funds which will come from the £2.5 million Barclays Bank Loan and which must be drawn down in full before the end of the financial year.

The Improvement and Development Fund will therefore start the year with a small deficit of £67,220. Assuming that the capital programme for the year is implemented in full total receipts into the Fund will amount to £8 millions and there will therefore be an estimated surplus balance of some £132,000 as at 31st March next year.

Now for the Hansard record I will summarise the Government's financial position as it appears in the revised Financial Statement which will be circulated as soon as the Hon the Chief Minister has spoken.

The various changes in revenue and expenditure which I have referred to and the effect of the measures which the Chief Minister will announce will result in a chain reaction starting with the revised estimates for 1976/79.

First the recurrent revenue is affected; this goes down by £153,000 and reduces the estimated surplus for the year from £823,894 to £670,894. As a result, second, the revised estimates of the Consolidated Fund balance on 31st March becomes £307,911.

For the 1979/80, estimated recurrent revenue becomes £28.27 millions and estimated recurrent expenditure is £27.28 millions, increases of £690,800 and £276,000 respectively, consequently the projected revenue surplus for the year will rise from £580,600 to £993,400.

The Government's measures coupled with the various adjustments which I have mentioned are expected to result in a surplus of £35,600 on the Electricity Fund. The deficits on the Water Fund and on the Housing Fund are estimated to fall to £356,300 and £656,000 respectively. These will have to be met by budgetary contributions. The Telephone Fund will still show an uncovered deficit of £19,200 but this it is hoped will, in fact, be met following a review of the sharing of revenue from the trunk call service.

Overall these changes will produce a revised estimated deficit from the year of £216,900 and will project a Consolidated Fund Surplus as at 31st March next year of £89,000 instead of the deficit now shown.

Mr Speaker, this is the fourth occasion on which I have made the annual statement on the Government's revenue and expenditure estimates and each time the passage which has always given me the most pleasure is the acknowledgement at the end of the part played by all those concerned with the compilation of the figures and in particular the work of my own staff. Those who have not had the good fortune to serve in a finance Department may not fully appreciate the long hours of concentrated effort, almost invariably working 'against the clock', and the meticulous attention to detail which the preparation of the annual estimates involves - a task not made any easier, I regret to say, by the unreliability of some of the basic data submitted initially. It is right, therefore that I should end with a public acknowledgement of their efforts and by expressing my appreciation of their loyal and unstinted assistance to me. Mr Speaker, I beg to move.



MR SPEAKER:

I will then call on the Honourable the Chief Minister to make his statement.

HON CHIEF MINISTER:

Mr Speaker, in my statement on the Estimates of Expenditure this time last year I spoke with confidence and optimism for the future. This confidence and optimism stemmed from two major developments which had occurred shortly before that statement was made. The first of these was the grant by the British Government of £14 million of development and technical aid; and the second was the introduction of parity.

The Financial and Development Secretary has now given us a clear and realistic account of the general economic situation outside Gibraltar and of the way in which it affects and will continue to affect us here. In particular, he has described the outlook for the United Kingdom economy as a pretty dismal one and has said, quite rightly, that it is bad news for Gibraltar in that the predicted increase in the rate of inflation in Britain will gradually but inevitably have its effects on us.

It is clear also, from the figures quoted by the Financial and Development Secretary, that the financial position is far from salutary. I will repeat only, for the sake of emphasis and to give due perspective to my own statement, those figures which highlight the situation. It was estimated last year that the Consolidated Fund balance on the 31st March 1979 would be £1.6 million, a figure which surely no-one can regard as being any more than barely adequate. As Hon Members will have seen from the draft Estimates, the revised figure for the end-of-year reserve was £.46 million and, as the Financial and Development Secretary has stated, the latest figures show that it will in fact be no more than £.3 million.

Looking forward to 1979/80, the draft Estimates show a working surplus of £.58m but this is converted, by the uncovered deficits on the Funded Services, and after taking into account the revised balance of £.3 million, to a deficit of £.69 million.

Faced with this situation, the Government has no alternative but to introduce measures to convert this deficit into an estimated reserve at the end of March 1980 which, once again, will be no more than barely adequate.

We have three choices before us to achieve this minimal reserve. These are as follows:

- (1) first of all, we could reduce the rate of Government spending drastically by cutting services and amenities;

- (2) secondly, we could propose heavy increases in taxation and make people pay considerably more for the services provided;

- (3) thirdly, we could produce a combination of these two choices.

We have opted for the third of these possibilities. When the departmental estimates were submitted for scrutiny by Ministers after they had been discussed individually by Ministers with the Financial and Development Secretary, we pruned these further in order to achieve a reduction of £790,000 in Government expenditure. I do not think this cut can really be described as drastic but, in today's world, any reduction in the services by a Government, or indeed, the absence of an increase in these services, is likely to be badly received. On balance, I would describe our cuts as not drastic but substantial and serious.

In so far as the second choice is concerned - passing on the full burden of increased Government expenditure through taxation - we felt that we ought to avoid measures which would make too great an impact on the household budget and too seriously affect the living standards which have been achieved in recent years. Nevertheless, a substantial measure of increased charges and taxation is necessary if, with the cuts in proposed expenditure, we are to succeed in achieving a modest but essential reserve.

To deal first with the Funded Services, I think it is clear that the increases in charges and rents which we introduced last year, though by no means painless, were absorbed by the average household without seriously affecting the level of disposable incomes. The advent of parity and the very considerable increase in the purchasing power of the average household helped substantially to cushion off the effects.

We said last year that we would pursue a policy of progressive increases in public utility charges with a view to making them eventually as near self-supporting as possible. The second stage of that progressive policy will be introduced this year and I do not think I need again go into any detailed or elaborate justification of this policy.

The electricity and to a lesser extent the water that each household consumes, the telephone facilities it chooses to provide itself with, and the housing it occupies, are commodities no different from others such as food or clothing. In our view, each household must pay for what it chooses to consume and if a particular household is careless or wasteful there is no reason why the general body of taxpayers, many of whom will be careful and economical, should pay for someone else's extravagance.

Before the achievement of parity, substantial budgetary subsidies to the funded services were, in our view, necessary

and justified. It was with the achievement of parity that a new policy had to be introduced. But, as I explained in detail last year, we believe that, in view of the long-established practice - as well as the fact that proper accounts of the Public Utility Undertakings replaced the previous notional accounts from 1969 only in 1977 - the new policy should be introduced in stages, and not overnight, in order to give the population as a whole the necessary time to adjust to the economic changes brought about by parity. As I also explained last year, when the introduction of parity was being discussed with Unions they were informed, and accepted, that charges for services and rents had to go up and - I shall have more to say about this later - overtime had to come down.

In so far as electricity is concerned, it is our intention that this service should pay for itself fully as from this year. This will be achieved by a modest tariff increase of about 5% from the 1st July in the secondary rate of the domestic tariff and by altering the fuel cost adjustment formula, for reasons which my colleague for the Municipal Services will explain, has required a necessity to alter the formula itself which will come into operation in May in order to ensure that the recent increase in the price of fuel will be fully recovered as well as increases taking place in the future. This is a very fair device, the principle of which was approved by this House, as it passes on to the consumer the actual unit cost of fuel increases in the tariff.

Water charges will be increased by 50% and will thus reduce the estimated deficit of £708,300 by about one half to £356,000 which, of course, will have to be met by a budgetary contribution. In other words water will be subsidised to the extent of £356,000. Details of the charges will be given by the appropriate Minister.

Telephone rental charges will be raised by 15% in the case of domestic tariff is rounded up to £18 a quarter from £15.60 to £18 - it is just over 15%, 15% would make it £2.34 and it will be £2.40, and there will be a 50% increase in the trunk call charges to Spain and Portugal. These measures will still leave an estimated deficit, at the end of March 1980, of some £19,000 but it is hoped to produce additional income for the Telephone Department by means of a larger share of the revenue from the international trunk call service which is at present the subject of negotiations with Messrs Cable and Wireless. We are therefore very close to making the telephone service pay for itself.

A further increase in rents from the 1st July 1979 was forecast by the Government at this time last year excluding Varyl Begg. A detailed study has been carried out to ensure the greatest possible fairness in the amounts to be paid in respect of different kinds of housing. The location, amenities and other factors of particular properties have been carefully weighed and the amount of the increases will accordingly vary widely between 60p a week to £2.50 per week.

There may be the odd case where it will be a little more but this covers the majority of the bulk of the cases. I must stress that, in spite of the increases made last year and those coming into operation on the 1st July this year, it will be necessary to make a budgetary contribution to the Housing Fund of no less than £856,000 which is a subsidy of that amount. I will add here that we propose to amend the law now so that this year's rent increases will not be followed automatically by increases in rates on 1st April 1980. It would have been unfair to have applied yet another increase based on the current rents and this is a one year exercise. In the meantime further consideration will be given to the Government's policy on housing rents and rates generally. I should perhaps add here that the necessary amendment is being introduced to allow pre-war private dwellings which are rent restricted an increase of 25% in tenement buildings, 33½% in pre-war flats and an increase restricted to 16% of the rent of post-war flats which are not let furnished. That is to say, we propose to introduce a limitation on the price of the post-war flats which are not furnished.

The measures I have described, other than housing rents, will be introduced in the Finance Bill when Hon Members will be given precise details of the tariff changes proposed. The new financial statement to which the Hon Financial and Development Secretary has referred and which will be circulated shortly will describe the effects of these measures, he has already given you an outline. Hon Members will see that the prediction for the 31st March, 1980, after these effects have been taken into account, is an estimated Consolidated Fund balance of £.089 million. I am sure the House generally will agree that this is not enough. Other measures must therefore be taken to bring the reserve up to a more acceptable level. These measures, and the social and economic policies which have led the Government to adopt them, will be announced and discussed at the proper time.

Another major feature of the budget is Income Tax. There has been pressure from the Gibraltar Trades Council and the Transport and General Workers' Union for changes in the Income Tax structure. The Government accepts the need for structural change particularly with a view to increasing the net disposable incomes of those on the lower tax bands and especially those with large families. In large measure it has been possible to meet most of the points made by the Gibraltar Trades Council and the Transport and General Workers' Union on these matters not on the 40% reduction for everybody, but the problem facing the Government was how to find the revenue to finance the additional personal reliefs and children's allowances. The Government will be introducing a package as part of the Finance Bill which seeks to secure the main aims which I have just mentioned viz: to benefit those in the lower income bands and those with large families and to provide a more progressive tax structure.

In approaching this year's budget the Government has concentrated its attention on realism and fairness. The reality, as is perfectly plain from the financial situation which has been described, is simply that, as a community, we are now living beyond our means and enjoying a standard of living which we cannot afford to pay for. Any community, large or small, which funds itself in this situation must, like any ordinary household, take steps to put it right or end up in bankruptcy.

What are the real causes of the present situation? First of all, it is obvious that the Government's current spending has been growing progressively over the years and, again like any ordinary household, when spending is greater than income, items of expenditure which, though desirable, are not essential, have to be reduced. As I have already said, this year we have cut proposed departmental expenditure by £790,000. But any prudent householder looks to the future as well as at the present. The advice we are given is that the Government's financial situation in 1980/81 is almost certain to be worse than it is today. I have accordingly decided to set up a small Committee, which will be chaired by the Minister for Labour and Social Security, whose task will be, during the coming year, to examine Government expenditure right across the board and to select those areas in which expenditure can be reduced or eliminated.

This process occurs, of course, every year during the consideration of draft Estimates. The reason for a special exercise this year is that the serious financial situation calls for a deeper and more leisurely study to be made. The Committee will be able, not only to carry out a detailed examination of every area of public expenditure, but will have the time, during the course of the year, to carry out full consultations with Ministers and departmental officials and such other persons and bodies as it may consider desirable or as may wish to make representations to it.

The Government's policy of realism and fairness will be the guiding principle in the Committee's work. It will, on the one hand, seek out those items of expenditure which, in the reality of our present and forecast financial situation, cannot be justified - not because they are not desirable in themselves but because we cannot afford them - and, on the other hand, it will ensure that services provided by the Government which are socially of importance, particularly where the lower income groups are concerned, are protected and, if necessary, improved. It will also be within the Committee's competence, in its investigations into departmental expenditure, to recommend such changes as it may consider desirable in systems and methods of administration of essential public and social services in order to produce economies and eliminate waste.

This Committee is an ad hoc body designed to meet a particular situation. It contains some of the elements of the

House of Commons Select Committee on Estimates, in that it will examine expenditure in close detail and look for economies. It will, however, differ from this Committee in that it will not be debarred from considering policy and will, in this sense, resemble the House of Commons Committee on Expenditure whose main task is to consider the administrative policy which lies behind departmental estimates of expenditure before final decisions are reached by the Government.

The Committee will differ from the two Houses of Commons Committees in its composition as at present proposed. It will be a mix of Ministers and officials and not a body representative of the two sides of the House unless, that is, the Leader of the Opposition would like to consider the possibility of a Member of his side participating in work. Should he agree to this, I am prepared to discuss the whole matter with him after this meeting of the House. I would, however, make one point: the spirit of this Committee will be objectivity, its objective the careful and economical administration of public funds; its purpose, as well as its effectiveness - like those of the Public Accounts Committee - would be nullified if it were instead to become a political battle-ground. The Leader of the Opposition will no doubt wish to give this proposal his careful consideration and inform the House of his views. Should he agree to the participation of the Opposition I would then also invite the Hon J Rossano to join the Committee. His expertise in financial matters would be a valuable asset but I think it would be wrong to invite him alone if the Committee is not to be representative of the House as a whole.

I will stress once more; this Committee is designed to protect the public interest and the interests of taxpayers as a whole; it is not intended to provide a forum for party political arguments. I believe that the floor of this House is the proper place for this and provides ample opportunities.

I should like to make a reference, at this point, to the Public Accounts Committee established since the last budget. The Committee has been meeting regularly for the past few weeks and, I am informed, is making excellent progress. Most Controlling Officers have now appeared before it and the Committee, I understand, will shortly be preparing its first report to the House.

The growth in Government expenditure is one of the main causes of the present financial situation; a second major cause is the continuing high level of overtime being worked in Government Departments. If I may refer to my statement on the Estimates of Expenditure last year, I said then:

"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/FSA 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."

That was the end of my quotation in last year's statement.

Let there be no mistake about this. A certain amount - even perhaps a considerable amount - of overtime work is necessary in order to provide essential public services. First of all, the cost of providing essential public services - such as the Police Force, the electricity supply, the fire service, the medical service and the municipal services - are necessarily proportionately greater in small communities than in larger ones. The need for overtime work is also proportionately greater in a small place. It is necessary therefore to make a very clear distinction between essential and unnecessary overtime. Already, on the introduction of parity last year, the level of what was known as 'social overtime' was systematically cut in all departments where it existed. What is now required - as in the case of the Committee on Expenditure which I have announced - is a much more detailed examination of each and every case of overtime to determine where justification exists, in the overall interests of providing an essential service and, in the overall interests of the general body of taxpayers, where it does not.

I have spoken of fairness as one of the top planks in the Government's approach to this budget. The working of unnecessary overtime benefits a relatively small number of individuals and is unfair to the rest of the community. In an ordinary household no one member is allowed an unfairly large slice of the family cake. A great deal of detailed work in collecting information on the current levels of overtime being worked in Government Departments has already been done. This survey has shown that the level of overtime being worked at present is costing as the Financial and Development Secretary said, close on £2 million per annum, divided, roughly in equal parts, between industrial and non-industrial employees. The next step will be to examine case by case and to make such cuts as are compatible with the efficiency of a department on the one hand and the taxpayers' interests on the other. Appropriate officials, working from the centre, are being charged with this task and will shortly be embarking on a series of investigations and consultations with Heads of Departments.

The question of productivity is clearly also an important area in this context. While acknowledging, as I now do once again, the excellent and loyal service rendered by many employees in

the public service, I referred, in my 1979 New Year Message, to the need in certain areas for a greater effort by both management and employees if our relative general prosperity was not to be an artificial one. Again, considerable ground-work has been done on this. Consultations have taken place with Heads of Departments most closely affected, the main causes have been identified, and a number of measures to deal with them have been proposed and are under study.

The level of overtime work and the proper regulation of productivity are the responsibility of management. Needless to say, however, they are both matters in which it is proper for the Government to seek to enlist the cooperation of all the Unions concerned in an endeavour to eliminate unnecessary overspending in the ultimate interests of the community as a whole, which, of course, consists, to a very large extent, of the members of the Trade Union movement and their families.

A word now about the Development Programme. The House is aware of the nature of the current programme and will appreciate that considerable time is required for it to get under way. While it had originally been hoped that 1978 would see the start of many of the works programmed it is now clear that the programme will begin to peak in this year and next. We will therefore soon begin to see the effects of the injection of a large amount of capital funds with the attendant increase in the numbers employed in the construction industry.

The Government has succeeded in raising £2.5 million on the London market for its contribution to the Development Programme. Of the total expenditure being sought in the Estimates for the Improvement and Development Fund no less than £1.9 million is estimated to be spent on those projects for which the Government is wholly responsible for funding. The balance will be required to meet the Government's commitment to contribute 10% of the major aided projects.

I began this statement by referring to the confidence and optimism for the future which I had expressed in my statement last year. I went on then to refer to the unpleasant financial situation which faces us and to the steps that have to be taken, by way of increasing rents and charges, and other measures still to come, and by way of administrative acts to reduce unnecessary Government expenditure.

In spite of all this, I do not consider that my confidence and optimism were unfounded. I reiterated my view in my New Year Message three months ago and I do so again now. The substantial financial support provided by the British Government - and the moral and political support which it underlined - is no less real today than it was a year ago.

The second reason for my optimism was parity, given, as I said then, certain conditions. These were substantial increases in charges and a reduction in overtime work and we are continuing

our policies in these two respects. I looked forward also at the time to industrial peace and I am glad, as I am sure the whole community is, that we have enjoyed such peace since then. It is our hope that this will continue and, as I did last year, I once again undertake that we will do everything possible to secure understanding with the Unions through close and sincere communication.

If the cost of parity to the Government has contributed to the present financial situation - as it undoubtedly has, not only in terms of increased basic pay but also because of improvements in leave and sick pay and other conditions of service - there is, of course, a much brighter side to it as well. There has been a substantial improvement in real living standards. Overall, earnings in Gibraltar rose by around 50% in 1978/79 and this has meant an increase in real terms of between 25% and 30% in take-home pay at a time when inflation has risen by only 15.6%, only I mean in comparison to the 25% and 30%; not that it is a desirable figure. Parity has not retarded the economy. The numbers employed in the private sector show some increase while the growth in Government employment has been checked. The parity settlement injected some £10 millions of purchasing power into the economy - some £4 millions as lump sum payments for retrospection - to the benefit of trade in general. Evidence of this purchasing power is to be found, inter alia, in the number of new cars and television sets bought in 1978 to which the Hon Financial and Development Secretary has referred. 1978 was a good year for the tourist industry in general and for the hotels in particular. To a large extent the private sector had anticipated a parity level of wages and overall earnings in that sector rose by about 30%. The net result is that the private sector was not seriously or adversely affected by the introduction of parity by the Official Employers.

The truth of the matter is that it is the Gibraltar Government in particular that is still adjusting to parity and that the undoubted and substantial benefits which it has brought to the people must be balanced by the implementation of policies such as those which this budget proposed.

The Government is responsible for administering public funds and has a duty to make the facts clearly known to the public, to suggest the policies which should be followed and to persuade the public that they are the right policies.

If, as I said earlier on, we are living beyond our means, then we have only two alternatives; the first is to ensure that we spend only what we can afford, and no more, and that in order to do so, we must introduce the necessary financial measures and take the necessary administrative steps and accept that, for the moment at least, we cannot continue to demand an ever-rising standard of living. This is the realism behind this budget. The fairness behind it is, we believe, reflected in our general policy of making the funded services pay for themselves and in ensuring as far as possible that no individual takes undue personal advantage at the expense of the taxpayer.

The second alternative before us is to hide from reality and to shirk the unpleasant but nevertheless necessary measures which I have described. If we were to choose this alternative we would sooner rather than later arrive at a situation in which the Government would be unable to meet its commitments. Its only recourse then would be to seek budgetary aid from the British Government - like an ordinary household living on charity. In my many years in public life in Gibraltar I have held firmly to the principle that Gibraltar should avoid budgetary aid and all it means. This is a principle which I hold personally, and strongly, for a number of reasons, not least of these being the political and constitutional dignity of Gibraltar for which I have fought for 35 years. I accept that others may think differently and that they might not object, in principle, to budgetary aid. To these I would say, first, that such aid would inevitably involve a transfer of control and responsibility for Gibraltar's financial affairs from the Government to the British Government. That, to my mind, would be a totally unacceptable and retrograde step. Secondly, I would say that budgetary aid would, in any event, be self-defeating. Because somebody else would be meeting our financial shortfall, they would not only call the tune but ensure that the cost of doing so was kept to the minimum. A decline rather than an improvement in living standards would be the more likely in such a situation.

Development aid and general British Government spending in Gibraltar are, to my mind, quite different matters. The latter is an essential part of our economy but I trust and believe that it represents value for money. Development aid represents £4 per head of the Gibraltarian population per week. While I have always expressed my appreciation for this financial support, I have never made apologies for seeking it because I believe that there is overriding moral and political justification for it. But budgetary aid will never have my support nor, I believe, would the majority of Gibraltarians wish to find themselves in such a situation with all its consequences.

In this connection I would inform the House that, when I saw Dr Owen in January this year, and while discussing with him the situation in Gibraltar generally, I informed him of the difficult financial situation which had arisen this year and said that I was considering possible ways and means in which the British Government might be asked to assist. I subsequently wrote to the Governor asking him to forward to London a request for some modest financial assistance which, if granted, would, in addition to the measures which we are taking ourselves, enable us to bring our projected reserve to a more acceptable level. I am awaiting a reply.

I wish to make it absolutely clear that this request does not in any way alter or affect my views on the undesirability of Gibraltar becoming grant-aided. It is an ad hoc request designed solely to meet the particular situation which has arisen this year. The substantial cuts we have already made



in departmental estimates, our continuing progress on rents and the funded services, the expenditure committee which will be working throughout the year and the detailed scrutiny of overtime which will be carried out are all, I think, sufficient evidence of our determination to do everything possible to put our financial house in order and to ensure the achievement of a sound financial basis for the future.

It is with these thoughts in mind that I ask not only this House but Gibraltar as a whole to accept this budget, unpleasant though it may be, if only as the lesser of two evils. My continuing confidence and optimism arise from my knowledge not only of the innate good sense of the Gibraltarian but also of his resolution and sense of personal dignity of which so much evidence has been presented to the world in the last fifteen years. I have no doubt that, financially, we are at a cross-roads; I have every confidence that, as we have done politically, we shall take the right turning. Anyone who advocates otherwise will, in our opinion, not have the best and long-term interests of Gibraltar at heart.

That, Mr Speaker, is the end of the statement but I would like, before I sit down, to say that perhaps we should have said earlier that we wish our Clerk, our permanent Clerk, a quick recovery.

MR SPEAKER:

I was going to say that I do know that our Clerk is well on his way to recovery and will soon be back in his post as usual.

Perhaps this is a good time to recess until 3.15 pm when I would like comments on the general principles and merits of the Bill.

The House recessed at 1.07 pm.

The House resumed at 3.35 pm.

MR SPEAKER:

Gentlemen, just at the time of year when I say on the second reading of the Bill: "Does any Member wish to speak on the general principles and merits of the Bill", I am sure that you are all raring to, but may I in saying this explain under the new procedure that under the general principles and merits of the Appropriation Bill this is the time therefore, and I am speaking procedurally exclusively, as to who wishes to speak and what they wish to say has nothing to do with me, but procedurally of course this is the time for both Ministers and Members of the Opposition to speak on the general principles and merits of the Bill, touching both departmental policy, general policy, and any matter which is relevant to the debate. When we go into the Committee Stage of course we will be dealing with the particular Heads of Departments item by

item and then debate will be restricted to the particular item which is being discussed. Now is the time to deal with the general principles and merits of the Bill.

HON M XIBERRAS:

Mr Speaker, the statement by the Honourable the Financial and Development Secretary was as usual informative and the House should thank the Financial and Development Secretary for this information.

The statement by the Chief Minister is one of considerable importance, and it is on the broad merits or demerits of that statement which I wish to address the House.

Mr Speaker, it is not the people of Gibraltar that are living beyond their means, it is the Government of Gibraltar that . . . . .

HON CHIEF MINISTER:

If the Honourable Member will give way. I said it is the Government that is living beyond its means, not the people.

HON M XIBERRAS:

The community was living beyond its means was what the Chief Minister in fact said. It is the Government that is living beyond its means. No one, not even a cursory and occasional visitor to this House, could have failed to have noticed the difference of the Chief Minister's tone. Even the difference between last year's Chief Ministerial address and this year's. Last year the first parity budget was introduced by the Chief Minister with such confidence and optimism that all the Members on this side of the House who for many years have been advocating to the Chief Minister the introduction of parity, that thought, that general atmosphere of euphoria, to try and adopt a more realistic attitude to the introduction of parity. The Chief Minister was not to be deterred on that occasion. Not only did he maintain the stand he had taken in last year's debate, but he even accused the Opposition of reversing its attitude to parity, simply, because the Opposition at that time, my colleagues, were warning about those other measures that needed to be taken with the introduction of parity if the position which we have reached today, as it appears, was not to be reached.

Mr Speaker, even the occasional visitor to this House must have heard the Opposition try to persuade the Government that the procedures available to this House for the control of expenditure were insufficient. It was always a hobby horse of mine, Mr Speaker, for the last four years, I would say. And we have regularly insisted that the Government has a responsibility to control that expenditure, to see that it did not live beyond its means. The occasional visitor to this House, Mr Speaker, would have heard not only the Honourable Mr Bossano, as the Financial and Development Secretary indicated,



and not only last year but for at least six years, my Honourable and Learned Friend Mr Isola repeatedly and ad nauseum telling the Government that its performance as regards expenditure under the Improvement and Development Fund was abysmal, that it was going worse year by year. And the occasional visitor, Mr Speaker, to this House must also have heard the Opposition urge upon the Government a policy of moderate and realistic economic expansion so that we would have a larger cake to share amongst all the people in Gibraltar. The occasional visitor would also have heard the Opposition, my colleagues, speak about the lack of service which the community was getting for the immense amounts which are being spent for 25,000 people. £27m last year, speaking in round figures generally; this year 15% more but on and off a rapidly increasing budget which does give the people of Gibraltar a better standard of living but which the Government have not had the courage to see to it that the people of Gibraltar have also a good service for the taxation which they were paying.

Mr Speaker, not only the Opposition but the Government itself has on many occasions taken over the policy, this policy that was obvious for Gibraltar and has been obvious for a number of years. The Chief Minister and the Financial and Development Secretary spoke about cost consciousness last year and the year before that. The Chief Minister spoke about cost consciousness in the context of the introduction of parity. But, Mr Speaker, as has happened so often since 1972 when Honourable Gentlemen opposite took over, for one reason or another, at one juncture or another, the question of political expediency was more important than their obligation to face the public in Gibraltar with the exact consequences of their actions. And to take action themselves accordingly.

Mr Speaker, this year the Chief Minister talks to us about realism, and he does no more than catch up with what my Honourable colleagues and myself have been saying in this House for a long period of time. No more than catch up. Now he speaks of realism. But last year when we were trying to introduce in the House an air of realism about parity, we were trying to tell the Chief Minister that it was not going to be all on the plus side and you needed to take certain measures as well. The Chief Minister at the most simply paid lip service to this.

Mr Speaker, the record of the Government has been a very poor one with regard to its real responsibility to the people of Gibraltar. And the Opposition, my colleagues and myself, have been concerned about this. For instance, Mr Speaker, on the question of expansion of the Government service, the number of people employed by the Government. Whilst talking about cost consciousness last year we were also informed that the Government had taken on something between 10% and 15% more employees over a period of about two years. When their expenditure on the Improvement and Development, when these forces are generating money in the economy, were going down and have been

going down since 1972. And yet, Mr Speaker, when the Opposition, my colleagues and myself, asked the Government for some sort of indication as to what new posts were being created, we were told, as regards a good number of them, that the changes had been introduced as a result of staff inspection and that therefore the Government was not in a position to tell us what new posts had been created and why.

In the Improvement and Development Fund, Mr Speaker, the House knows very well what has happened. I am glad to hear the Government talking about stimulating effects of improvement and development money in the economy, but where was this thinking in the year since 1972; where was the performance that should have accompanied these words. Is the House aware that in 1972, the year ending 1972, expenditure of the Government headed by my Honourable and Gallant colleague, Major Peliza, was £2.2m in improvement and development, and in those days a number of projects which are today included in the Improvement and Development Fund, were not then included in the Improvement and Development Fund. And is the House further aware that between April 1972 and January this year, and as indicated by the Index of Retail Prices, there has been an increase in the cost of living of something like 156%? And can the House not deduce from that what the level of spending was in 1972 with £2.2m as compared with the level of spending in 1973, 1974, 1975, 1976, 1977 and 1978? Is this the Government that comes, are these the gentlemen that come to the House, which is the people of Gibraltar and tell them about the beneficial effects of Improvement and Development Fund money to the economy? Had the British Government been ungenerous to the people of Gibraltar, then we would have understood why there has been such a slump in the building industry, why so few people were employed; that even today the Government is not satisfied with the extra number of people that have been employed despite the increase in its improvement and development spending, something in the region of 5% in the construction industry. Even now the Government is not satisfied. How could they possibly be satisfied with themselves during all these years and how can they come to the House today and preach to the House about the benefit of the Improvement and Development Fund spent. How can they ask the Opposition to believe them when they say that the Improvement and Development Programme is going to peak this year and next and that they have been spending something in the region of £7m this year. What indication has there been in the performance over all these years, from 1972 onwards, to get credibility to their statement now.

Mr Speaker, what credibility can we give to any indication by the Government that the level of service to the taxpayers, which means all of us now, is going to improve? What has the Government done all these years to improve the service? My own party has issued communiques to that effect. The service is poor, Mr Speaker. But taxation is high and the responsibility is with Ministers, not with Heads of Departments, with

Ministers, with the Government, it is their responsibility not to take the side of political expediency every time. They have to face up to people and say this needs to be done. It is not even the responsibility of Heads of Departments as Members opposite have from time to time tried to make out.

Mr Speaker, another example of the total collapse of the credibility of the Government: the sale of houses. Last year at Budget time we had the sale of houses put forward not only as a revolutionary measure - perhaps the words were not spoken then but they were put forward a bit later - they were put forward as a means, if I understood it correctly, as a means of financing improvement and development. I believe it was the third leg, the third leg of that particular stool. Mr Speaker, what has happened to this revolutionary scheme. It has two legs. Mind you it would have been perfectly well supported on those two legs, if they had cared to fit them on to the stool, but they haven't even been able to do that. Has the Chief Minister mentioned during the course of his address this revolutionary plan and its effect on the Improvement and Development Fund? I haven't heard it. And yet much was made of it last year. And it was not only a question, I would emphasise, of social policy but also of economic policy. Yet the budget comes down this year, the plan has either collapsed or it has been reconsidered, but at least do the Opposition the favour, or give it the credit, that they were not going to miss this one. They cannot just bring out these revolutionary schemes and just drop them and expect the Opposition not to remember. Mr Speaker, I would like Honourable Members opposite to tell us what their plans are in respect of the sale of Government properties, in due course.

Mr Speaker, I am glad to see that Tourism is going to enjoy a somewhat better year. I am glad to see that there has been some movement in that depressing position that has been expounded year after year in this House by the Honourable Mr Serfaty. Well, we could not get out of that vicious circle. When the Honourable Mr William Isola, who was then a Member of the House, and the Honourable Mr Peter Isola and the Honourable Mr Serfaty spoke at great lengths again and we seemed to get nowhere year after year after year. There are charter flights now, we are told; there were no charter flights then, at least very few of them. We have moved forward in that direction. It is about the one glimmer of light that the Honourable and Learned the Chief Minister and the Honourable the Financial and Development Secretary have had on this year's budget.

Mr Speaker, we heard the Chief Minister speak about productivity. I think he did so last year as well, and I think he did so in his New Year's message. The question of productivity, Mr Speaker, was as Honourable Members know something that was very dear to me. I am talking about 1972. A productivity and training unit was created. The productivity and training unit disappeared a long time ago. It has been taken over by the Establishment.

MR SPEAKER:

Order, order, we will not have interruptions.

HON M XIBERRAS:

I am glad to hear from the Minister for Labour that it exists and I have even been able to ascertain the fact by reference to my estimates of expenditure. But, Mr Speaker, in no other way because the Productivity and Training Unit, Mr Speaker, by my information, has for the most part become an arm of the Establishment, dealing with the expenditure of very large sums of money that the House is debating today. And one particular Member was in the Honourable Member's Department, the Department of Labour and Social Security and he was performing the functions of a clerk who was issuing work permits, Mr Speaker.

MR SPEAKER:

Now, order, we will not have interruptions, please.

HON M XIBERRAS:

Mr Speaker, the Productivity and Training Unit have received very little comment by Honourable Members opposite but now they talk rightly of productivity, a bit late. But rightly about productivity. So, of course, Mr Speaker, we are glad to see that a productivity bonus is to be paid, perhaps not because it is going to engender productivity but because it is going to make money in the round. I hope it does. I hope it does engender productivity because there was a very substantial productivity agreement in 1972 which was ready for signing in those days but it never saw the light of day I think, or it was signed very very late after that.

So, Mr Speaker, the Government now talks of productivity, of service, talks about the stimulation of the Economy by the Improvement and Development Fund, talks about all these things, as it has been talking about them with increasing frequency, should I say, in the last two years. But what has the Government done about it? Why should the Opposition, today, believe the Government when it says: "We are going to do this or we are going to do that" in the respects that I have mentioned. Why? Is there anything in the performance of the Government to suggest this? The Chief Minister has said that there has been a pruning of the Estimates by some 2700,000. I would like to know what was left out, what was put in. Of course not. That is why the Government will not get my vote on the measures that they propose.

Mr Speaker, the Public Accounts Committee is now in existence after two years, perhaps it will be more fitting for the Chairman to give us an indication of its work, I shall certainly not touch on it because that Committee is supposed to be quite independent and I have no wish to pronounce about it in the House. I would just like to point out, Mr Speaker, that the introduction of a Public Accounts Committee was

asked for for about two years before it was actually launched. I hope it has a salutary effect on expenditure. That it makes people aware that authority is needed from the House and I hope it has generally a salutary effect on expenditure.

I will come to my other proposals made about November, 1976, in a minute. Expansion, Mr Speaker, what is there in this budget which indicates expansion of the economy. If the Government is thinking along the lines that more business seems to be generated, that more jobs can be found, that the economy becomes bigger so that the amount that we have to pay in taxation, each of us including the workers, including Union members, is so that we can meet increases in inflation and increases in wages originating in United Kingdom and now transferred to Gibraltar because of parity. Where in the budget, where in the Financial and Development Secretary's address or the Chief Minister's address, is there an indication that the Government is thinking positively about expansion. There is one item, Shell Fish Farming, for which a very small amount has been put to one side. A very small amount. But is the Government thinking, really thinking, ahead? Is it really that worried about the situation, when it takes no measures to expand the economy, not even to make a small beginning? Is it the situation in the Port when we advocated expansion over a number of years, is that any such better? Are we getting increased trade on the port? Even at the level of domestic consumption? Is our revenue from indirect taxation really what it should be with the amount of money that has gone into the economy? Does it reflect that? As I say, tourism, is the only glimmer of light. In the Port we see nothing comparable, quite the opposite. We see a reduction in the numbers of large vessels coming into Gibraltar.

The Honourable Mr Perez, I remember, spoke at lengths on the question of bunkers, when he was over on this side of the House. Are we getting the trade on Government measures taken in the past? Are they tending to improve the situation? Are they intending to work the sea trade?

Mr Speaker, last year I asked the Financial and Development Secretary about the ongoing costs of parity. I was trying to establish in a realistic manner what in fact was the situation into which the Government and the House was getting itself into with the adoption of parity, in a hurry and completely against stated principles by the Government. One might have thought I was asking for the moon, Mr Speaker. Is it possible to estimate, I was almost told it was a silly question to ask, because we had not yet experienced parity. But, Mr Speaker, this year we are beginning to see not only the ongoing costs of parity but the lack of Government information at that particular time about the ongoing costs of parity. And if they did see it they kept it to themselves and if they did know the ongoing costs of parity what did they do about it? Did they start pruning before they introduced parity? No, they increased the labour force by 10% to 15%. A labourer, Mr Speaker, costs something like £3,000 a year. Hon Members will know what it costs for a Clerical

Officer, or what it costs to implement the results of the staff inspection, about which we have heard very little. Perhaps Hon Members will tell us what the increases in staff have been. The SSO, SO grades and what the cost of that is.

Mr Speaker, I also enquired last year about the cost of parity on other charges, not directly in wages, but on other charges. How would other charges be affected by parity? It was a fair question to ask. Does the Government have an answer this year? They should have been aware of the results last year, and they should have budgeted accordingly, but apparently it has been necessary to reduce the budget by £700,000 this year after a year of operation of parity, ie after the event, not at the same time, or as it would have been preferable, before the event. What has been the effect of parity on other charges?

Mr Speaker, the effects on the private sector. Hon Members on this side, my colleagues and I at least, warned the Government about the effect on the private sector. We are told that the private sector has been able to absorb the effects of parity despite a 30% increase in wages. Those of us, or of you, who are businessmen will know that a 30% increase in wages in relatively small firms is not an easy proposition. So it was not without effect, this introduction of parity on the private sector.

Mr Speaker, then there is the overall size of the Budget, £27m last year, this year a 15% increase. Mr Speaker, for 25,000 people without defence spending, without foreign representation, it is a very large amount and Hon Members tell us now that it is a very large amount. How much better, Mr Speaker, if we had planned from 1974 for the introduction of parity slowly, eliminating that labour which we did not need in those years of underspending of the Improvement and Development Fund, and going for greater self-sufficiency of Gibraltar labour, as the TGWU in 1972 was willing to support actively. Now, Mr Speaker, much better it would have been if the Government had been not four years behind Hon Members on this side of the House but at least contemporaneous with Hon Members on this side of the House. Have we heard of this greater self-sufficiency of labour, of late? Certainly we have heard it from this side of the House but not from the other side of the House. Has there been that awareness of all those necessary adjuncts to the introduction of parity? And can we believe the Government when they say now they are going to put their house in order? Now we are going to do this, now we are going to do that.

Mr Speaker, thus we are where we are at present. The Government budgetting for a deficit in the Consolidated Fund and after measures taken hoping for a surplus of £59,000. But, of course, Mr Speaker, there is another brainwave of the Government. The Chief Minister has approached Dr Owen, and the Chief Minister has given us a very touching, or what I would consider to be touching and dignified statement of the position as regards budgetary aid. Sentiments with which I

would agree entirely were they based on accurate history, Mr Speaker. When he speaks on page 21 of his statement about his proposal to Dr Owen to tide us over in our present difficulties. To these I would say that such aid, talking about budgetary aid, "first that such aid would inevitably involve a transfer of control and responsibility for Gibraltar's financial affairs from the Gibraltar Government to the British Government. That, to my mind, would be a totally unacceptable and retrograde step. Secondly, I would say that budgetary aid would in any event be self-defeating because some body else would be meeting our financial shortfall. They would not only call the tune but ensure that the cost of doing so was kept to the minimum, a decline rather than an improvement in living standards would be more likely in such a situation." Let me say, as an aside, Mr Speaker, that these arguments are very much in harmony with the original arguments used by the Government in respect of parity. They had the same ring about them, and we know what happened to the Government's resolution on the question of parity, they changed it. Therefore, when the Chief Minister says: "I believe that there is overriding moral and political justification for it, but budgetary aid will never have my support, nor, I believe, would the majority of Gibraltarians wish to find themselves in such a situation with all its consequences". When the Chief Minister uses words of that kind, I cock an ear and say to myself "be careful because we might get a proposal which is in completely the opposite direction." Fair enough, he continues in para 43 "in this connection I would inform the House that when I saw Dr Owen in January this year and while discussing with him the situation of Gibraltar generally, I informed him of the difficult financial situation which had arisen this year and said that I was considering possible ways and means by which the British Government might be asked to assist." Now, if I am unfair to the Chief Minister I hope he will excuse me because I still do not know what proposals he has taken to Dr Owen. I still do not know the nature of his proposals. I still do not know whether I would support them or not. I still do not know whether the House should be asked to support a budget that relies so heavily, apparently, on measures that have not been specified and certainly . . . . .

HON CHIEF MINISTER:

If the Hon Member will give way, what I said in my statement was that the nature of the request was modest and it would only go to help towards our reserves. So it could not have been that revolutionary or that dependant on it. In fact, it would not affect one iota of the taxation or the measures that the Government proposes to take. That is clear from the statement.

HON M XIBERRAS:

Mr Speaker, the Chief Minister might care to inform the House at a given time about the nature of these proposals.

HON CHIEF MINISTER:

I want to know everything the Hon Member wants to know so as to give him a reply later on, if I can.

HON M XIBERRAS:

I think it would have been fair for the Chief Minister to disclose, ab initio, exactly what he had in mind. It would have saved my time. Let me remind the Chief Minister that, was it 1975, when we were in Constitution Committee and we were about to make representations to Mr Roy Hattersley, then Minister, his colleagues and ourselves agreed on a form of British Government support for Gibraltar. The permanent economic relationship between Britain and Gibraltar. And the object of the permanent economic relationship between Britain and Gibraltar, Mr Speaker, which as he very rightly said afterwards, was an integrationist idea, this permanent economic relationship between Britain and Gibraltar, Mr Speaker, was supposed to work, it was represented to Mr Hattersley in 1976 in fact when he came here himself and then later on when the Chief Minister and I went on our ill-fated expedition to London, was that this permanent economic relationship should work towards raising not only wages but the general standard of living in Gibraltar to parity with United Kingdom. And it would work in this sense, that Gibraltar in all the circumstances, bearing in mind its geographical position, bearing in mind the budgetary situation, bearing in mind the fact that we were proud Gibraltarians and we wished to make our financial efforts, that Gibraltar might, at some time, find itself unable to sustain the cost of the introduction of such things as parity of wages or such other measures which would bring the general standard of living in Gibraltar up to the United Kingdom level, and then the British Government would underwrite, according to formula to be devised, any shortfall in the monies that we raised here. And we would do it accordingly, I repeat, to a formula and bearing in mind that Gibraltar would have made all the necessary efforts to finance its own budget.

Mr Speaker, the Chief Minister, the Hon Mr Montegriffo and the Hon Mr Canepa, were I believe in the Committee along with the Hon Mr P J Isola and myself and this we started talking about some time in 1974. I have some of the four files involved here and I could check the date, but let us say 1975 of what happened to those proposals. But, Mr Speaker, this was in 1975, namely four years' ago. That is why I keep harping on the fact that the Government is four years apparently behind the Opposition . . . . .

HON CHIEF MINISTER:

. . . and five feet ahead.

HON M XIBERRAS:

Yes, Mr Speaker, five feet ahead, perhaps that is why they are so complacent about it, perhaps they have to raise taxation because of that. Perhaps they have not taken the

measures they should have taken because they are five feet ahead. Perhaps they have grown very complacent, perhaps they think they are there to rule by divine right, but, Mr Speaker, the facts are quite simple. The Hon and Learned Member, whatever number of people he has around him, today he has to face one of these facts, and he has had to go cap-in-hand to Her Majesty's Government, apparently, to ask for money.

HON CHIEF MINISTER:

I have not, and that is a misrepresentation, a malicious misrepresentation, of something he does not even know the terms upon which the approach has been made other than what I said, which is the most dignified and proper way of doing it.

HON M XIBERRAS:

However, the only thing is that I doubt very much whether it will be a more dignified manner than what was proposed in 1975.

HON CHIEF MINISTER:

It is a matter of opinion.

HON M XIBERRAS:

Well, the Chief Minister subscribed to those proposals. The Chief Minister signed those proposals. The Chief Minister represented those proposals to Mr Hattersley here and in England. Perhaps he wanted to do it himself on his own as he did parity.

Well, Mr Speaker, so much for the words of the Chief Minister about budgetary aid. I am sure, Mr Speaker, that as a result of the permanent economic link the British Government would have wanted to keep tabs on certain spendings here in Gibraltar and this was, as the Hon Member knows, discussed in the Constitution Committee at great length. The workings of the formula had to be discussed, and in the workings of the formula, Mr Speaker, obviously the British Government, it would be naive to think otherwise, obviously the British Government would have wanted to have an indication of how the money was to be spent. That was in 1975 and in 1976 we went to Mr Hattersley and when he said the permanent economic relationship is integration I asked the Chief Minister to defend the proposal and what he said was, I believe I can quote him because it was only one sentence: "There might be some advantage on it". This was publicised here when we came back. I believe it is in the minutes. I asked the Chief Minister to review those words today and to ask himself whether there would be just some advantage in the proposals today. There would have been considerable advantage in those proposals today, Mr Speaker, but that is water under the bridge. Now the Chief Minister has a better plan. We shall see what it is and how it works.

Mr Speaker, I now come to the other proposal of the Chief Minister for an Expenditure Committee. Mr Speaker, let me say straight away that I consider this proposal to be a victory again for Hon Members on this side of the House. The proposal for an Expenditure Committee together with a Public Accounts Committee was made in a letter which the Chief Minister must have available to him, which I have quoted before in this House, of November 1976. That comes within the four year, the four years that the Government has been behind the Opposition. In fact, Mr Speaker, if he refers in fact to this meeting last year, to the Hansard, he will see that he made reference and I made reference to this proposal on expenditure. Let me just briefly, Mr Speaker, in welcoming the Government's conversion to this idea, let me say the Honourable Members on this side of the House are in principle prepared to participate provided that the Committee conforms with the dignity and the responsibilities of Honourable Members in this House and that the Opposition is able to maintain its role as an Opposition, a responsible Opposition, who in the first place as I say suggested an Expenditure Committee. But let me then, Mr Speaker, refer to this letter of November 1976 and say I was proposing a complete review of the way in which the House dealt with . . . .

HON CHIEF MINISTER:

If the Honourable Member will give way. I have no such letter of November 1976. I have a letter of 5th January 1977.

HON M XIBERRAS:

Then I shall give the Chief Minister a copy.

MR SPEAKER:

I would like to see a copy if it is going to be quoted.

HON M XIBERRAS:

Yes, of course, Mr Speaker, he has the letter of January, 1977.

HON CHIEF MINISTER:

That letter starts by saying: "I am grateful for your attempt to meet criticisms which I have raised from time to time in the House as to the way we deal with the budget in the House".

HON M XIBERRAS:

That is right, Mr Speaker.

HON CHIEF MINISTER:

That is dated the 5th of January, 1977.

HON M XIBERRAS:

The Chief Minister will recall, no doubt, that I was proposing a review of the means by which the budget was to be tackled. I said at the time that the House had insufficient time to consider the Estimates. I said that we were rubber stamping the estimates, that the sums of money involved were getting larger and larger and that Honourable Members on this side of the House were just unable to carry out a proper criticism of the budget. Therefore, what I proposed to him, and perhaps he will recall the words, was a "hybrid" committee, which would have doubled the functions of Public Accounts Committee and Expenditure Committee. I mentioned that in the House of Commons the Committee on Expenditure, as the Committee on Supplies, looked into the estimates throughout the year and the Appropriation Bill was not taken until some time in August, and votes and accounts were made for the expenditure of departments to continue. Now, the Chief Minister eventually . . . . .

HON CHIEF MINISTER:

Mr Speaker, I wonder whether we can agree on the fact that we are talking about the same letter.

MR SPEAKER:

There seems to be a divergence from dates.

HON M XIBERRAS:

Not in the context, Mr Speaker.

MR SPEAKER:

It is accepted then that you are referring to the same letter as the Chief Minister?

HON M XIBERRAS:

Very well, Mr Speaker, there is a considerable amount of correspondence here, Mr Speaker, on this matter and I can refer to this letter of January 1977.

HON CHIEF MINISTER:

There is no November one in the file.

HON M XIBERRAS:

I see, and there is no reference to that?

HON CHIEF MINISTER:

No.

HON M XIBERRAS:

Alright, Mr Speaker, let us go to the 5th of January, 1977.

The timetable for expenditure - perhaps I may be allowed to quote "the procedure for dealing with the estimates of expenditure is generally acceptable. I suggest, however, that the Standing Orders should be amended" and so forth and so forth. Perhaps I will publish it in the press, Mr Speaker. I quoted the system that we had, as I said, which arose from Colonialist days, that it was a rubber stamping of the estimates of expenditure and the main thing, Mr Speaker, is that I proposed a hybrid committee embodying the functions of an Expenditure Committee and a Public Accounts Committee because we could not afford to have two separate committees. Well, Mr Speaker, the Chief Minister now comes up with an Expenditure Committee on certain conditions which we are certainly willing to consider, and as I say, in principle we are prepared to participate in it provided that the dignity of this House and the responsibility of Members on this House is maintained and that the role of the Opposition and as an Opposition is kept to. But again, Mr Speaker, is it not rather late, is it not rather late for the Chief Minister to agree to this proposal.

HON CHIEF MINISTER:

I don't agree. This is a different thing altogether, although it has resemblances because we have both been looking at the same form.

HON M XIBERRAS:

Yes, Mr Speaker. That is why, Mr Speaker, at the last House of Assembly he said "If he shouts too much he won't get a Public Accounts Committee". As if I was begging for a Public Accounts Committee.

HON CHIEF MINISTER:

I said nothing of the kind!

HON M XIBERRAS:

If the Honourable Member will refer to the Hansard.

The point about this, Mr Speaker, is that we in the Opposition are perfectly prepared to take up the responsibility for proper expenditure. We have always made this clear. But it has been the Chief Minister who has not allowed us this responsibility by taking so long to agree to the establishment of these committees. Now that one is established, the Public Accounts Committee, the other one could be established, under the right conditions. But how late, Mr Speaker, the reaction. What has happened during all these years. It is now April 1979, Mr Speaker. So we welcome this but again I am sorry to say "we



told you so" again. We told you so, that it was necessary to control expenditure.

And I will tell you another one, Mr Speaker, I will tell Honourable Members another one before it happens. On the question of expansion it is going to be very difficult, terribly difficult, to get real expansion in Gibraltar without a department and a machinery which is responsible for economic expansion. We have a Minister for Trade, we have no Department of Trade. At least some Honourable Members opposite know we do not have a Director of Trade. At least some Honourable Members know, if they are interested in this matter, of establishing a Department of Trade, such as the Chamber of Commerce does. I do not mean an extra Department, I mean making use of the manpower resources of Government in the right direction. When we go to the estimates you will see that various Departments are pretty heavily staffed in comparison with their performance. The Department of Tourism itself to my mind - and this is just a suggestion, an idea - for its outlay and for its worth, might have scope for wider responsibility of Tourism and Trade, with a shoring up from people who should not be in the Department where they are now, where there might be some overstaffing. I do not know how this position might affect the Treasury but certainly there is a need to have people in the Government whose interest is to develop the economy in the trade sense.

In the banking sense, Honourable Members have an Ordinance ready. It has gone through the mill, the process of consultation. Now this kind of thing is good. But the Government must do it, the Government must do it. Not just speak about it, talk about it, they must do it.

The Port needs stimulation, the Port needs expansion. Is there anybody in a Department whose interest it is to encourage economic development in the sense of light industries? If it is the Development and Planning Commission, where are those plans? Who is responsible? What efforts have been made to develop the economy in the sense of light industry in a realistic manner from small beginnings?

Well, Mr Speaker, there it is, a tremendous backlog by the Government. A budget that is as pessimistic this year as apparently it was supposed to be optimistic the last year. A lurch from one side to the other, a swing of the pendulum, no steady course, a sudden panic station, even to the extent of going to Britain and asking for some assistance in our present circumstances, and still no clear indication as to what we are going to do in the future. At least the permanent economic relationship was a way of facing the commitments that were coming. But the British Government did not want it, a way of parity. But now we have had parity but we have no permanent economic relationship. Perhaps the Chief Minister didn't try hard enough when we went to see Mr Hattersley. Perhaps he wasn't serious enough about it.

Or as I have said on occasions in this House, perhaps he acted irresponsibly in going with the question of parity without preparing his ground. I have said this in this House before. Without getting some sort of British Government guarantee to underwrite the cost. Mr Speaker, that was the object of the permanent economic relationship. He can read the minutes. Mr Speaker, that is the position of the Government today, and we are asked to vote money for housing, for electricity, for telephones and so on. I am not going to go into these matters, Mr Speaker, except to give a general indication, which I think I have already given, that we will vote against. Because the Opposition is quite tired of giving the Government chances one after another. Yes, we will do it this year. Alright we haven't done it but we shall give you perhaps an opportunity of doing what you have to do. Now the year has come, the Improvement and Development Fund has too little expenditure. Ah, but the British Government do not pay out at the right time! Alright, we shall vote the expenditure. Last year we thought we had issued a warning by voting against the rents. This year the indications are that my colleagues and myself will be voting against each of the measures that Government will take in respect of electricity and the other funded services, electricity, water and so on. I will not enter into the merits of the proposal, but if we do this it is because we consider that the Government does not perform. And we have the facts to back this up. We had the facts of years and years in this House. We have the self-criticism of the self-reproach of the Government to back this up.

I would like to end, Mr Speaker, by talking about GBC. This is a big item of expenditure and deserves singling out. My Honourable Colleague, Mr Peter Isola, and myself had a meeting with GBC last Thursday, and Honourable Members will know that the proposal to go colour, or rather the question of the coverage of political debates and current affairs debates in this House has been one that was raised originally in 1972. Following a motion in the House which was at that time called "a witch hunt" we had two gentlemen from the BBC coming over, that was Mr Rickard and Mr Sizer. They made recommendations which were critical of the coverage of House of Assembly proceedings. It suggested that a better service should be given and gave specific recommendations as to how this might be done.

Then we had the Select Committee on Broadcasting. Part of that Committee on Broadcasting was a commitment not just to vote or to support or recommend the voting of funds to go colour, but also to follow up the other side, the full reporting by GBC of current affairs, and the political situation.

We have had since then questions in the House about limited broadcasting of the proceedings of this House. So, again, Mr Speaker, I am talking about events that go back as far as 1972. This year in our budget we are going to spend some

£600,000 of recurrent expenditure on GBC, and a capital amount bringing the sum about £1m for GBC. Faced with this situation, of course, my colleagues and myself were very concerned. We are concerned that these large sums of money were being spent on one aspect, the improvement of the broadcasting service, but on the other aspect, the coverage of current affairs, the informative aspect, we were not making any progress at all.

Now, Mr Speaker, in this issue I just want to emphasise that there is an obligation on a body that is so heavily dependant on sums voted by this House to inform the people of Gibraltar not just to entertain them, and that in the United Kingdom, BBC had a very definite obligation to inform, and not just talking about that, talking about the effects which adequate reporting of proceedings of this House would have on cost-consciousness of the community. The public in Gibraltar is supremely ignorant of the facts of the budget. I wager that very few people would know that we spent something like £27m on our budget last year. Why? The newspapers are small, coverage is limited, a certain side had an affiliation, a certain connection which certain papers in Gibraltar, and we find that the public is generally ignorant of what happens here. GBC up to now have given report of the proceedings of the House day-by-day. A whole string of facts which no one would be able to digest, and which no one would be able to put into a digestible form. Rickard and Sizer had a considerable amount to say about this, suggestions to make, and, therefore, Mr Speaker, if I pursue this issue it is because the public in Gibraltar not only has a right to know but the public in Gibraltar could contribute to the question of cost-consciousness. It would respond to reasonable appeal if they knew what it was that was going on. How the money was spent. How much was being spent on overtime? Why it was being spent? What has been spent from the Improvement and Development Fund? And whenever I tell this to people they are open-mouthed about it. They really do not believe that we spend as much money here as we really do. They do not believe that a Question at Question Time in the House can be followed up by ten or twelve supplementaries at times. They think that the answers which the Government puts out is the end of the matter and they think that we in the Opposition must be fools to accept those answers. They do not get the sense of what happens in the House and they do not provide a balance for the ten Members or the Chief Minister, including himself. We have in Gibraltar a situation where the Government can afford to be arrogant, can afford to change its tune every two minutes, at least from year to year, can present a picture one year and a different picture the next. Why? Because the proceedings of this House are not adequately covered.

If the expenditure for even the partial broadcasting of the proceedings of this House were too expensive for Gibraltar to afford, then I would say, let us think twice about it. But I have confirmation, Mr Speaker, from the Chairman of the Board and the General Manager of the Corporation that of the

£600,000 that we shall be voting for GBC this year, in recurrent expenditure, only £7,000 would suffice for the broadcasting of the proceedings of this House. And that the capital expenditure and outlay would be £600. That another channel, which will give people a choice as to whether they tune in to light music or proceedings of the House of Assembly, another channel is possible and that the only technical delay that there is is that there would be some interference with the television serials after half past seven. And the House, as Hon Members know, seldom sits after half past seven in the tenure of office of the present Chief Minister.

The Chief Minister has on occasions told us that there are difficulties of workload with GBC. I can flatly deny that. It is possible for GBC, on their own authority, to introduce such a system provided it can be agreed by Hon Members of this House as to what the form of broadcasting should be, and that those £7,000 which I mentioned was, in the words of one of the gentlemen present on the other side, would be an overflow in terms of expenditure. It would be too much, and yet the Chief Minister tells us that we cannot start the broadcasting proceedings of this House, even limited broadcasting, until there is a move into new premises and until GBC is able to concentrate on this matter. Well, Mr Speaker, with the information that we now have, we certainly are going to oppose the GBC vote, unless the Chief Minister, and I say the Chief Minister because I have found no objections with the Board or with the General Manager, unless the Chief Minister is able to give us a guarantee that there will be in the immediate future unlimited broadcasting of the House.

HON CHIEF MINISTER:

Mr Speaker, first of all GBC is a statutory board and it is up to them to decide what. I have not been asked for £7,000 for the broadcasting of the proceedings of this House nor has any figure ever been mentioned. When the question of broadcasting the proceedings of this House arose I approached the General Manager and the answer was that it was quite easy to do. They already had the connections used for broadcasting the lottery results there is this intervention, but they would rather be settled at Mercury House, all their energies were now geared on going colour, and when that was over they could do the broadcasting. That is all I have had to do with it. I have spoken to nobody, I have opposed nothing, I have been asked for nothing and in any case if there was a question of deciding we do have a collective responsibility in my Government.

HON M XIBERRAS:

Mr Speaker, I am sure that sometimes when I hear the Chief Minister talk about GBC I am tempted to think that he is responsible for GBC, and I say this because he has very definitely in this House said that there are difficulties in the way. If those difficulties are that the General Manager

of GBC or the Board of GBC would rather wait until they are firmly installed then I would put to the Chief Minister this consideration. The Opposition would rather it were done now because the people of Gibraltar should know, certainly ahead of the next election, what is happening in the House, what the expenditure is about in the House, what the debates are about in the House, and I do not think, Mr Speaker, that to say rather . . . . . Yes, Mr Speaker, no doubt the Hon the Minister for Labour would like to keep everything quiet . . .

HON A J CANEPA:

If the Hon Member will give way. Whatever views the Hon Minister for Labour has on the question of GBC he would express publicly in the House and he will demand from the Chief Minister that a free vote is allowed to Hon Members of the Government when the matter is put to the House.

HON CHIEF MINISTER:

Whether the demand is taken or not is another matter!

HON M XIBERRAS:

If the Chief Minister gives in to the demand of the Minister for Labour, Mr Speaker, and if the Minister for Labour makes his statement, then I hope that it is broadcast and a lot of people can hear him make that statement, I can hear directly what his policy is on the matter. But, surely, both the Chief Minister and the Minister for Labour would agree that if the General Manager of GBC, and if the Board, say that they would rather wait until they are installed in Mercury House, this is another story, it can represent no strong objection on their part to the proposal being implemented now. All that is required is the engagement of one part-time employee and one engineer, I am told, so it is not a question, Mr Speaker, purely of what the preferences are, it is a question too of GBC making sure that it honours its responsibility to inform the public in Gibraltar. And this is the time to ask them to do so, the time when we are voting £600,000 in recurrent revenue for GBC. The time about seven years after the matter was first raised in this House, and not after the next election. I am sure the Chief Minister is so confident with his majority that he does not require the proceedings of this House not to be broadcast in order to win the next election. I am sure he is so confident that even with the broadcasting of proceedings in this House he would win the next election.

MR SPEAKER:

Yes, but let us get back to the general principles of the Bill.

HON CHIEF MINISTER:

I am sorry. It is delightful to be complimented in such a way by the Leader of the Opposition, he has already given me the next election. I will take good note of it and I shall act accordingly but he is really talking nonsense, absolute nonsense. There has been no approach and in any case one thing is certain: I have no connections and I have no control over GBC and, if anything, I occasionally have quarrels with them because sometimes things are not done the way that I think they ought to be done and I make no apologies in complaining when the time comes. And in praising when the time comes, but I have no connections at all with GBC.

If Hon Members have been down there and asked people whether they could do this or the other, no doubt they have been given the answer "yes, with money we can do it, it is not very difficult". The version that I was given when I asked, following the result of that, is that they would rather devote their energies now to getting Mercury House. But there is one point that the Hon Member has not repeated here, which is repeated to me is that with broadcasting time the balance of the House will be offset in the ears of the people, I have no doubt, because he would then give two or three hour speeches against half an hour reasonable speech from this side and that that would probably balance in the ears of the people the value of talking in this House and perhaps he might get an odd vote or two from that kind of listener.

HON M XIBERRAS:

My reply is in fact that I do not so far have the advantage of printing my statements, not only on the budget but on any issue of importance, having it duplicated or photocopied in the precincts of this House and distributing it to the press. No doubt . . . . .

MR SPEAKER:

Is the Leader of the Opposition suggesting that the Chief Minister's work and speeches have been duplicated in the House, because if he is it is a complete and utterly erroneous statement.

HON M XIBERRAS:

I am sorry, Mr Speaker, I was under that apprehension. But certainly the Chief Minister gets all his speeches typed and distributed to the press and ensures that he gets good coverage. The other thing is, of course, that the Government is concerned with GBC because there is a GBC Ordinance, which is very much out of date, and the terms on which this Ordinance - I am thinking of the managing agents of GBC - and it is time, I think, this happened in September, the managing agents are no longer involved with GBC, the Ordinance needs to be changed and the question of the broad-

casting of the proceedings of this House could no doubt be dealt with amicably by Hon Members perhaps on a free vote, on that occasion. So I urge the Chief Minister to bring before the House a Bill to amend the GBC Ordinance and to do so in the not too distant future.

HON CHIEF MINISTER:

I would have to ask GBC about what ideas they have about what they want changed, because they are running the GBC.

HON M XIBERRAS:

Yes, Mr Speaker. I am telling the Chief Minister in case he did not know himself what the views of GBC were. Mr Speaker, let us not delay the matter any more, let us get down to the 27,000 voted, let us get agreement on how the matter is to be done, but let us start working, let us not just entertain people, let us inform them and then perhaps the Chief Minister will be able to appeal for cost-consciousness, then perhaps the people of Gibraltar will know what is happening, then perhaps it will be a fair fight at the next election. In the meantime, Mr Speaker, I do not think the situation is really as bad as the Chief Minister has made it out to be. It could certainly be very much better if the Government had done what it should have done in the years that have gone by as far as comfort from my Hon Colleagues and myself are concerned he will get none. This time we will believe deeds and not words.

HON A P MONEGRIFFO:

Mr Speaker, I do not intend taking as long as the Hon the Leader of the Opposition whom I would like to congratulate for having behaved in the best tradition of an Opposition. I would not expect anything else from an Opposition except the blanket picture of the Government doing nothing, getting away with it, and the foolish people of Gibraltar voting them into office time and time in different elections since 1972. I wonder whether the people of Gibraltar would also be rushing to their television or radio sets in order to listen to some of the very boring and repetitive things some people say in this House. I am not going to point a finger at anybody but I wonder whether they would digest what, for example, the Hon the Leader of the Opposition has been saying, because quite frankly I felt that at some stages he was saying different things.

First I thought he was praising in a way indirectly and knowingly perhaps the Government for all the good things they had done only because the Opposition has told them to do. And he was claiming so many victories because the Government was doing things that the Opposition had been, for years, telling the Government to do. If he is claiming so many victories of what the Government is doing because they have been told to do that from the Opposition benches, I cannot understand how and why he should criticise the Government for being a total failure.

He then talks about parity and at a certain stage I think he did say or implied that perhaps parity could not have come about had he been in office, perhaps if he can explain, unless we had obtained what I think even today was a good thing in the Hattersley talks, ie the permanent economic relationship to which we all agreed but which we did not get. It is no use crying over spilt milk because we did not get that but the fact remains that we did not and I do not think the Hon Member or any of his colleagues has ever stated that short of getting the permanent economic relationship there was no way of getting parity, as I think he has implied today in this House. He then told us that before introducing parity we should have done our homework. I can tell the Hon Member opposite that the homework was done, to the best of the ability of experts both here and from abroad. I do not think it is a fair question, as he said it was, that anybody could give us, and the Hon Mr Bossano knows that. Anybody could give us the exact figures of repercussions of parity, but if he looks at page 243 and 244 of last year's debate on the Budget he will notice that I drew attention to the pitfalls that parity might encounter and that Government had lost a battle and we had the courage to say so. We were hoping that it would work but it had its pitfalls definitely because we were losing to a certain extent control over what I described as our socio-economic structure. The bulk of the expenditure, this increase of £7m. is obviously due to parity. If I may just refer to my Department's Other Charges, it will be seen that this has gone up by about \$200,000 over the last couple of years. All that the Medical Department needs as a whole, excluding wages and salaries, is about \$800,000 on Other Charges. I will explain later when I deal with my Department why it is only about \$860,000 to be exact. It is £2m on wages and salaries, Mr Speaker, and that is where the money is going. And not only that but the agreement flowing from parity which even today we are having to face. But we were conscious up to a point if not by having done our homework by sheer intuition, we were telling the people of Gibraltar that parity would bring a higher standard of living but it has its dangers, its economic dangers. I said last year that I was one of the greatest opponents of parity because I saw those dangers. I may not have been able to express it because of my limited intelligence in the economic sense but I could see those dangers, the dangers and the pitfalls we are facing today, and we have got to face the challenge to try to overcome it.

HON M XIBERRAS:

If the Hon Member will give way, he asked for an explanation of what my position was on parity. My position was that it should have been introduced gradually from 1974 and that the Government should have been able to take certain measures at the same time as it was being introduced. And if he turns to page 219 of last year's Estimates he will find the following: "A growth of 15% in full-time employment in the Gibraltar Government service over the last 2½ years at a time when the

level of employment outside the Government has been falling and has serious consequences for the economy, particularly when it is allied to increases in real wages and because the heavy subsidisation of the consumer services to an effective shrinking of the tax rate." It is a question not only of knowing what those effects were but of acting in such a way as a stimulus.

HON A P MONTEGRIFFO:

Except that, Mr Speaker, today he only says that when parity has been accepted. I do not think that the people of Gibraltar were all that aware that when he and his colleagues were preaching parity it was going to be done by stages and it would mean putting people out of work, even if they were aliens. I do not think that was ever told to anybody, Mr Speaker. It was only last year that they were almost arguing again themselves because we were consistent to this extent, that we knew the dangers of parity, that we come to this House and said after six years of fighting that we had lost the battle, and we are giving in to parity, but we realised that it had got economic difficulties. We said so, so why accuse the Government of hiding anything from the public.

HON J BOSSANO:

I was not confused by everybody's clear concept of the dangers of parity. Can he explain what they are?

HON A P MONTEGRIFFO:

The danger that I saw about parity was that we were at the mercy, now, today, that if wages were to go up in Britain by 40% next year I do not know from where we could draw the finances to apply them to Gibraltar.

HON J BOSSANO:

But is this not responsible for the position we have at the moment in front of us in the House?

HON A P MONTEGRIFFO:

Of course, the Opposition can say that parity is not responsible.

HON J BOSSANO:

The Hon Member has said that the danger of parity was, and I have heard him say that before and it is a valid point, that if wages went up in the United Kingdom by 40%, Gibraltar would be committed to follow that 40% increase, and that might create difficulties, but the situation that was taken in this year's budget is not as a result of the fact that wages have gone up in the United Kingdom by 40%, we are budgeting for 10%.

HON A P MONTEGRIFFO:

But, of course, my contention is that introducing parity or not introducing parity by stages we would still have arrived inevitably at the same position unless we could have thrown people out; and secondly that today in this debate he has made a certain allegation that had we not got what was called the permanent economic relationship, there might not have been parity. He has made that allegation today because that was the answer to the problem we have today. In the communiqué of 1972 to which he referred, I stand to be corrected, but I cannot recall that the word "parity" ever appeared in that long communiqué, but that is not the point I want to make, the point I want to make is that we subscribed to that communiqué immediately we took office, we called in the unions and perhaps because the word "parity" was not there, they were not prepared to subscribe to that communiqué any more.

HON M XIBERRAS:

Mr Speaker, I referred specifically to that communiqué, what I was talking about there was not in fact parity, it was self-sufficiency in labour, and that has a bearing to what the Hon Mr Bossano was talking about. A reduction of the labour force in the Gibraltar Government, greater self-sufficiency, would be a beneficial situation for Gibraltar.

HON A P MONTEGRIFFO:

We all know he has been talking of productivity for a long time. We have been talking of productivity for a long time. Everybody has been talking of self-sufficiency and I challenge him to tell the House - not now, perhaps later, because I have already given way many times - what has been achieved about this self-sufficiency and productivity. Much of the expenditure that Government has - and when the Expenditure Committee, if it does come into being, works and becomes a reality, and I hope it does - you will find that many of the things that are costing money are agreements which were already being introduced during his time and which cost a hell of a lot of money. I am going to give them just one example, and the trade union member sitting opposite will agree entirely that it cost a lot of money. People on a five-day week who work Saturdays and Sundays get paid overtime despite the fact that they work not more than 40 hours. These are the things that with respect to the Hon Financial and Development Secretary when he starts dipping on this question of overtime we find that it is inevitable - we have cut a lot of overtime - but there are, for example, the porters in my Department, 37-hour 5-day week, two days overtime because they are rostered to cover 7 days a week duty.

Agreements reached years ago. But where I think the Hon Member has lacked courage, and I have decided not to score debating points because I think that Gibraltar is much too



important than scoring goals in this House, that is why I thought that perhaps he could have taken the situation more seriously and has been more constructive in his approach to the problem. Instead he has chosen a number of clichés and he knows that even if we do not have broadcast sessions of the House that things get out of hand. But as I said what he lacked the courage is to say that in not voting for any of the taxation measures because of the poor performance of the Improvement and Development Fund and because it has been suggested that we should have the Expenditure Committee since 1977 and it is only now, rather late, that we are doing it. Perhaps, two years is rather late but I do not think in all sincerity that he can mean that because the Improvement and Development Fund has gone a slower or at a more expeditious pace, or because we have not yet introduced the Expenditure Committee there was no need to put up the charges of certain services following parity, which as the Hon Chief Minister explained has brought to the people of Gibraltar a better standard of living. And it was not done in a rush, it was done after great pressure. Yes, I am honest enough to say that and it was done in two or three stages. The fact that we have reverted to 1976 is because we were not paying higher wages. In fact we were paying no wages at all except the wages that were fixed in 1974 so the situation could not have been much different.

Now, Mr Speaker, he says the Government has no credibility. I think there are better excuses than those, and I will tell him why. If I were in the Opposition I would say I am going to an election in a year's time and the Government wants me to vote for the taxation measures that they badly need. That is a much more honest and better way to approach it than to say that it is because the Improvement and Development Fund is not moving quickly enough or that the Expenditure Committee has not been introduced two years earlier, I do not think that is a good excuse. As to the question of credibility, I would only quote from a very famous Jewish writer who said "to those who believe, no explanation is necessary, to those who do not believe no explanation is possible" so I do not think I am going to convince or try to persuade the Hon Leader of the Opposition to vote in favour of the fiscal measures of the Government.

I will now devote myself to more mundane things and that is to the statement on my Department. I think I would be confusing the House if I were to give a comparison of expenditure between the sums allocated for the year 1978/79, the revised figure for this particular year and the amount we are now working on for 1979/80. The reason is that as far as salaries and wages are concerned what is provided for 1978/79 I would describe as a token figure as this was subject to revision and that revision included an element of retrospection which makes it rather awkward to make comparisons. The same applies to Other Charges which not only included, under Items 15, 19 and 20 an element of wages, but Items 5 and 12 dealt with water, telephones and electricity which were substantially affected by increases approved in

this House. These have now been logically separated thus putting all public utilities, ie water, telephones and electricity under Item 5, leaving only fuel under Item 12.

However, I shall be as explicit as possible and I shall of course be open to any questions any Hon Member would like to make on any specific item when the time comes. As I said before I will devote myself mainly to Other Charges since wages and salaries, we are obliged, whatever the cost, to follow basically the principle of parity and the number of bodies recommended by Staff Inspection.

The expenditure for Other Charges for 1979/80 is \$1,136,400, that is \$29,000 less than the revised figure for the year now ending. But again if we deduct the element of wages included in Items 15, 19 and 20, we have a total expenditure, of \$860,000. The provision for drugs, dressings, equipment, minor works amounts to \$86,000. In other words, if we exclude wages the vote for Other Charges has increased this year by \$60,000 over the revised figure for 1978/79, which, when broken down, is made up in Item 9, Drugs and Dressings, \$33,000 - GPMS \$25,000 - X-Ray, Oxygen and Bandages \$3,000. The rest is taken up by increases in fuel and electricity, Books, provision for which has been under-estimating for the last 2 or 3 years, and \$5,000 more for training courses plus about \$7,000 more in Items 19 and 20 for the purchase of necessary equipment.

I should point out, and this is important, that reference to (c) at the bottom of page 52 of the Estimates could be misleading since it refers to the general increase in the item over the Approved Estimates 1978/79 whilst I am comparing the revised with the expenditure for 1979/80.

Special Expenditure remains the same as last year as part of the continuing process of buying new equipment.

This year we have completed the bulk of maintenance programme, though to a lesser extent it must be a continuous process, and the public must cooperate in showing a greater awareness of the necessity to respect Government property which, after all, is our own property and paid and maintained with our own money. I am sorry to say that very little care is taken by visitors to the hospital who throw cigarette-ends all over the place, burning very expensive and special linen, despite the proliferation of NO SMOKING signs all over the hospital. I trust that this appeal to the public - despite the fact that we are not yet on radio and television - will be taken in the spirit in which it is made that is to provide a cleaner hospital which will cost less to maintain.

The long overdue modernisation of the Public Markets is also coming to an end, and the KGV Psychiatric Unit, apart from its modernisation, has suffered profound changes for the better due to the availability of more trained staff who are doing a magnificent job.

The Public Health Inspectorate has been performing their statutory functions with increased vigour following the return of a further two qualified inspectors from training in the United Kingdom thus returning the Department to almost its full approved establishment. This has resulted in better coverage of the different districts and a more balanced enforcement of the food hygiene laws as well as a number of prosecutions against persons found throwing or leaving litter around. It is a never ending fight to control insects, pests and rodents which sometimes pose great concern for the people running the Department. We have to keep a constant watch for evidence of resistance in any of the locally-recurring species and we do our very best to cope with what is, if it gets out of hand, a very serious problem. But thanks God we keep a good watch over it and we keep control of it.

The monitoring of environmental pollution has been maintained throughout the year not only for smoke and sulphur dioxide but also for lead in the atmosphere. Monitoring for the bacterial content and the presence of heavy metals in food and both our potable water and the sea around our shores has also been carried out regularly over the same period. Equipment to check the level of mercury in vapour in school laboratories has also been obtained. In the Health Education field the Department ventured into new territory with considerable success as part of its campaign to improve standards in food hygiene in the catering and food retail trade, and in conjunction with the Government's Industrial Training Programme a series of lectures in this important area of public health was initiated which led to those participating being able to take the Royal Society of Health examination for the certificate in the Hygiene of Food Retailing and Catering.

Another aspect of the Government interest in the prevention of diseases in general and food-borne infections in particular has been the increase in the number of prosecutions taken by the Public Health Inspectors; 62 in 1977; 98 in 1978; and 32 in the first three months of this year. Although every effort is made to seek compliance with the law by notices, warning letters, etc., the more recalcitrants are taken to court not only to ensure their compliance with the law but also to lend credence to our legislation.

The Department's constant fight in keeping Gibraltar rabies-free was kept up during the year. This is an aspect of the work performed by the Department which often leads to a lot of abuse from animal lovers who underestimate the grave risks of rabies but which is nevertheless carried out relentlessly and with a maximum of discretion.

Coming back to the Medical Department I am pleased to announce that we have established a relationship on paediatrics with the King's College Paediatric Research Unit of London University with the support of Guy's Hospital. I did explain and gave some notice of what was likely to happen at the last meeting of the House, and this has happened thanks to the

cooperation of Professor Stroud of King's College. Paediatricians of different specialities including assessment of handicapped children will be coming to Gibraltar three or four times a year. They are charging us nothing for it except, of course, food and lodging.

I think the House will also be happy to know that it has now been possible to introduce segregation of patients at the KGV Hospital as from next Monday though, of course, complete and full segregation in a building of this nature, as I pointed out in a previous meeting, cannot be achieved at 100% level all the time.

Though there is a slight improvement on recruitment we still have about twenty vacancies but the administration is hopeful that with the new batch of students coming out from the nursing school it may be possible to open one of the two wards closed at present before May is over.

Sir, the year now ending has been a difficult and worrying one particularly for people like me who worry too much!! When one looks at the Approved Estimates, Personal Emoluments, which has jumped from the original sum of \$890,000 to \$1m to which, if we add the element of wages included in item 15, 19 and 22 builds up to \$2m it is a cause of worry, at least to me. My worry is not just on my Department, my feeling is, and I am going to say so quite candidly, that I do not know what sort of economic planning anyone can perform. I hope we do come across a miracle worker and that we can get the money we need. This is why I hope this debate will take place not simply on the principle of scoring debating points but in a rational manner that will help Gibraltar. My other fear is that if we do not do something about it in a concerted effort the whole economic situation may spill into other fields.

I do not want to say anymore on the type of fields I mean but having been born a pessimist I hope I may be totally and completely wrong in my assessment and that the cautious optimism of the Leader of the Opposition is perhaps the correct attitude.

HON J BOSSANO:

Mr Speaker, I find myself somewhat disheartened after seven gruelling years in the House of Assembly trying to produce sound arguments based on careful analysis in every budget to see that we are making very little progress in using the occasion that the Budget gives us to look at Gibraltar's economy rather than to indulge in a debating society as the Hon Minister for Medical Services has said. I will want to answer the points made by the Financial and Development Secretary, particularly about the world economy which I am the only one who ever takes any trouble to answer! Before I do that I would like just very briefly to clear the obvious total lack of understanding that there is in this House of Assembly about the implications of parity for the economy of Gibraltar.

I have never heard so much rubbish in all my life, Mr Speaker. It has nothing to do with phasing it fastly or slowly or anything else. There is a very simple formula that the Government needs to find out whether it can afford any given size of wages increase or not. It only needs two figures; it needs the figure that will tell it what is the proportion of the total labour force that it employs and what is the average marginal rate of taxation given the existing wage bill for the total economy. If I can translate that into less technical language, Mr Speaker, if the average worker in Gibraltar is earning today £60, shall we say, and for every additional pound that he earns over £60 he pays 30p in tax, then provided the Government of Gibraltar does not employ more than 30% of the labour force, any pay claim that everybody in Gibraltar gives will be self-financing as far as the Government of Gibraltar is concerned. In fact they will make a net profit because there will be some spin-off from the Currency Note Income Account, as we see in this year's figures, and there will be some spin-off from indirect taxation, as we have also seen and which I shall go into in more detail when we come to that.

So it is as simple as that, and that is the only formula that it needs to devise to be able to predict ahead of time what is going to be the likely result as far as its financing of its own share. As far as the rest of the economy is concerned, obviously it may well be that if there was a 40% increase in the United Kingdom it might knock the tourist industry out of action completely because they could not afford to pay 40% and stay competitive. But has nothing to do with phasing it slowly or fast or anything else, that would happen this year if there was a wages explosion in United Kingdom or in a year's time, but I believe that in any case an industry like the tourist industry, which is almost 90% dependent on imported labour, has to compete in an international market for labour. If the tourist industry here was not willing to pay the sort of wages that people can get in Jersey, Guernsey, the Isle of Man, they go. In fact I know they go because when we have been in CPA Conferences, we have met people who have worked in hotels here in Gibraltar. People in the hotel industry belong to an international market and they can generally fix their own price, depending on their specific skills in their own specialities.

As far as the situation with regard to public expenditure, again, Mr Speaker, I find the views expressed by the Hon Mr Xiberras on behalf of the Opposition very confusing because if he wants expansion and he wants public expenditure cut I cannot quite see what he is after unless what he is after is replacing public by private expenditure. He wants expansion of the private sector at the expense of the public sector, and if that is what he wants then I am against it.

I believe that the Government has got an obligation, and indeed not just the Government, the public employees have got an obligation to see that the community is getting a decent return for the money that is being spent. It is a very simple thing. All that is required is that the money should be well

spent and I do not think any advocate of public sector expenditure will advocate money being thrown about. Provided the money is being well spent then there is no valid criticism and I think it is inconsistent. For example, if I were in this House of Assembly to press the Minister for Medical Services, like I have done, Mr Speaker, to open the Children's Ward, and he tells me he cannot open it because he has got to recruit more staff and then I accuse him of spending more money when he employs the staff, unless I expect the staff to work for nothing. As far as I am concerned if I want a better service provided I expect that it will cost more money or else that we will be able to reorganise the labour force in such a way that we can provide a better service with the same money. But if it involves more bodies it will certainly cost more money, there is no question at all about that.

I can tell the House from my personal experience in the union field that the industrial workers have accepted massive cuts in overtime in the last twelve months, unless they are people who are working on a duty roster because we want to provide, for example, people at 12 o'clock at night like we did a couple of days ago when that boiler blew up in Varyl Begg. You cannot expect people to be standing by in case of an accident like that and not pay them. You either have to decide that people will have their house collapsing on Friday and wait until Tuesday or else you expect people to have it repaired on Friday and you pay for it. But then it is a Government policy decision as to the level of service that it wants to provide.

I think that the Hon Member is wrong in thinking that there is nothing being done on productivity because I knew that in the negotiations involving the Gibraltar Government shop stewards, it is not an area in which I am directly involved, Mr Speaker, because it is something that is done at the level of a Head of Department and a shop steward who knows exactly what the work is that needs to be done in the workshop, but there is a lot of work going on in payment by results, in prices being agreed for doing jobs and people being paid for completing these things, and I think that is one of the most practical ways of improving productivity and efficiency, and a lot of the money in the Development Programme could be used by making use of the Government's own workers in this area. Two or three jobs are being undertaken in this manner so I think that even if there is not greater publicity surrounding the thing, and there is no reason why it should be, it is taking place from my knowledge of it. I think it holds great scope for the future.

I can tell the Hon and Learned the Chief Minister that I shall vote against this Budget because as far as I am concerned I know how to run the economy of Gibraltar efficiently and he does not. And I am not prepared to support and sustain. One day perhaps I will be given an opportunity to run it efficiently and then he can sit on this side of the House and enjoy it!

Mr Speaker, I think the most valid criticism that can be made of the Government is undoubtedly their failure to use effectively Development Aid in terms of an injection of money into the economy as well as in terms of improving the social infrastructure of the economy. The revised figures that we have before us have to be seen in this context and I would remind the House that when I agreed with the optimism of the Hon Chief Minister last year, I said on page 297 of Hansard, "if the potential that is here" referring to page 5 of last year's Estimates where we had £7m on the Improvement and Development Fund, "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 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 the Government at this stage that one expects that it should be the case and that therefore one expects the eventual outcome for Government finances to be better than these figures indicate". That is to say, Mr Speaker, my contention last year was that if the Government indeed intended to spend £7,142,191 on capital works, and one assumes that those were their intentions, then they would receive more than £9.7m in income tax. I said that the figure would be, in my estimation, nearer £11m and in fact it has come out at £10.2m with only £3m of expenditure instead of £7m. I expected indirect taxation to be higher and I expected the income from the Note Currency Accounts to be higher than it has indeed happened. But it has happened with a lower level of economic activity than could be anticipated.

As far as the level of wages that we have in Gibraltar, before we all start rushing around saying what a catastrophe parity is for the economy, we must ask ourselves whether we are prepared to leave this House of Assembly and tell a labourer on £45 a week that he is earning too much money in Gibraltar, that his wages are too high. Whether we call it parity or we call it anything else, in my estimation, you need £45 a week to make ends meet barely in Gibraltar. £45 a week is not a fantastic wage, Mr Speaker. In addition to that I think we need to be conscious that the point that the Hon Mr Montegriffo was making about telling people parity will give you a higher standard of living but it brings great dangers, is a nonsense, because if the only thing that he was making a point about was the difficulty of the Government financing its own wages and salaries bill, the only thing that would happen would be that there might initially be, as a result of the pay increase, a 10% increase in wages which theoretically would produce, say, a 10% improvement in the standard of living, and then as a result of Government measures a 2% increase in the cost of living which would reduce the net value of the wage increase to 8%. So all that would happen would be the people would be told that the real value in the improvement of their standard of living had been 8% and not 10%. I assume that nobody is suggesting that it will be a negative value, that the Government would have to raise more money than would have to be paid out so that people would be worse off after getting a pay increase than they were before. I think it is important that

this thing should be clearly stated because it is wrong to create an impression that we have made a serious mistake in following United Kingdom wages structure because there were three fundamental reasons why a United Kingdom wages structure should be applied to Gibraltar and I think those three fundamental reasons are as true today as they have ever been in the past. One was that people in Gibraltar felt discriminated against for as long as they were being paid less than a United Kingdom worker for doing the same work; the second one was that to a very large extent Gibraltar is a part of the United Kingdom labour market, particularly for professional people who go to the United Kingdom to train, and, therefore, the relativities in Gibraltar were a source of grievance for as long as they were markedly different from the relativities in the United Kingdom, so that teachers felt that they were badly paid not in absolute terms but when they compared with what a teacher got in the United Kingdom compared to a fireman, a postman or anybody else. The third argument, of course, which to a certain extent developed from that one, is that it gives us a *deus ex machina* shall we say for determining what those relativities should be without having to quarrel with each other all the time, which is the industrial relations argument which can produce results. We have had a year without any major disruptions in Gibraltar and I think it is good for the economy and good for the citizens.

On the actual figures themselves, Mr Speaker, I would like to draw the attention of the House to the fact that we have been told that the extra cost of the pay settlement was £613,000 above that estimated, that is £8m instead of £7.4m. That is the part that could be attributed to the wage claim in terms of the effect that it has on this year's Budget, only that part, the other £500,000 has got nothing to do with the wage claim. But, of course, we also note, Mr Speaker, that the difference in the tax yield is £490,000, almost £4m, from £9.7m to £10.2m. So we have, Mr Speaker, the Government paying out £613,000 more than it anticipated twelve months ago and collecting in tax £500,000 more than anticipated a month ago, and I am sure that the Government will recognise that if they had not paid out £613,000 they would not have collected £4m. I am not saying that the whole of it was due to that but that the level of wages that are involved in that to the extent that similar to that was happening in the Official Employers was producing results, and we have had a very interesting figure for the productivity and efficiency payments which has enabled the Government to pay a £1.50 increase in the Efficiency Bonus retrospective to last July to its own employees and made £130,000 profit on the deal. Because in the case of the Dockyard the thing had not been settled since 1975, so there were four years of retrospection in the Dockyard, and only six months in the Gibraltar Government, they were still getting £1.25, and this meant that there was a far bigger bill in the MOL than there was in the Gibraltar Government. So we can see that it does not necessarily follow that the Government agreeing to a pay increase is bad for the Budget or bad for the economy as the converse can be equally true.

The figures on the funded services, Mr Speaker, again are worth looking at because I also made the point last year that it is the gross cost that we put in the funded services which immediately brings in an increase in the general revenue of the Government and, therefore, if the Government has got to meet an increase in the water account of £40,000 this year for wages, that figure will produce some Government revenue in terms of income tax and in terms of indirect taxation and in terms of its effect on the circulation of money. So the gross cost to the water account is higher than the net cost to the Government and it will always be so. So effectively when we are talking about these accounts being self-financing we are talking also at the same time of their becoming a source of Government revenue. And, of course, the sort of increases that we are being faced with is nowhere near the sort of increase that would be necessary simply to meet the wage increase this year, which would require about 5%, rather than 50%, Mr Speaker. I did suggest last year that a better way to do it might be to provide cheap water for domestic consumers based on the quantity of water that there is from the wells etc and, of course, the Hon Minister at the time, Mr Featherstone, laughed me out of court but I am not entirely disheartened by that because after all they laughed me out of court last year with the £330,000 transferred to the Improvement and Development Fund, Mr Speaker, and they have not done it, so who knows by the end of the year even the Hon Mr Featherstone might be converted to my ideas on how to organise the billing of the water!

I would like the Government to know, Mr Speaker, that I do not think that it is wrong that they should have changed their minds as to how to fund the capital programme and that they are now going for something on the basis of raising loan capital, about which I produced a lot of statistics last year to show them that in terms of relating public debts to the level of expenditure and public debts to the level of revenue the situation was a much more solid one now than it was in 1971/72 where we had almost the same level of public debt and a considerably smaller budget. So as far as I am concerned I am not going to rebuke them for changing their minds. I welcome the change of mind and I am sorry it has taken me as long as it has to persuade them. But so long as in the end we get something that is beneficial for Gibraltar I think we should not worry too much about whose idea it was in the first place. The important thing is the result. Mr Speaker I would like now to go back to the opening . . . . .

MR SPEAKER:

Do you intend to take much longer?

HON J BOSSANO:

Yes, Mr Speaker. I shall be briefer than other speakers, about another half hour.

MR SPEAKER:

We shall have a twenty minute recess for tea.

The House recessed at 5.15 pm.

The House resumed at 6.15 pm.

HON J BOSSANO:

Mr Speaker, the Hon Financial and Development Secretary has painted a picture of the problems facing the economy of Western Europe and especially the economy of the United Kingdom and has said that what is bad for the United Kingdom economy is going to be bad for Gibraltar. I agreed that there is a relationship. I have argued in the past that one of the things where I think we have a valid case to put to the British Government, for example, is on things like exchange rate policy and interest rates policy, where because of our belonging to the Sterling Area, the impact on the economy of Gibraltar of either a fall in the value of the pound or a rise in the value of the pound is something outside our hands but something that the central Government in London decides for national reasons. There could theoretically arise the situation where what would suit the national economy in terms of exchange rates policies would not be necessarily what would suit Gibraltar. It would seem to me that one of the areas where in terms of the value of the pound that puzzles me in our economy is that we seem to get the detrimental effect of the falling pound in terms of higher prices and we do not seem to get the beneficial effect of the rising pound in terms of lower prices. Prices still go up when the pound is rising and then they go up as well when the pound is falling which is understandable because things like oil that we buy in dollars and a number of other commodities that we pay in foreign exchange from other countries than the United Kingdom cost us more in sterling. The problems affecting the United Kingdom economy are essentially no different from the problems that were affecting it twelve months' ago, as the Hon Member has rightly pointed out, but his analysis of the situation suffers from the fundamental flaw of most reformist economists who seem to be incapable of carrying out their analysis to logical conclusions. One of the important things in his statement which he had to say about the United Kingdom economy is equally applicable in Gibraltar and it is also a fact that I have tried to get Members in the House in the past to analyse. This is the relationship between unemployment and productivity.

The Hon Member refuses to recognise in this year's statement, as indeed he refused to recognise in last year's statement, that part of the problem associated with low productivity in the United Kingdom is in fact that the relationship between high productivity and full employment is that if you have got, for example, today a situation like you have in the steel industry, where you could produce the same amount of steel with 60,000 less people, or twice the amount of steel without



making anybody unemployed, the trade union movement is likely to resist the introduction of any new technology that results in 60,000 people being put on the dole. So it is the inability to toe the higher output that in itself curtails the introduction of more sophisticated technology because the capitalist system is incapable of marketing what it produces because it lacks planning. And that is the essence of the alternative that our economy needs, just as much as the United Kingdom economy needs, and this is why I am opposed to a repetition of budgets year after year that do no more than what the housewife would do with a situation of not being able to make ends meet and having to find where the extra pennies are going to come from, or whether the husband should have one pork chop instead of two. I think the job of the Government is slightly more than that, Mr Speaker. Whilst I accept that a radical and new approach to the planning of Gibraltar's economic future would be something that could not be done overnight and would require a continuance of the system we have adopted up to now, it would be one thing to accept having to put up with that for a little bit longer until we replace it by a rational way of doing things, and seeing no light at the end of the tunnel except for the surprise heading in today's Chronicle that there is somebody in Gibraltar whose purpose it is to produce the necessary information that will enable a long-term economic plan to be done for Gibraltar.

Certainly, I can tell the Government at this stage that although I would not be taking up the invitation to join a committee to look at expenditure, any assistance that I can give the Government Economist that is here or any ideas that I myself have are freely available for use by any Government in office because I would only propose ideas that I think are going to be in the best interests of Gibraltar as a whole in terms of economic planning. I have talked about it so far in the House of Assembly in general terms, Mr Speaker, but I have got specific ideas as well as to how we should approach the thing, how we should look at the economy sector by sector. If we are talking about economic expansion we cannot just say we are going to have light industry without asking ourselves do we have anywhere to house a larger labour force than we already have? Can we talk at the same time of making Gibraltar more self-sufficient in labour and expanding the labour force? Are those two things not mutually inconsistent? But I think that there is already a number of areas where the Government has taken very early and tentative steps and I would urge them to follow those steps because I think those are the areas that are going to produce results. One is this idea of having a Government-owned corporation responsible for the quarrying of sand and acting as a publicly-owned corporation but more as a commercial enterprise than as a Government Department which I think is required. I think that is the sort of area that the Government could well find to produce the money to enable them to provide better social services and better facilities for citizens as a whole. I think in addition the experiment that is going to be tried of using direct labour for new construction, if we can succeed in getting people to be enthusiastic about it and really take an interest in doing that type

of work and given an opportunity to earn money again, could pay the Government some dividends. In an economy as small as Gibraltar's we are very fortunate in being able to do two sort of things. We are able to produce an economic plan for the economy as a whole in terms of macro-economics, even though to talk about macro-economics in Gibraltar is a gross exaggeration, because after all if one is realistic the catering manager in Ford Dagenham has got to feed 50,000, we have only got 30,000 in Gibraltar. Even so we need an economic plan for the whole of the economy and then within the Government's own area of operation we can really get close to identifying where things are going wrong in terms of planning things ahead.

In this second element of planning, which again I went into in quite a lot of detail last year, in fact I am repeating myself from what I said last year, one of the most important things that the Government can introduce in the Public Works Department is forward-planning so that when the man is sent to do a job the materials are available and the transport is available. They can learn quite a lot in this area from what is being tried in DOE with what they call PPL planning and control scheme, and I would say that the possibility of adapting something along those lines to meet the slightly different work force composition and slightly different work pattern of the Gibraltar Government again could mean that the Government would be able to get a lot more work done with the labour force, give people an opportunity to earn money and not face major financing problems at the end of the year.

In terms of the world situation, Mr Speaker, I think we need in Gibraltar particularly in the House of Assembly, and if there is one thing I would agree with in terms of televising the meetings of the House of Assembly is that maybe if the Financial and Development Secretary and I are not able to interest anybody here in the world economy we might well succeed with one of our tele-viewers. I think we need to be conscious here that we live in a very turbulent world. The western economic system that appeared to be capable of consistently producing results year after year since the war, a system that has in the eyes of most people seemed to be fool-proof, one that guaranteed people ever increasing standards of living, has gone through a very bad patch from which it is having great difficulty in recovering. But the expectations of working people in western Europe have not diminished in any way. They still expect those results to be produced and there is a great danger in social upheaval inherent in the inability of the professional economists to reach agreement amongst themselves on what needs to be done.

The situation in the United Kingdom in my view is not going to remain the same regardless of who gets into power. Certainly the radical ideas that the Conservative Party is suggesting it intends to implement if they get into power would bring about either a complete revision of Keynesian economic theory, as we have known it for the last thirty

years, or a revolutionary situation where Mrs Thatcher will go the way of Mr Heath. I tend to believe that there is a greater probability of the second, Mr Speaker.

In terms of this possible situation, apart from the economic impact of what would happen, for example, if there was a massive increase in the price of oil, apart from what could happen if there was a situation where the money that is now pouring into the United Kingdom poured out just as quickly because there was a sudden change of confidence in the pound, and I must say that it is very peculiar that the particularly gloomy view of the Hon Financial and Development Secretary certainly does not seem to be shared by investors in the United Kingdom who are sending the Financial Times index to all time highs almost daily, so they must think that there is a bonanza. Apart from those specific economic variables that could have an impact on our own external trade, as it were, and our imports of oil on our ability to sell services to the tourist industry, for example, of the ships calling at Gibraltar, our ability to stay within the price structure of the market in which we are operating, I think the political repercussions are equally serious and as politicians we should be very conscious of them. We should not blind ourselves to thinking that we are living in a little island which is sealed off from all the things that are happening in the rest of Western Europe because we are not sealed off. I myself think that it is possible to introduce planned expenditure and stimulate the economy and not create inflation. I think it is possible to do it and I think it is amiss to suggest that, for example, a situation like we have in the OECD with 17m people out of work is a situation which in Keynesian times would be described as one where we were operating at the boundary of the potential of the later market, and that any increased demand would be translated into higher prices rather than higher output. It does not make any sort of economic sense at all that you should have a situation like you have in the United Kingdom where there are massive wasted human resources, where there are children in overcrowded classes and 50,000 school teachers out of work. That is an absolute nonsense and is a terrible indictment on the system.

We can put that sort of thing right, not we here in Gibraltar regrettably otherwise we would have cured the problems of the whole world, and I do not think they are going to allow us to do it even if the Financial and Development Secretary and I get together to do the job, we are not going to be allowed, but these are the sort of things that people are having to look at elsewhere. We are very fortunate in the structure of our economy because the problem that we have is not that sort of problem at all. The problem that we have is how to maximise the output that can be achieved within a limited labour force, and in Gibraltar we are virtually the only place where the threat of new technology in terms of employment does not have to send shivers down our spine like it does everywhere else in Western Europe. It does not have to because I would be totally opposed, Mr Speaker, to people being put out of work, and in fact we have a situation in

Gibraltar where we have got a very high labour turnover and we need to recruit fresh people constantly. So whereas I think we have got an obligation to the people who are giving us goods or different services, they are people who have been here when we needed them and we have got an obligation to them. It does not mean we have to keep the size of the labour force at its present level if changes can be carried out painlessly.

I think, Mr Speaker, on the non-industrial side, one of the areas that the Government should seriously be looking at is of encouraging, I know it has been done without much success in very small areas, but we must encourage women to take up jobs that have not been traditionally done by women. I think it is possible to do it. It obviously requires a change in attitudes. We tried it already in a couple of areas and have not been successful, but I do not think we should give up because we have failed up to now. But these again, are the areas that because of the size of Gibraltar's economy, on the one hand we are talking about a broad view of the economy as a whole with a sense of direction, where the fiscal policy, which is what the budget is all about plays an integral part in the Government's economic policy, and there may be areas of differences as to where the direction should be. For example, I myself would be in favour of encouraging an expansion of Government activity. There could be differences of emphasis in what direction it should move, but we need to have a long term plan to know where the economy is going, and that the budgetted policy should not be just a series of fiscal measures in isolation but fiscal measures, the economic impact of which has been worked out before, as far as it is possible to work these things out beforehand, is to my mind, vital if we are not going to find ourselves with a recurring problem of the type that the Government has today and which the Government at the moment is saying is likely to persist in the years ahead. The ability to do something in isolated areas would, therefore, be complementary to these overall plans and it would require far less expertise to introduce common sense measures than many people might think. Mr Speaker, I think the expertise is required in terms of the long-term economic plan which I have been saying for a number of years is necessary and which I am glad to see the Government is coming round to accepting now.

If we go back to our own situation this year, one thing that I would like the Hon Financial and Development Secretary to clear up for me is that he said that the figure that he had put in for the income tax yield was based on the estimated revenue yield of a 10% increase of the wage bill of the Official Employers. I would like to ask him whether he has taken into account any possibility of there being a wage freeze in the private sector as well or not. I would like to ask him, in view of the fact that he said that this 5% figure that he says he was being criticised for last year by Members of the Opposition, and I thought I was very mild about this last year, Mr Speaker. All I said to him was that I thought

inconsistent to use the 5% figure for both the current wage increase and the retrospection, and that if anything that was an argument against a higher yield because I felt that people were likely to take a bigger proportion of the back money than they were of current increases in wages, and that is one of the factors that could have had an economic impact if the wage increases had taken place at the time that they should have taken place rather than with the delay that they did. That, to my mind, would be a valid thing to point out to the Government, that the way people spend their money when they get a lump sum is not the same as the way they spend their money when they get an extra £4 or £5 in their pay packet. You are likely to get more of the money circulating in the economy if you put it in the pay packet and I think that if that is indeed the case, and this is a valid analysis, then we are likely to see that if we settle the pay review fairly quickly this year and we are likely to see the difference that it makes.

On the question of the Improvement and Development Fund, I must say, Mr Speaker, that I agree entirely with the point made by the Hon Mr Xiberras that it has really got now to the stage that it requires almost blind faith in the Hon and Learned the Chief Minister to expect that this year he is really going to spend the £74m, after we have seen that figure bobbing up and down in these Estimates year after year. I know that there is no valid reason why the Government should not be even more keen to get it spent than we are on the Opposition because they do not stand anything to gain by not spending the money. In fact all it does is complicate their lives more than they would if they actually got the money spent and into the economy. But it is incredible that we should have a situation where, in 1972, they spent £2.5m and then subsequent to that every year they seem to have an extraordinary optimism that without doing anything different from what they did the year before, this year they are going to be able to do it. And, of course, all they do is to pass the expenditure from one year to the other and then they come back and revise it downwards. I understand that at one stage the argument was that the whole thing was being held up by ODA red-tape. So in the last twelve months we do not know what the answer is, but I think that had the Government been persuaded to do some of the thing that I have argued since I arrived in this House in 1972, they would find themselves now with 21.6m in reserve. They would have had a higher recurrent cost in terms of financing the public debt, admittedly, but in proportion to the damage that has been done to the reserve, that would have been a very small price to pay, and in terms of the ratio between revenue and debt servicing, we are still talking about a situation when in 1972 the servicing cost of the Public Debt was 8% and even now we are still in the region of 3.9%, Mr Speaker. So in terms of the burden of recurrent revenue of servicing the public debt we are still well below the situation we had in 1972 when we had a very substantial capital works programme compared to recurrent revenue. We have had a situation where we have moved really

from a pattern of Government expenditure where there was, if anything, an over emphasis on capital works, because capital works in 1972 were almost 25% of total Government expenditure, to too little emphasis, and of course, capital works generate revenue in a way recurrent expenditure does not. It has been stated before when we have talked about moving money from the recurrent revenue into the Improvement and Development Fund, the whole argument of the Government was that you could not treat recurrent revenue in that way because capital expenditure was in a different category altogether.

I am sure that if we had a proper economic plan, perhaps it would have been possible to do it in 1972, perhaps we did not have the sophisticated statistics that we need, but if we had had an economic plan I am sure that that sort of mistake, which is really not an ideological point at all, it is really a question of judgement more than anything else, that sort of mistake would not have been made. I am sure the Government would not find itself in the difficult position it finds itself today and I am sure that it is in that area that its problem really is to be found and not in the area of the last pay review or indeed of the forthcoming pay review.

HON M K FEATHERSTONE:

Mr Speaker, we have had two speakers so far from Members of the Opposition. I would not say that either of these two gentlemen is wildly enthusiastic about the policy of this Government but I must record how the difference of approach between the two speakers strikes me. One is being cool and logical, although not always fully correct, and the other used his intervention almost purely as a means of political invective and antiism against the Government. In fact the only thing with which he did agree with Government, he claimed, was his idea anyway. I leave the House to guess which speech relates to whom.

We have had a year of parity, a year in which possibly Mr MacMillan, if he were here, would say "You've never had it so good". In real terms there has been an improvement in standard of living of some 30%, and this has been fairly obvious from what the Financial and Development Secretary said; the number of new cars that have come into Gibraltar. I think the Japanese works will be very grateful for Gibraltar's efforts, and the number of colour televisions, and, unfortunately, to some extent the amount of credit that has increased from the bank.

One thing Mr Bossano said I would take a little issue with. He gave a very simple formula under which any increases in pay could be recovered by the Gibraltar Government. This formula, of course, is correct as long as you have certain premises. You must give, if your figure is 30% taxation, and your figure of Government employees is 30% of the total labour force, you must give any increase to the whole of the labour force. It is no good if it is only given to part of the

labour force. For example, I believe just recently Government and MOD have given an increase in Efficiency Bonus but I do not see any similar increase in the private sector ....

HON J BOSSANO:

If the Hon Member would give way. In fact on the increase that he has just mentioned the Government has made a net profit of £195,000. But quite apart from that the situation is that if the Government had settled at the same time as the private sector in 1976 and in 1977 they would not have faced the problem that they are facing in 1978. But in 1979 they would be facing it at the same time and, therefore, if one looks at the proportion of the wage bill, I said, not the number of employees, for the whole economy that is due to Government employees, then the formula will work.

HON M K FEATHERSTONE:

I still reiterate that the question of the £195,000 profit is because there is a big backlog from the MOD, but if it is done as from tomorrow, say a new figure of £1 were given, and there were no back pays to be given, and the private sector did not fully get the same thing, then one might find one was a little short. The more so, I believe, when one thought that parity would bring in sufficient from MOD and United Kingdom spending in Gibraltar, the number of employees in the MOD was higher than it is today, and I think it is working a little against us at the moment. One should be a little careful in the application of these very logical formulae because often they fall down when you come to the detail.

I am responsible for a Department with the biggest spending in Gibraltar. It is a Department which I have said before and I will say again, provides service. Service usually taken for granted. People only think of the Public Works Department when something goes wrong. You get the person who deposits his rubbish, empty boxes in the street corner, which is taken away by the Public Works Department lorry every day. One day there is a breakdown and the lorry does not go and that person is the first to be standing up and shouting "There you are, the Public Works Department do not give me any service, what do I pay my taxes for" etc. We are the Aunt Sally. We seem to be blamed for everything that comes along, whether they are acts of God, such as landslides and falling rocks, whether they are private mishaps such as recently occurred with the explosion of the water heater, it seems to be that the Public Works Department gets part of the blame if not all of it.

This year, our main demand, as in other years is for money. We want about \$5m to maintain our services. I would hardly say to improve them because there are in some very slight instances a few cuts, not very great, and as has been said by the Hon Mr Montegriffo, of that \$5m the greatest percentage goes in wages.

Referring to the actual pages in the draft estimate, the first section is the salaried staff. This salaried staff is the staff that we have following the Staff Inspection some eighteen months' ago, and it is not, I will say it quite openly, the exact staff that we feel that we should have. We have put in for a reorganisation and we hope that in the near future there will be a few changes, but for the moment we have to work to the actual staff that is put down there. It looks a great deal of people. I am sure the Hon Mr Peter Isola will say, look at all these Quantity Surveyors, all these Works Supervisors and what do we get for it? If he were to sit down carefully to think about it he would realise he is getting a great deal for it. We have had, in the main, a well-organised town running smoothly throughout the year, all these different PTOs, Work Supervisors, doing their jobs unobtrusively, very well in many instances, not getting perhaps the praise that is due to them at times because they often put themselves out as some of them did with the explosion the other day in Varyl Begg. They were there, they supervised that things were put back in order as soon as possible.

I would mention at this stage that some of the staff work specifically to the Development Programme and some of the staff are still in short supply for that Development Programme. We are short at the moment in the field of draughtsmen and in the field of structural engineering. So much so that we are having to go out to expensive contract work to be able to keep up with the Development Programme. And perhaps the House might be a little interested to learn just exactly how we have been held up to some extent on the question of Quantity Surveyors. In August 1977 a report on staff requirements was actually prepared by the Deputy Director of Public Works and a letter was sent by the then Director to the Economic Adviser asking for the different staff that were needed. A memorandum was sent from the Financial and Development Secretary to the Administrative Secretary and a meeting was arranged in which explanations should be made. This meeting was held near the end of August and it was stated there very clearly that since it took considerable time to recruit staff could the matter be dealt with as a matter of urgency. Nothing happened until the staff inspection agreed through around April 1978 in which the Staff Inspectors agreed that we should have extra Quantity Surveyors for the Development Programme. A letter was then sent to the ODM asking them to recruit the staff. Two Quantity Surveyors arrived in November 1978, and two arrived in January 1979. As far as the draughtsmen are concerned one will arrive in the coming month of May and two more are still required. This is one of the reasons why there is some measure of slippage in the Development Programme.

HON P J ISOLA:

Did he not say at the Budget last year that they had all the staff now for the Development Programme?

HON M K FEATHERSTONE:

I do not think we said that at all. In fact I think we said last year that we were still in need of Quantity Surveyors.

HON P J ISOLA:

If the Hon Minister would turn to page 215 of last year's speech. How can the Minister come now and tell us something different?

HON M K FEATHERSTONE:

I shall have to look that up later. The position is as I say now that the Quantity Surveyors have just turned up and we are still short of two draughtsmen.

Turning to the recurrent expenditure. Head 20, this is mainly the same as last year, based on the Revised Estimates, with a slightly increased figure in certain cases, and a bigger increase in other cases.

On the beaches we intend to carry out number of improvements but one of the things where our service is going to be a little bit diminished is that we are not starting lifeguard duties until the schools break up. This in one way will be a slight diminution in service but in another way will be an improvement in service insofar that the type of person we shall be able to recruit as lifeguards will be of better quality. They will be our students returning from the United Kingdom on holiday. Before we have been taking on some of those gentlemen who go by the rather unfortunate name of "hippies", but they have been all that has been available at the time when we used to start earlier in May.

Maintenance and Painting of Crown Properties is much the same as the revised figure for last year.

Emergency Service is much the same. And here I would like to compliment the Emergency Service on being there at all times and being ready to turn out and do good work when required. It is true that they are paid many times for doing nothing but it is essential that we do have them and I think that their work the other day in Varyl Begg, after there was an unhappy incident, is to be highly commended.

On Rock Safety and Coastal Protection, we are fighting almost a losing battle at times with the sea, and whereas last year we spent very little on Rock Safety and Coastal Protection this year there are two areas, Beaver Promenade and Keys Promenade, where we must spend a substantial amount of money, because if we do not do it we will lose the two promenades and then we will be in a far worse position. That is why there is a considerable increase.

There seems to be under Subhead 7 a horrible figure for Leave and Sick Pay which seems to be extremely high, but I would

comment that of that \$300,000, \$200,000 is actually the amount paid for leave and Public Holidays. It is not all sickness, although we do have a certain number of aliens who take the maximum amount of six weeks permitted sick leave, and this is not really to our advantage. This year we are going to vet very carefully the persons who take this maximum and in certain instances where we see that we are being put upon we are going to consider whether we will have to dismiss the persons in question.

The purchase of small tools will continue. We are very much in need of small tools and plant. We had two or three instances during the year in which certain important work was being done by a mason with a hammer and chisel, whereas had he had an automatic specialised type of hammer the work could have been done in one tenth of the time. We felt that any money spent on these small tools and plant is money well spent.

The figures for pumping have increased very considerably, as have the figures for the operation of distillers in the potable water account. This, I am afraid, is due to a two-fold reason; partly the increase in the cost of oil with the distillers, and with the pumps and distillers the increase in the cost of electricity. This is something that is completely beyond our control and on which we shall have to keep a very close watch because we may be getting to the stage where it may almost be beyond our economic bounds to continue distilling, and we shall have to consider whether other means of obtaining water might not be more advantageous, such as increased importation.

I would turn back, if I may, to Head 19, in the General Expenses. There is not very much of consequence there except one item which is subhead 6, Unallocated Stores. I have this year convinced the finance authorities that we should put in a token figure but a more realistic token of \$100,000 instead of \$100. If we have every year in the Auditor's Reports remarks coming up that we are terrifically over-spent in Unallocated Stores and we do nothing about it then we should properly be called to task. There are two ways of doing something about it: either getting down to the \$100 figure or putting in a realistic figure. To go down to the \$100 figure is not realistic in this day and age. If we have Stores worth some \$600,000/\$700,000 and if we were to turn them over once in a year, with the current rate of inflation which is running between 15%/20% on our Stores, we would need to have at least \$100,000 just to replenish those Stores. But at the same time we not only need to replenish our Stores, we need to increase our Stores because there are certain new items which come in with each Housing Estate, which means an increase in Stores. A new Housing Estate may have a different type of window frames, different type of door locks, keys etc, and also there are certain areas where we have been purchasing in town and we find it would be more economical to have our own stock and supply from it.



One very simple example is that a battery for a lorry can be purchased by us for £70, but if we purchase it in town it costs approximately £140. I would like to say a little about the Water Account. We are, this year, getting closer to reducing the budgetary aid that the Water Account needs, though I do not think we should get this completely down to zero because I feel a measure of subsidy should be permitted in water. Water runs at a loss. It did in the days of the Peliza Government, it does so today. Inflation continues year by year, except in one area - the rainfall. We do not get an increase of 15% rainfall every year and, therefore, our rainfall figures are approximately static and the production from our wells is approximately static.

The other areas where we obtain water are getting more expensive. Imported water has cost more, and as I have already said distilled water is costing considerably more. The North Face Distiller tries very hard and almost manages to hold its own, but I am afraid the Peliza/Caruana miracle distiller, the VTE, which I believe at one time was supposed to solve all our water problems, since its inception, has failed dismally to provide anything near its rated capacity. I have heard in some areas that a public inquiry should be set up to ask how Gibraltar ever came to get this distiller. A distiller, which I understand, was a proto-type and had little other recommendations behind it other than that the Atomic Energy Commission was involved in its design. Perhaps such an enquiry might be a good thing so that the public might learn how the Peliza Administration has saddled us with an expensive means of providing our water supply. The trouble is that we have this contraption now and we have to use it in spite of its high cost.

But, of course, when you ask the Peliza/Xiberras Opposition to vote funds to pay the real cost of the water from this distiller, they throw their hands up in horror and they talk of a wasteful Government etc. As has been said water will go up 50%. This will mean that the first 45 units in any month will be paid at 9p per unit. We have done a random selection of 60 houses, taken all over Gibraltar, and they show an average use of water of 42 units per month. This will mean an increase to the average house of £1.25 per month, and the actual water used will cost £3.78 to the consumer. This will however cost the Government £9.45. There is a subsidy element of around £5.50 per month. This is almost like giving the rainwater and the well water to the domestic consumer who uses the average amount per month, and that, of course, is what the Hon Mr Bossano wishes and I am sure he will, therefore, support the increase. It does not, of course, allow for the person who wishes to use very vast quantities of water and he should obviously pay closer to the correct figure. But even the person who uses large quantities of water will still be getting his water subsidised to the extent of about 20p per pound.

I spoke last year of the hope that parity of wages with the United Kingdom would bring parity of production. We have heard from the Hon Financial and Development Secretary that

production in the United Kingdom seems to be dropping and we hope this is not going to be followed in Gibraltar. Production in 1977/78 in Gibraltar was lamentably low but there are signs that in 1978/79 the rate of production has considerably improved. Overtime was cut but in many areas the production derived from the lesser hours compared favourably with the previous effort. Special efforts have been made in this last year and will be made in the coming year to boost production in certain areas.

As the Hon Mr Bossano has said, what is known as JPC's, or Job Price Contracts, have been given and results, to witness the Youth Adventure Playground at the Immaculation area, have been very encouraging. Another area where results have been very good was the repair of the Catchment, where there was a 100% improvement in production. We support the JPC policy and we are looking for further areas to implement JPCs in this coming year.

We are going to put a small building contract out to the direct labour force on a JPC basis. It will consist of the building of six houses at Catalan Bay and if this is a success more will follow. Other areas include painting, trench-digging, roadworks, pipe-laying and we are looking into ways and means of some type of incentive scheme for general maintenance work and garage repairs. We are ready to look at all forms of increasing production and we are willing to pay to get it. One of the things, however, that we may ask the Union is that once they feel that they are getting a fair share of the cake and once they are fully committed, we must consider other works especially in our backlog of maintenance by perhaps looking towards a term contract.

All told, the Public Works looks forward to a year in which we will give as good a service as we have before.

I would like to mention the Development Programme insofar as it affects the Public Works. The winning of sand should start in June this year. We should be producing both sand and aggregate, and one of the items in the Improvement and Development Fund, under Head 104, Miscellaneous Projects, is as can be seen £1,000 which is to provide the capital of the Gibraltar Quarry Company. This Company will have two shareholders, both nominees of Government. They will be the Director of Public Works and the Accountant General, and they will hold the shares on behalf of the Government. It will have a Board of Directors and for my sins, I have been nominated Chairman. The other Directors will be the Financial and Development Secretary or his nominee, the Director of Public Works, an Engineer of the Public Works Department, and a member of the Gibraltar Master Builders' Association. We will, for the first year, be using a Quarry Master who has been appointed by the consultants, who for the first year will monitor very closely the whole project so that it gets off the ground smoothly and can be producing, we hope, some 20,000/30,000 tons of sand and aggregate yearly. We . . . . .

HON M XIBERRAS:

Mr Speaker, is there any Union representation on that Company?

HON M K FEATHERSTONE:

It has not been provided for at the moment.

As I was saying, it will provide 20,000/30,000 tons of sand and aggregate annually and we hope within the first year that the price of sand will be more economical than of that imported, especially from what I understand in the last few weeks, in which the price of imported sand is going to rise very considerably.

We are spending this year more than double what we spent last year on vehicles and plant, in particular on vehicles. We have up to the moment been hiring a number of lorries and we intend to replace these by our own lorry fleet. This will not only provide us with more flexibility but will save us on the average, £4,000 per lorry per year.

There is a small item, but I am sure a very welcome one to the Hon Mr Bossano; we are going to build a bathing pier at Varyl Begg Estate. So he can get his bathing trunks out and we hope that he enjoys the sea very shortly!

There is also an item for the transfer of our stores from its present site to another area in Ragged Staff which is being surrendered to us by the MOD. This will give us more room and better facilities for storage. It will also allow some of our other sections to move into the site of the old stores and thus provide better depots than they have now.

In Head 105 there are a number of mundane items, but I would single out two of them: we intend to create a car park at Devil's Tongue just behind the Calpe Rowing Club. At the moment this area is cluttered up with old cars and boats and goodness knows what. We also intend to make improvement to the car park in Moorish Castle costing some £7,500.

We are also going to repair Smith Dorrien Bridge, which is now 60 years old, and which, I understand has suffered a certain amount of strain by lorries with containers passing over it which they should not do at all.

We hope this year to be able to have our salt water mains renewed. This was down in the Estimates last year. The pipes were on order but they have not yet arrived. We hope they will be arriving very shortly and this will be one of the areas in the Development Programme where we will be using JPC for trench-digging etc.

On the potable water service, the biggest item that we have down for this year, of course, is the deep drilling tenders for which are now in and we hope to award the tender fairly

shortly and to then start work. If this is a successful operation and we do strike water in reasonable quantities then, of course, its overall effect on our water situation may be very considerable.

I think most of the other items are self-explanatory but, of course, when the time comes and we are in the Committee Stage I shall be happy to answer any questions. We are confident that this year we will be able to spend the money that we have got in the Development Programme for the miscellaneous and minor works. Many of the items have as I said earlier, been held up because of lack of staff to get everything ready, but now we are ready. In fact we are so ready that in certain spheres we are perhaps ahead of 1980/81 in drawings etc. I know that this evokes a measure of criticism especially from the Hon Mr Isola but I will take this opportunity to invite any Member of the Opposition who would wish to, to come and see me and I will take them around to see the Architects and Draughtsmen and Quantity Surveyors' Department, and they can see the volume of work that there is to do, that has been done. I think in many ways this would be a good exercise and it would put their minds at rest that they are getting value for the staff employed.

Finally, I would say, as I have said before, that the Public Works Department is a service department, it means to give service, it will give service.

MR SPEAKER:

I have the reputation of being a born optimist, but I cannot believe that there are no other contributors.

HON M XIBERRAS:

It is the usual problem! The Hon and Learned the Chief Minister has nine other Members on his side and we are all rather anxious to hear what the other nine have to say.

HON MAJOR R J PELIZA:

Mr Speaker, it is a great pity that we cannot hear what other Ministers have to say before we express an opinion. It seems that although the Government has a huge majority on their side they are rather afraid of opening their mouths because of the criticism that will follow. That, in fact, is the position in this House. Unfortunately, it remains in this House, the public does not hear about it, or very little about it for reasons that have been explained very clearly by my Hon Friend the Leader of the Opposition, and I suppose there is nothing we can do until the next elections come along and we go out and tell the public what has been happening, not in the last four years since the elections of this administration, but for the last eight years of this administration, for which the price is going to be paid now. This is the answer, Mr Speaker. They will read what is being said here, no matter

how much blame we may pass on to fuel consumption in the United States and the general world recession and the price of oil going up, notwithstanding what blame we may attach to that and how we may wish to cushion the reality of the situation in Gibraltar, the fact remains that it is bad administration that bring this about in Gibraltar. And this is why my Hon Friend on my left has said he will not vote in favour of this Government's measures on this occasion. I am very pleased that that is the decision of the Leader of the Opposition and I, of course, will follow that attitude because I honestly believe that we would be doing a disservice to Gibraltar if we did not express our complete dissatisfaction with the present administration, if we did not do so in the only possible way that one can do, by voting against the measures that they intend to take, which are absolutely unjustifiable. This Government, and the previous one, because it does not really follow this one alone, should have been able to use their judgement in the proper way and had produced a policy and taken action that would have avoided the situation that we are now facing today.

Mr Speaker, it is very noticeable when one hears speeches of the Ministers today that they are more or less now going to adopt a policy that was brought into this House by my administration ten years' ago. The policy of higher wages for higher productivity basically and the policy of the parity of wages, Mr Speaker. Basically those are the two policies that my Government tried to bring about ten years ago but this Government did not believe in it then. There were giggles here when I mentioned this for the first time at the opening of the House of Assembly in 1969, but there are no giggles any more now, they are beginning to take it seriously. We are hearing now about JPC's; now they are going to do it. That was an idea that was introduced by my Hon Friend on my left almost nine years' ago and again, Mr Speaker, unfortunately people decided to change horses half stream and this is what we are suffering now from. This is why we have just heard the Minister for Public Works blame the water situation on the Peliza Administration eight years ago. They have been unable to do anything at all in those eight years and because they have not been able to do anything at all, all they do now is blame the previous administration. Eight years ago. It proves their inefficiency, they should have seen our mistake then and put it right. They have not. They have been carrying this distiller for eight years on their shoulders and now ten years later they say it is no good!! We hear about this distiller on the North face of the Rock. When we took over, that distiller was in serious trouble. It was being choked with sand every day. There was no production. But if I may say so the initiative of my Friend, who unfortunately is not here to defend himself, Mr Caruana, did a lot to make that distiller work, and it is working today very efficiently. And this is one of the reasons why that distiller is working today. Practically every mechanical and electrical equipment suffers trouble at the inception and anyone who deals with that will agree that this is the case.

It is a question of trial and error and making it work. It is a misfortune that we left when the distiller that my Hon Friend is criticising was being set up. There was no imagination to try and tackle the problem then, find the reason why it was going wrong, claim from the manufacturers if there was any reason to claim, and put it right. But they have waited ten years. Complete negligence on the part of the Government not putting something right eight years ago. It is no good laughing, that is a reality. They were elected by the people of Gibraltar to produce results ten years ago, and the results are not there, on the contrary, what we have today is more problems than ever before.

But that is one problem, and it is in fact a way of pushing the blame on to other people and missing the real problem of water in Gibraltar. There is the one of leakages. We have not heard anything from the Minister of what he has done about all the losses that we have. What has the Minister done about that? Has he got an explanation? I would have thought that because there was a Select Committee on that particular issue, from which Members of the Opposition resigned, that could have been a topic, I would have thought, that the Minister would have given priority to it at the House, if he had any respect for the House. But he has not, obviously, because he has completely ignored that. What does he do? He goes and blames something that happened eight years ago. What a magnificent performance of this Government!

HON M K FEATHERSTONE:

It was not mentioned because I did not want to put your two Members in a bad light for resigning, when they should have come forward, as requested time after time, for comments on the draft report.

HON MAJOR R J PELIZA:

That has flabbergasted me. There he is speaking at Peliza and even a Member that is not present. And now he is being kind to my Hon Friend. He does not mention that because he does not really want to offend them. Mr Speaker, I find that very difficult to swallow and I think many other people would do so if they knew the whole story. Water is going to be more expensive, they want to justify it, and they want to put the blame on somebody else. This is the way they go. That is not playing to the galleries, Mr Speaker. What my Hon Friend is going to do, voting against the budget today, that is not playing to the galleries.

But that is not so, this is not the first election that we have had in Gibraltar, and notwithstanding we were an Opposition before this, I think no one can say that we did not act responsibly then as we are acting now. And if we voted for measures that we thought were justified we did this regardless of what the outcome would have been at the election. Perhaps the Government has had a majority because this is the way they act. They are not thinking of the welfare of

Gibraltar, they are thinking of remaining in Government and this is why they have never had a policy of their own. They have been forced into doing things either by public opinion or by the Unions, not because they believed in what they were doing or because they were capable of carrying out the policy that was thrust upon them. Let us take one example which I think is a very important one, parity. There was no question whatsoever - in fact the Hon Minister for Medical and Health Services confessed here that he was totally against parity - that the Government tried to avoid parity at any cost. In fact most of the trouble that we had with the Unions was because they were trying to avoid parity. And today they say, like we heard Mr Featherstone; that one of the reasons why they could not complete the Development Programme was because of the attitude of the Union. But the attitudes of the Union was such because the Government would not agree to parity. As simple as all that.

HON M K FEATHERSTONE:

I never said that at all, Sir.

HON MAJOR R J PELIZA:

I beg your pardon, I think you did. And so, Mr Speaker, we find that here is a Government which is incapable of administering their Departments properly and the result is what we are seeing today, that the people are going to pay for their bad administration of Gibraltar. Gibraltar does not require high-faluting planning, what Gibraltar requires above everything else is good administration, and this is what we lack. We seem to have lacked management completely.

Now, why have we lacked management in Gibraltar? Why? What is the reason? It has nothing to do with long-term planning or short-term planning, it is the day-to-day administration that is bad. There are no bosses about who can implement the policy - if they had one - of the Government. There is no manager, I do not think the managers find themselves capable of carrying out whatever their duties may be for fear the repercussions that may follow. Yes, Mr Speaker, that is the truth. It has got to be spoken in that way because that is the reality of Gibraltar and this is the fact why there is no productivity. Because the managers are afraid of ensuring that those under them produce as they should. And why? Because the Government has not had a policy. And in the end they have taken the policy that they have been pushed into without even knowing what to do, and now they have realised the fundamental thing is parity here. They think this is the saviour of Gibraltar, with all due respects. Yes, parity has saved Gibraltar economically, politically, and as a community. And the formula that the Hon Mr Bossano explained today was the formula that I and my party used, even when we were not in Government, even before we went to the elections. What happened is that the Government is incapable of making it work the same as they are incapable of making the distiller

work, as they are incapable of making the electricity work. They are incapable of making anything work. This is the reality of the situation that Gibraltar is facing.

Let us see about parity which is fundamental to the future of Gibraltar, so I used exactly the same formula that my Hon Friend explained today, and it was very simply done. We wrote to all the United Kingdom Departments; we tried to find out how much money was coming from them; we saw what the expenditure of the Government was; we calculated it in terms of revenue, what would happen and we found that for as long as the proportion of employment remained like that, Gibraltar could exist. "Ah!" says the Chief Minister. But there is one more important point which the Chief Minister never accepted, I think he accepted it reluctantly, and that is that we must be linked with the United Kingdom financially. So that if that does not work for one reason or another then there will be a period in which that can be cushioned and the situation of Gibraltar will progress smoothly, we hoped. This is a commitment and we should try and accept it. I heard the statement from the Chief Minister about the indignity and then find that he goes and does exactly the same thing that he said he would never do. There is no question about it however well he may wish to cross it. It is there. He said "I will not ask for money" and then he asks for money but only for these occasions. Who tells us that there will not be another occasion . . . . .

HON CHIEF MINISTER:

Didn't the Hon Member get the once-and-for-all grant of £100,000 and made a lot of noise about it when he came back?

HON MAJOR R J PELIZA:

We do not disagree, we were delighted. What I am saying is that I would not say I disagree with that and then ask for it. This is what I would not do and this is what my Hon Friend the Chief Minister is doing.

HON CHIEF MINISTER:

If the Hon Member will give way. I will try and remove from his mind a bit of this great ignorance of these matters. It is one thing to ask for help as we have done in a small way and the other one is becoming grant-aided in which a department of the ODM would come over to turn the things for us because they would be paying for the deficit that we were to have in the Estimates. They would be running Gibraltar. That is one thing. The other one is asking for money and perhaps not getting it. Now if you do not know the difference then you are wasting your time.

HON MAJOR R J PELIZA:

I know the difference exactly, Mr Speaker. What I clearly do not know is the difference in what the Chief Minister is

trying to say in his statement. That is what I do not understand. I understand that difference, of course I do, and in certain circumstances, if we could get fully integrated it might be a very good thing. Because there would be very good supervision as to the way the money was spent and perhaps there would be greater efficiency in the running of certain services here in Gibraltar. In the same manner as the central Government can press the local Government of the United Kingdom for certain things to be done in the proper way. There is nothing wrong in that, nothing undignified about it, this is much more undignified, to go and beg and say "we are not going to ask again". But how do we know that in next year's Budget the situation will not be the same - and I predict that unless there is a change of Government it is going to be the same. It is going to be the same because if it has been happening for the last ten years it is also going to happen to the Government in the next year. There was a change of Government once and we saw the great results and the great changes that were brought about, even if it is only ten years' later, at least now certain of our policies have gone through, and if we had never been in Government this perhaps would never have come about. So even if it takes some time, we can do much more work in two years than you do in eight, and I think that if you look at the records of the Peliza Administration, if you want to put it like that, and the two Hassans that followed, I think if you compare productivity-wise a lot of people may accept that a lot more was done in two years than was done in the eight years that followed.

Mr Speaker, I honestly believe that in the question of parity there is still time to put things right. First of all, unfortunately as I say, because the Government accepted it reluctantly, there was no planning, there was no phasing-in. There should have been a phasing-in so that the obvious disparities that would exist, not just inside the Government and United Kingdom Departments but also in the private sector, were dealt with. And this is what we are paying for now, rushing in without preparing the ground as we go along, simply because the Government was not in agreement with parity. That is a reality and in the end they had to accept against their will the true situation. Any other Government would perhaps have resigned if they thought that it was not what they wanted. The policy is that it is not too late to put this right because emphasis must be placed on good management, and good management will never come about unless the Government has got the courage to ensure that management manages. This is very important, to the point that if they did not resign before they would resign in the future if they felt they were incapable of seeing that management managed. No, of course not, the Chief Minister is not interested in having a good administration. He is interested in asking for money from the United Kingdom but if he has not got the money to pay he has only got himself to blame whatever he may say about dignity. It is himself who is to blame for bad management, for bad administration. This is the reality and there is no use getting away from it. It is there and history will tell. History comes with time and this is

when the situation is evaluated, in ten or twenty years' time. The situation will then arise when it will be proved that what was happening in Gibraltar was nothing more, nothing less, but that there was very bad management.

We know that the main pillar of our economy is defence spending. What are we doing to make those who participate in that industry, not only in Gibraltar but who come from the United Kingdom, to make them happy and go back to England and speak well of Gibraltar and not bad of it. What are we doing in that respect? How much are we spending? We spend a lot of money on tourism and it is very welcome but tourism does not by a fraction provide to the economy the amount of money that is coming out through defence spending. What are we doing public relations-wise with that aspect of the economy?

HON A J CANEPA:

Didn't he read about the Middlesex Regiment or doesn't he know what is going on?

HON MAJOR R J PELIZA:

Of course, I have and this is precisely why I am pointing this out. They are not saying that we are to blame but you must accept . . . . . Of course, I do and I think this is most unjustified but this is not the way to overcome a problem. The way to do it is a good public relations exercise as we do with everything else. What do we do to bring the tourist to Gibraltar? A good public relation exercise. Do you think it is to our advantage that whether it is justified or not that someone should go to Britain and write the way that gentleman did? Of course it is not in the interests of Gibraltar. How many people read that paper? How many tourists have we lost because of that paper? It is not in our interests. Therefore it is very much in our interest that our public relations in Gibraltar should pay more attention to the Services in Gibraltar. Because not only do we want to avoid that sort of thing happening, unjustified as it is, but we want the opposite: to encourage them to write letters in the press in United Kingdom to say what a wonderful place Gibraltar is.

MR SPEAKER:

How is this related to the Appropriation Bill?

HON MAJOR R J PELIZA:

Can any Minister tell me what is being done to improve public relations in that respect? Have we ignored that completely, when the whole of the existence of Gibraltar economically today, whether we like it or not, depends on that? Not very much I am afraid and I would commend to the Government that this is a field on which they want to work to make sure that we get the best of the situation. Every soldier who comes to Gibraltar can be a wonderful spokesman for Gibraltar when he



leaves here. If they then say what a wonderful place this is that will bring many hundreds of tourists to Gibraltar.

In fact I think that gentleman was very wrong in what he said because we do know, for instance, how many members of soldiers' families come to Gibraltar. Why do they come? Encouraged by them, I suppose, because they like Gibraltar and because I suppose on the whole this is not a bad place. If the odd person comes out and says something like that . . . . .

MR SPEAKER:

Yes, but I am afraid I must bring you back to earth.

HON MAJOR R J PELIZA:

Yes, Mr Speaker, I must emphasise that I would like to see the Government doing something in that respect. I think it would be of benefit to Gibraltar. On the question of tourism - unfortunately this is why I wanted other Minister to speak before I did - that is again another pillar of our economy on which I think not enough is being got out of. I saw a very good television advert about Gibraltar but unfortunately there was no follow-up in the advert. Who did you contact? At least if they had given the telephone number of the Gibraltar Tourist Office any enquirer would have been able to get more information than they would get for watching the advert.

HON I ABECASIS:

The Hon Member should bear in mind that the television advert lasts for only 30 seconds and we have got no time for that, but what we do is that we advertise on Television and Radio Times and there we give our telephone number and our address and all the necessary information. On television itself it is impossible to fit within the thirty seconds that we have to sell Gibraltar all the information required.

HON MAJOR R J PELIZA:

Mr Speaker, I am glad to hear from the contribution of the Minister that they are doing this. All I am saying is that here is a contribution which I think I can make. I think the Minister does not realise that the bulk of the people who follow the advert do so because they watch television and only a fraction of those buy the Television Times. And if they look at most of the adverts that come out, they all show a telephone number where you can find for more information. If it is a question of 30 seconds . . . . .

MR SPEAKER:

Yes, but with due respect to the speaker we are dealing with the general principles of the Bill.

HON MAJOR R J PELIZA:

Mr Speaker, what I am saying is that we are not doing enough in the United Kingdom, and that what we are doing we are not doing as well as we should. To be able to support my argument I have got to stress the point. A television advertisement is very expensive and, therefore, I think it is just more than a detail, Mr Speaker, with all due respect, that one can bring up, it is a matter of principle. If we were much larger than we are perhaps we could speak of other things but within our limitations this is important and I do hope that the Minister, as I said before - the advert was excellent but unfortunately it was not followed up and the people who want to know more about Gibraltar just went by and never were able to get anything out of it.

I do not know how the Post Office is coming along and what is happening to the express letters. The Minister has not spoken on that, Mr Speaker, and perhaps he could tell us when he stands up something about what is happening at the Post Office particularly with respect of express letters. I honestly believe it is immoral that people abroad should be paying for that service if they are not getting the service, and if this is so we should write to the Postal Union and say there is no such thing as express letter service in Gibraltar. If the addressee has not got a PO Box he will probably not be telephoned and I think it is most unfair that people abroad should think that we have an express service. If we have not got it we should strike it out altogether. Either we have it or we do not. But this is another example of bad administration.

Let us look at the telephones, Mr Speaker. What is happening? I have just come back again and I rang about three times and of those three occasions something had gone wrong with the telephone. I have telephoned from the United Kingdom to Gibraltar, Mr Speaker, which is much more expensive and I have got the wrong number. That is terrible, that is bad administration. Whatever the excuses, rainwater, bad cables, cables that have got to be replaced, they have had eight years to look at this. It is not that they have just come into Government. They cannot blame that, I hope, on the Peliza administration, but if they do they have still had eight years in Government and in those eight years they have allowed all those cables to deteriorate. But my question is, what about the other services?

What is the position, for example, of the sewerage? Can the Minister say that everything is alright there? Is he absolutely sure that suddenly we are going to discover that something is very wrong with them and that a lot of money will have to be spent in putting it right because not enough is being done day by day to make sure that that does not happen.

What about the roads, Mr Speaker? This is obvious. Look at the state of the roads. How much money is the Minister spending on that? He never mentioned that, and it is obvious to anybody who comes to Gibraltar that the roads are terrible, particularly the Main Street.

What about the pavements in Main Street? Of course Gibraltar looks dirty. No amount of cleaning will make that look clean because it needs resurfacing. You have got to change the whole surface of those things. What is the Government doing about it?

Eight years, they have had, Mr Speaker, and today we come and not only haven't we got that but we find that the expenses are extremely high, that we have had to pay more for it, and the truth is that we are not getting value for money.

Basically, that is what is wrong with Gibraltar. The people are paying a lot of money but they are not getting value for it. This is the reality and it is no use blaming anybody else. The only people they can blame is themselves. In any company, in any administration, if something goes wrong it is the people at the top that really are to blame and it is no use passing the buck. Something is wrong. No inspiration, no dedication, no imagination, whatever it is, the fact remains that something is basically wrong in our administration. And I have a feeling that whatever may happen internationally what we have now here is what we deserve. And we have to face it and we are not going to face it by saying everything is going to be alright next year. What we have to do is do something to make sure that this will not happen next year. I only hope that the elections will be before the next budget, and if that happens perhaps when we come to the next budget there will be a new administration on which people can have some faith in, because at the moment I do not think they can have any faith in this administration.

Mr Speaker, I was very surprised that here we have now a sort of Government corporation in which we are going to have representation of the Government and of Management, representation of the Master Builders, and the most important representation, which is the workers' representation, is not there. I can understand a private company trying to avoid that situation but I cannot understand that happening to a Government of Gibraltar. I just cannot, because quite honestly if they want that to produce in the way that we all hope it will, it is very essential that the people who are actually going to do the work are also represented. And I hope . . . . .

HON M K FEATHERSTONE:

If the Hon Member will give way. If there are only going to be five employees, are we going to put one of them on the Board of Directors?

HON MAJOR R J PELIZA:

Mr Speaker, it looks as if they are all chiefs and no Indians here. This is the way it is going to be. Quite honestly if this is going to be another committee then God help us because this will be another fiasco. Let us have, perhaps, three people there, one of whom should be a worker. This is the way I would do it and make it work. But if all they are going to

have is meetings and discussions, more words and more paper and more typing and more directives and nothing happening. Well, Mr Speaker, we will be in trouble. The same as we are in trouble with the water now we are going to be in trouble with sand very soon. That is another indication of the lack of administrative ability of the present administration.

Having said that, Mr Speaker, it is clear that one would not be acting in the interests of Gibraltar as a Member of the Opposition if we were to vote in favour of the Government with the measures that they wish to take. We could not. In conscience and this has nothing to do with elections. These are a long way. So it is most unfair to suggest that we are acting in this manner simply because of the next elections.

The evidence is obvious. It is obvious to everybody that this is so, that bad administration is to blame. Therefore, Mr Speaker, regretfully because at this time I always wish to support the Government, we cannot do so in conscience.

MR SPEAKER:

Right, we will now recess until tomorrow morning at 10.30 am.

The House recessed at 7.55 pm.

WEDNESDAY THE 18TH APRIL, 1979

The House resumed at 10.40 am.

HON DR R G VALARINO:

Enough has been said on the general principles of the Bill and after the schizophrenic outburst last night I think we should come down to some more sensible ideas.

I will deal with my three Departments: the City Fire Brigade, the Generating Station and the Telephone Department. The recommendations of the Staff Inspector's report dealing with the City Fire Brigade have now been fully implemented. The most important changes being the new rank structure with the introduction of the rank of Assistant Divisional Officer, which is a Senior Officer rank, being the third ranking officer to the Brigade.

The number of fires dealt with over the year are very few, from 180 to 200, but the potential of my Department as an emergency service has resulted in a steady increase in attendances to special services: for example road traffic accidents, lift rescues, persons trapped on the Upper Rock, floods, petrol and oil spillages. And, of course, dealing with oil pollution on the beaches and port areas.

This brings me to the tremendous work carried out by the City Fire brigade in conjunction with the Public Works Department in the case of the bulk oil carrier, the Grey Hunter. I am sure all Gibraltar must be proud of the Fire Brigade and the Public Works Department for the prompt action that was taken to prevent our beaches from being contaminated.

Training in the City Fire Brigade continues at a very high level. In fact, through technical assistance, and this is an item I would like to stress as technical assistance is very important and should be encouraged wherever possible, one officer of the Brigade is going on a Senior Command Course, one officer on an Operational Command Course, two officers are going on a Junior Officers' Operational Course and one officer is going on a Ship Fire Fighting Course. All these are extremely important in the maintenance and running of the City Fire Brigade.

Locally, training still continues specially with regard to the new intake. We also have training of outside bodies and this is done specially in liaison with the Department of Education and we are instructing schoolchildren in aspects of safety etc.

The residence of the Chief Fire Officer has been moved from the Fire Brigade to quarters. This will enable the station to acquire much-needed additional space and an internal re-organisation which will be of much help to the men and to the Clerical Staff.

The other important thing in dealing with the City Fire Brigade is the change to the 48-hour week. As we all know, all ranks in the City Fire Brigade are analogued to the United Kingdom local authorities fire brigades in relations to hours of pay and work. At the last pay settlement in Gibraltar the United Kingdom firemen were conditioned to a 48-hour week whilst Gibraltar firemen were conditioned to a 56-hour week, thus obtaining eight hours per week fixed overtime. As from 1 April, 1979, all United Kingdom firemen had their basic working week reduced to 42 hours without any reduction in pay. The effect of this will create a substantial financial increase to this Department. The Government has therefore decided to increase the establishment and to reduce working hours to 48-hours thereby paying only six hours fixed overtime per week.

HON MAJOR R J PELIZA:

Could the Minister say whether in the United Kingdom they have increased the establishment?

HON DR R G VALARINO:

I cannot answer as far as the United Kingdom Government is concerned since I am not responsible for the Municipal Services in the United Kingdom, I can only answer for our services and the reasons why we carried out our services.

HON MAJOR R J PELIZA:

I am not suggesting for a moment . . . . .

HON DR R G VALARINO:

The effect of adopting the last proposal which I mentioned would require increasing the establishment by twelve firemen and one Control Room Operator.

The rank structure will require to be changed by promoting three additional sub-Officers, one for each watch. This will take effect as from 1 July 1979. In fact, these firemen have already been in the process of being recruited.

As far as the Generating Station is concerned, I am glad to say that industrial relations have improved to a tremendous degree in this Department. It has been a very good financial year, except for the severe increases in fuel. This is the most important point. The fuel cost adjustment, which was passed, if I remember rightly, in the budget of 1977, with the whole approval of the House. It is now necessary to alter this fuel cost adjustment and the reason is that the present fuel cost adjustment failed to recover the extra cost in fuel as it was geared simply to increases on the heavy fuel oil only on the grounds that it constitutes approximately 90% of our fuel requirements, and that hitherto increases on each of the two fuel oils have been roughly of the same order of magnitude. On this last occasion unfortunately whereas heavy fuel has increased by 211.25 thin fuel has had a 234.75 increase. Three times as much. Furthermore there is a slight imbalance in a 9:1 proportion due to the extra long outages of the plant in caving off which uses the light fuel. Whereas it is very difficult to correct for the latter it is possible to improve the performance of the legal instrument basing it on the weighted average cost of fuel delivered to King's Bastion, thereby compensating for disproportionate increases or increases in one and not the other. What I mean is that if we do not adjust the fuel cost adjustment we would be running a deficit on the full item. As it is now with the new formula no such deficit will occur as the increase will cover both oils or one oil. I hope the Honourable Members opposite understand the mathematical implications.

HON M XITERRAS:

If the Honourable Member will give way. The question that I have is that this alteration of the formula requires the approval of the House. I gather from the Honourable the Chief Minister that it does.

HON CHIEF MINISTER:

Yes, the formula was passed by the House in the Finance Bill of 1977, and for the reasons mentioned by the Minister there will be an amendment to that formula in the course of the Finance Bill.

HON DR R G VALARINO:

The price of oil will undoubtedly continue to increase, and all future major capital expenditure on electricity must take into account that the heat generated from our engines may be used, and that generation of electricity from whatever source and distillation of water must go hand in hand.

I feel that Members may like to question me at some time about the proposed increases of electricity as regards the average household. The average household consumes in the order of about 250 units per month. The new tariff's effect on this is in the region of .43p and the fuel cost adjustment effect which took place as from the 1st April is in the region of 1.45p making it a total increase of 1.93p. Obviously where consumption is higher the increases will be proportionately higher. We must remember that the tariff effect of 5% from the 1st July . . . . .

HON M XIBERRAS:

Will the Hon Minister give way. Is this 1.93p on average consumption?

HON DR R G VALARINO:

On the average consumption of 250 units.

One must remember that the 5% tariff increase only applies to the secondary units thereby helping the elderly people who usually consume only the primary units.

Furthermore as Members opposite know from Sir Joshua's initial speech, the 5% tariff increase will only be charged as from the 1st of July, 1979.

As far as the Telephone Department is concerned we have had a good and a bad year, depending on which part of the House you are in.

HON M XIBERRAS:

If the Hon Member would . . . . .

MR SPEAKER:

Now, order. I am afraid that in an intervention of no more than 10 minutes we have had a similar number of interruptions. This is a debate on the general principles of the Bill. When the Committee Stage comes along on a particular expenditure we may be able to ask and we will be entitled to ask, but let us contribute to the general principles and merits of the Bill.

HON DR R G VALARINO:

Further to my providing details to the press and television in answers to questions in the House there are other important facts that I would like to bring here.

First, the successful completion in May 1978 of the 3,000 line extension to the cross-bar exchange. Secondly, the satellite earth station project which will increase the number of international trunk calls, and which will inevitably result in a much improved service this year.

The new exchange at the City Hall is now well in hand and the advert for eight new operators has already been published. Locally, the repair of cables continues. Unfortunately, this year we have had a lot of trouble with cables considering that a certain proportion of them are of the old type and we have as far as possible been trying to change these cables to the new polythene type of cable which are less prone to faults. One of the main areas is the waterport area in which we have changed the cable completely onto a new cable. The other one is Devil's Tower Road and we are in the process of doing this. Other new cables will be laid during the year.

The payment by results scheme introduced by the Telephone Department has been quite a success. In fact this year we have had nearly 600 telephones connected. In fact the figure is 591 as well as 59 disconnections. The applications received this year were 479 - this is from the 1st of April 1978, to the 31st of March 1979. We received 479 applications and we managed to instal 591 with 59 disconnections. Which means that we are gradually getting rid of the backlog. Our total exchange capacity is 8,000. On the international scene . . .

HON M XIBERRAS:

Mr Speaker, I am sorry but the Minister said that there had been 501 connections performed and 59 disconnections on 479 applications. Does that mean they were dealing with the backlog?

HON DR R G VALARINO:

Applications during the year.

HON M XIBERRAS:

No, my question is: what were these connections in respect of; were they in respect of connections made during the year which amounted to 479?

MR SPEAKER:

What you are being asked is was there a backlog when you received those 400-odd applications?

HON DR R G VALARINO:

I think everybody knows there is a backlog. Unfortunately it has not been possible to deal with some of the backlog as some of the telephones that were put in this year are either priority telephones under the medical category or otherwise. Therefore some of the phones have had to be left behind.

MR SPEAKER:

Basically what the Minister is saying is that he has been able to deal with new applications as well as part of the backlog.

HON DR R G VALARINO:

Exactly. On the international and the national traffic for the year 1978, starting on the 1st January and ending on 31st December 1978, the local traffic was 18,373,054 calls and the international traffic was 201,566, making a grand total of 18,574,620. However, it is interesting to note that the international traffic in terms of call-duration increased from 675,711 minutes in 1977 to 1,466,414 minutes in 1978, an increase of 117%.

The payment by result scheme which was introduced by telephone department in conjunction with the Unions has been of great success. The preparation and engineering of the international subscriber dialling is well under way, and it is hoped that its introduction will be effected in 3 years' time.

We have a problem as far as the plant staff is concerned, the industrials who are currently rather understaffed, and with promotion will be understaffed by about 10. The whole question of training of industrials is under review. The employment of another Test Clerk will further help with problems - I am sure the Opposition will enjoy this. And lastly we have got a figure down this year to improve the conditions of coin boxes which has been mentioned lately in the newspapers.

The Telephone Directory is expected to be in circulation by June 1979. The new directory will include a section on telex-subscribers. I am glad to say that this will be one of the few departments within Government that will in time produce a substantial revenue to Government. And lastly I am happy to see Youth in management. We have the Superintendent of Telephones, the Deputy Superintendent of Telephones, the Deputy City Electrical Engineer and the Third Officer of the City Fire Brigade, who are all young men, and this is what we need for Gibraltar. Young men. Thank you.

HON G T RESTANO:

Mr Speaker, it was with dismay that I heard yesterday during the Chief Minister's statement the extent of the increases which the Government intends to levy on the funded services. The Chief Minister made a great show yesterday in trying to convince this House that fairness was the corner stone of this year's budget. To me, however, the reality appears to be that this budget is not one of fairness but one of unfairness. I will go into further details in a moment, but first I would like to quote a sentence in the Chief Minister's statement which I think is of considerable significance. He said that, and I quote: "In our view each household must pay for what it

chooses to consume, and if a particular household is careful or wasteful, there is no reason why the general body of taxpayers, many of whom will be careful and economical, should pay for someone else's extravagance". I repeat that, he said: "should pay for someone else's extravagance".

This year the taxpayer of Gibraltar, the workmen and women of Gibraltar, the businessmen of Gibraltar, the pensioners and even the needy are going to have to pay more for their electricity, for their potable water, for their telephones, and for their rents, not for reasons of fairness but for reasons of unfairness because of the extravagance, the incompetence, and the inefficiency of this Government.

Let us look, first at the potable water situation. The serious deficit in this fund was debated extensively in this House in January of 1977, over 26 months ago, following a suggestion by my Honourable and Learned Friend, Mr Peter Isola, the Chief Minister appointed a committee under the chairmanship of the Minister for Public Works, Mr Featherstone, to look into the question of water losses. This is, if I may say so, was an admirable decision. Losses in the Potable Water Fund over a number of years were and continues to be of an alarming magnitude, physical losses mainly. But of course of the greatest concern was that to a great extent these losses were due to a large quantity of water being lost physically somewhere along the line.

During a recent 5 year period in fact the average physical loss of water was 32%,  $\frac{1}{3}$  of all our water, therefore, was literally going down the drain. What a terrible waste, Mr Speaker. How many thousands of gallons of water have gone down the drain and how many thousands of pounds have fallen into that drain? Monies which belong to the people of Gibraltar. That is why I say that it was an admirable decision to set up this committee whose main objective was to try and identify why  $\frac{1}{3}$  of our water was being lost physically.

The Members of the Committee, apart from the Chairmanship, were the Honourable Major Dellipiani, and Honourable Mr Peter Isola and myself. The Committee held a number of meetings and we were beginning to identify some possible reason for the physical losses when the Chairman appeared suddenly to get bored of the whole issue and stopped calling meetings of the Committee. However, positive identification of the problem had not been possible due to insufficient data and research. Since the Chairman stopped calling meetings I approached him on a number of occasions, many times in the ante-room of this House, in order to try to revive some enthusiasm in the Working Committee. I am sorry to say that my talks with Mr Featherstone met with no success whatever. So I then decided to write to him formally, asking for a meeting of the Committee, which I asked for the 30th November, 1977. And I have to say that today, nearly  $1\frac{1}{2}$  years later, I am still awaiting a reply to that letter. And may I add that no meeting was convened. Receiving no reply, but being anxious that this Committee,



which I considered could achieve much to reduce losses, considerable losses, to Gibraltar, I then decided to table a question 3 months later, in this House asking why the committee's functions had been allowed to come to a standstill. The question received a very lame reply; That Mr Featherstone had had a cold, I think he said, but at least it did produce three further meetings of the committee. During one of these meetings the result of a district check, which had previously been requested by the committee, was produced, and threw up the most extraordinary discrepancies. It was, therefore, considered by the Committee that further district checks be carried out to elucidate whether these extraordinary discrepancies were widespread or whether they were localised in a particular district concerned. In the meantime Mr Featherstone called a meeting of the Committee and presented a report for the Committee to discuss. He was told that as far as the Opposition was concerned, no conclusions and no reports could be made unless and until the result of the further district charge was made. The Opposition Members were not prepared to consider the preparations of the report which could be completely inaccurate because of the lack of the full knowledge of the situation. And may I add that the proposed draft from the Minister of Public Works was really a deplorable document, quite unworthy for a Committee of elected Members of this House.

The last meeting of the Committee was held on the 25th of May, 1978, and although the Chairman was approached on a number of occasions no further meetings were called. Eventually on the 20th of February this year, Mr Peter Isola and I decided that due to the incompetence of Mr Featherstone we had no option but to resign from the Committee.

Mr Speaker, Members of the Opposition lay great stress on efficiency and we had to put up with a lot of inefficiency. But we put up with it in the interests of Gibraltar because it was a very important Committee. But, the point was reached when we were not prepared to continue against our will, despite our willingness to work, to be associated with the inefficiency of that Committee. I know that shortly after our resignation, Mr Featherstone stated publicly that he had had no approaches to call the meeting of May last year but I dispute that statement. It may be that his memory is a short one. I would remind him of the very long conversation we held on this subject last September or October when I again broached the subject with him at a reception held by the Consular Corps at the Rock Hotel Swimming Pool. And this was six months after the last date that he said that he had been approached. Therefore, Mr Speaker, I repeat that it is not fair on the part of the Government to propose a 50% increase in the cost of potable water when perhaps part of that deficit in the fund could have been prevented had the Chairman of that Committee done his duty correctly. It is one good example of one man's extravagance having to be paid by virtually all Gibraltarian families.

Next the Government proposed increases, with which I entirely disagree, that is the one of the Telephone Service. I think Honourable Members will recognise that telecommunications has been a subject to which I have attached great importance ever since I was elected to this House. To my mind it is absolutely essential, especially during the conditions that we continue to endure, that our telecommunications with the outside world should be brought to an equivalent standard as is known not only in EEC Member countries but also in most countries throughout the world today. Sadly Gibraltar, as far as telecommunications is concerned, ranks probably no higher than with the most underdeveloped country. Not only are we unable to dial direct from our homes or our places of work to the outside world directly, but to make things worse, we have often to wait considerable periods of time when we do call the exchange to make a trunk call. And to cap this deplorable situation once the call has been placed it sometimes takes hours before the call is connected. Moreover, the disastrous state of our internal telephone lines are such that not only do we dial a number only to be answered by another subscriber, but we often pick up the phone only to find that one is participating in a round robin of various conversations caused by crossed lines and causing many people to become very cross when they realise that somebody else has been inadvertently listening to part of the conversation of somebody else. And to boot this could also happen to people ringing from the United Kingdom, not forgetting that they often dial the right number only to find that they too have been connected to somebody else's number.

Is this the service which the people of Gibraltar are going to be made to pay more for? Is this not unfair? Where is the Chief Minister's fairness now? Surely it is the duty of the Government to provide an adequate and efficient service, and surely it is preposterous to propose to charge subscribers more for such a fifth rate amenity. Should we forget also Government's original reluctance to take the decision to accept Cable and Wireless' offer to set up the space station? Much pressure was put on the Government by my colleagues on this side of the House and myself to accept and give the go-ahead to this exciting project. But the Chief Minister was reluctant: the Chief Minister hummed and hawed. Finally I suppose he was overtaken by events and had no option but to accept an offer which makes common sense. Which made common sense in fact to the Opposition long before events penetrated the Chief Minister's mind.

But the delay in taking a decision has cost Gibraltar dear. And, subscribers dialling, on account of the delay, is still some years ahead because the right decision, at the right time, was not taken. It is, therefore, saddening to see that a mere token of £1,000 has been allotted in the Estimates, Mr Speaker, for ISD equipment. £1,000 is the token vote on a project which is I think over £1m. Lack of foresight, Mr Speaker. Inefficiency. But the Government propose to make the people of Gibraltar pay more for a substandard service.

Again may I ask, where is the Chief Minister's fairness? Is it not a fact that the people of Gibraltar have been made to subsidise the Government's in effectiveness rather than the Government subsidising certain funds?

Next, Mr Speaker, there are the increases in electricity. I recognise that there have been increases in the cost of fuel, and there will be more increases. This obviously means that the cost of this service will have to go up. But what is the answer of the Government to this problem? A problem which is obviously outside its own control, I admit that. But predictably the Government says: let people pay more. The Minister responsible for this Department, the Minister for Municipal Services, and I seem to remember that before he took a decision to cross the floor of this House, when he was a Member of the Opposition, the Honourable Doctor from this side of the House tabled a motion asking Government to advance the clocks by an hour. The motion was eventually withdrawn because the Chief Minister said that if it was withdrawn he would given earnest consideration to the suggestion. Of course, this earnest consideration seems to have vanished into thin air. But, nevertheless, the original suggestion, especially during the summer months, was a sensible one then. And today I think it is even more so. The advancing of clocks by one hour would save fuel because there would be more light hours. I wonder why it is that Government, and especially the Minister for Municipal Services, who has direct responsibility for this Department, has opted for an increase in charges rather than implementing measures to save fuel costs. Again it would appear that Government is not being fair to the consumer. It is all too easy to take a decision for people to pay more rather than try to find real ways of economising.

It must be obvious from my contribution so far that I concur completely with my Honourable Friend the Leader of the Opposition in opposing all the revenue raising impositions which Government intend to make.

On the question of the Estimates, Mr Speaker, there are several aspects which puzzle me and I would be most grateful if in his reply the Financial and Development Secretary would clarify some of these for me. First of all I note that import duties have hardly increased at all, and in view of the fact that in his own intervention he mentioned the considerable increase in the imports of vehicles, of cars and colour televisions, it seems to me odd that import duties remain virtually static when there seems to have been an increase in importations. Sir, I would be grateful if he would clarify that aspect for me.

The second one is that I don't seem to be able to find anything in the Estimates to cover the amount of money which was to have been spent for the repairs of the Tower Blocks. I remember the Minister for Public Works saying on television that the Tower Blocks needed repairs and I think he mentioned a figure of about 22m - one million for each of the two blocks. Now, I seem to remember that he said that these repairs could well be effected during the course of this year and I really do not see anything in the Estimates to cover the cost of these repairs.

MR SPEAKER:

Am I right in saying that that was going to be funded by development aid? Am I right in saying that the Minister said at the time that that was going to be funded from development aid?

HON CHIEF MINISTER:

That is right. I think he can answer that in Committee.

MR SPEAKER:

Precisely.

HON G T RESTANO:

Now, another aspect, Mr Speaker, which has really concerned me lately, is the conversion of Mercury House, and the conversion of Mercury House of GBC is included in the vote for GBC under Treasury, and it is certainly well over \$100,000. Now, at an earlier meeting of this House I asked the Chief Minister for information about the tenders for this and he gave me a reply saying that tenders had closed on 15th of January and that the Treasury Tenders Board would be looking at these tenders in the near future. I was, therefore, most surprised to read some weeks later in the local press an official notice inviting tenders for the modernisation of Mercury House. So I wrote to the Chief Minister and enquired of him how it was that there was a discrepancy in his reply to me and the official notice now stating the closing date for that tender was the 26th of March. The Chief Minister replied that what had happened was that the Director of Public Works had put up the tenders to the Tender Board but that it was established that the Architect appointed by the Government had approached all contractors in a recognised category, six in number, but that when the tenders had been received by the Tender Board, it had been considered, quite rightly so I think, that that did not constitute a public invitation to tender as required by the Tender Board Procedure Regulations, and, therefore, the tenders had been published in the Press.

If I may at this stage, Mr Speaker, I would like to commend the Members and Chairman of the Tender Board for having taken that decision which I think was a completely correct decision.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable Member will give way. Before he gets too deeply involved in his eulogy, the Chairman of the Tender Board and the Tender Board members were not concerned at that stage.

HON G T RESTANO:

Well, very well. That is not the information which I got later, but anyway I will go into that in a moment.

The Chief Minister's letter of course begged a lot of questions. I wrote then to Mr Featherstone, the Minister for Public Works, for clarification on a number of these matters which were outstanding. I asked him whether it was the Director of Public Works who had invited tenders; I asked him to whom the tenders were addressed to; I asked him whether his Department had considered the tenders before forwarding them; I asked him who had originally opened the tender. He replied that it was not the Director of Public Works who invited tenders, and he said that as the Chief Minister had originally said, it was the architect appointed by Government to design and supervise the scheme who invited tenders.

Initially he had approached all the building contractors in category C and D by letter enquiring from them whether they would be interested in tendering for the project. One had replied that he was not interested and the other five had replied that they were interested. Upon receipt of the five affirmative replies the appointed architect sent each of the five interested tender documents asking them to complete them. He replied that the Public Works Department did consider, as is normal practice, the tenders before forwarding them to the Tender Board. He also in fact said that the original tenders which had been sent in by three firms of the five that had received tender documents were first open by a Member of the Tender Board and one of the Senior Officers of the Treasury on December the 16th, 1978, which was the date which did not coincide with the date that the Chief Minister had first given me. But I recognise that that may have been an administrative error possibly.

Mr Speaker, those replies were not extensive enough for me and I wrote back to Mr Featherstone and asked him why the required tender procedures had not been carried out. Tender procedures were first published in March last year and they are quite specific. So I asked Mr Featherstone why was it that the required tender procedures were not carried out in this case and, I asked him who had given permission for the breaking of these regulations. I also asked whether the tender encompassed the whole of the modernisation or whether any further works would have to be carried out. If additional work were to be carried out outside the main tender I wanted to know whether sub-contract were to be put out to tender. And if this was the position whether tenders had already been invited, and if so why no notices had been published.

Well, the Government issued a press release answering my letter. I didn't get a letter answering the specific questions, but the Government issued a press release which contained statements, I think, of deep concern. Among other things the Government's statement said that because the Public Works Department staff was engaged in the development programme works of the Government, the Government had appointed Mr Ronald Chapman as Consultant Architect on the Mercury House project in order to expedite the provisions of the new . . . . .

MR SPEAKER:

We are now getting into detailed matters of the way in which Government exercises its tender procedures. I'm saying this now after I have allowed you to go on for about a quarter of an hour, but we must not fall into that trap. You are most certainly entitled to make general comments on the merit of the way in which Government deals with the tenders, but let's not get into correspondence and such like because otherwise we shall wander away from the point.

HON G T RESTANO:

Well, Mr Speaker, I'm just really finishing on the correspondence, and if I may I'd like to finish it because I think it is necessary to know this in order to be able to draw any conclusions.

MR SPEAKER:

Provided that you don't take more than two or three minutes that's alright.

HON G T RESTANO:

So therefore a consultant architect had been engaged to expedite the provision of the new GMC studio. The Government Press Release went on to say that the consultant was not himself bound by Government Regulations, nor indeed was he aware of them at the time. And, furthermore, that he had acted - and I think this is the matter for great concern - he had acted in this matter on instructions given to him by the Public Works Department. Procedures, the Press Release carried on to say, were incorrectly agreed by the Officers dealing with the tender issued on the behalf of the Director of Public Works. This is a very serious situation, very serious situation indeed. This is a deliberate flouting of regulations by somebody in the Department of Public Works. So there were still answers that needed to be received and I asked in the last letter that I sent the Chief Minister, on the 6th of this month, I asked when those instructions were given; how they were given; what those instructions were; what action did the Government intend to take; whether the Civil Servant who had given these instructions could be allowed to answer for himself; and I also asked on sub-contracts what the position was because the Government Press Release had not been specific on that issue.

A few days later I did get a call from the Minister for Public Works asking me to attend a meeting with himself and the Director for Public Works so that he could answer the questions I had put in my letter. I attended the meeting . . . .

MR SPEAKER:

We are not going to have what happened at the meeting under any circumstances.

HON G T RESTANO:

It was certainly not in confidence.

MR SPEAKER:

It is not a question of confidence, it is a question of relevance to the debate. This is what I have been drawing your attention to, the relevance to the debate before the House. You must not go into details. You must certainly make comments as to the Government's lack, if you feel that that is correct, of acquiescence to the tender procedures, but let's not go to what you have done to put this right.

HON G T RESTANO:

I was told, Mr Speaker, and I think it would be unfair for me not to be able . . . . .

MR SPEAKER:

You may say something but let us not go into great detail.

HON G T RESTANO:

I was told that an unnamed Senior member of the Department had not in fact given instructions, but that the architect had confirmed in writing an agreement which had been arrived at by both of them when they had met to discuss how the conversion should be carried out by the architect. There was a letter of confirmation, but there was nothing in fact in writing from the Department. On the other hand the Officer did not reply to that confirmation of the architect and therefore it could well be taken that since there was no confirmation from the Senior Officer he had accepted what was in the confirmation letter. It was certainly quite specific that only firms which were categorised to be able to take work of this magnitude had been approached; that all of them had been approached, so that in that respect one could not say, I think, that there had been any deliberate unfairness, because those six firms were approached. But on the subject of sub-contracts this is quite a different question. Only two firms were approached in one of the two sub-contracts concerned when there are other firms in Gibraltar who I think could also have undertaken that job, and therefore, it would have been fair that they also should have been approached. They were in fact not approached and no tender or notice was ever published.

In the case of the main tender the contractors approached were asked to address those tenders to the Tender Board and this was in keeping with the regulations. But as far as the sub-contracts were concerned, those firms were asked to address those tenders to the architect concerned, and this is another breach of these regulations.

The main argument of the Minister for Public Works was that the regulations were not complete, that these regulations had made no specific reference where a consultant architect was employed. But I think that that argument was a very, very weak one. I don't think it is accurate at all because in the regulations it does say that save as otherwise expressly provided in these regulations the performance of any works, the cost of which is to be a charge on the public funds of Gibraltar, shall be obtained by contact after public tender in accordance with these regulations. So I think it makes no difference at all in my mind, whether it is done by Government, whether it is done by a consultant. It is clear to me that in these regulations any works means all works, which is to be done for the Government. In this case this was not done.

I would like to make one thing quite clear, and that is that I am not accusing anybody of any deviousness. I'm not accusing anybody, but that fact is that these regulations were first brought into practice because the previous system was not considered acceptable. And it was that any works awarded by Government should be fair and seem to be fair, and to break away from these regulations is wrong. As I say, I don't say that there is any deviousness involved, but if there was any deviousness in anybody's mind, by breaking the regulations is the way to do it.

Now the responsibility for this, for the breaking of regulations, as I said in one of my letters must rest squarely on shoulders of the Minister responsible for that Department. . . He is the one who must take the responsibility and he is the one who must take the blame. This is not of course the only issue in breaking tender procedures that has occurred in his Department lately. There has also been another one. There was the question of the sand, the winning of sand from the upper rock where these tender procedures were not adhered to. Again from this Department. And I think that this, Mr Speaker, warrants a public enquiry. I think it is a very serious thing, a very, very serious situation where a Department can in a matter of a few months completely disregard the tender procedure regulations. Therefore, Mr Speaker, I do think that a public enquiry is called for.

HON A W SERFATY:

Sir, I'm not responsible for telephones, but I think I should start by saying that I don't think the Honourable Mr Restano has got his economics right when he criticises an increase of 15% on the telephone charge as being unfair. We have an inflation of 15%, people are earning more money, goods are costing more, so I don't think he chose the right example when he criticised the 15% increase, because in real terms the charges is the same. If he had chosen some other example of something being increased more than 15% he might have had a case.

Sir, I will start by speaking about one of the Departments for which I'm responsible, and that is the Port. I will only say a few words about it. As the Hon the Financial and Development Secretary said yesterday in 1978 we had a fall of 10% in the tonnage of shipping entering our port. A fall of 10% over 20,000,000 tons which we had in 1977, which is an old high time record. In fact the number of ships increase in 1978 over 1977, but this increase was in the home trade ships, and there was a decrease in the deep sea shipping.

We had a very bad first quarter last year, and it is due to that to a great extent that we had a fall of 10% over 1977, but I am happy to report that in the first quarter this year the tonnage of shipping has increased from 3.9 in 1978 to 5.4 million tons. So though I think we must not be complacent about the port, I can assure the House that we have not stood still in the encouragement of marine development.

As the Hon the Financial and Development Secretary said yesterday, there was a decline of 7% in passengers arriving by sea compared with 1977 wholly due to a reduction of visitors on cruise, but there was an increase in the number of day excursionists from Morocco, which is good, taking into account that visitors on yachts and excursionists from Morocco are the biggest spenders in Gibraltar. The fact that the hydrofoil will soon be replaced by a larger one is a step in the right direction.

We are all glad, we are all very glad, that hotel occupancy figures were up, and continue to be in the upgrade, and I heartily join the voices of congratulations to my Honourable colleague the Minister for Tourism. His efforts are important in the promotion of tourism. But may I also say that since I'm still responsible for Civil Aviation the promotion of tourism must go hand in hand with an increase in the number of charters. I am happy to report as everybody knows that the number of charter flights from United Kingdom, over our main market, to Gibraltar is higher than it has ever been.

May I remind the House that I have always advocated and done my best to encourage an increase in the number of charter flights to Gibraltar. I have always said, and I repeat now, that in a closed frontier situation real growth in tourism depends to a very large extent on increasing the number of charter flights from London to Gibraltar. The number of SQM seats, relatively cheap fares in the scheduled flights is limited and is not conducive to growth.

And now to the Honourable Mr Bossano's reference yesterday to development generally. I welcome and I will closely watch the proposed study of possible means of effecting economic growth in Gibraltar. I still say that the sun, the beaches and the sea offer the largest potential for growth. Assets that mother nature has given us and that we must exploit to the fullest extent. Of course we must provide good

services: a clean Gibraltar, competitive prices. There is surely room for improvement in light industries, but we must be wary of this, of having too many illusions about an increase in the size of light industry in Gibraltar. Imported materials, perhaps imported labour; these are not conducive to competitiveness. We have encouraged the fibre-glass industry and soon a light industry for ventilation equipment in Gibraltar, and we shall continue to do so, in the way of tax holidays etc. But I venture to say that the great potential is in the exploitation, if I may use that word, of our natural resources; the sun, the beaches, the sea.

The Government is embarking on an interesting experiment, a combination of light industry, if I may put it that way, and the sea. Shellfish cultivation, mussels, oysters with a bit of luck, by the hundreds of tons. Tomorrow an expert arrives to study the placing in position of the tray rafts which are already waiting to be placed at Western Beach, at Rosia, in the harbour and in one other position not yet known. The Public Health Department will monitor the experiment, and in the meantime let us keep our fingers crossed.

And now I come to the greatest frustration of my 20 years in politics. I don't think the Chief Minister did me a great favour by landing me with the responsibility of monitoring the development aid programme and the locally funded development programme, in my last few years in the political arena. I am sure he did it in good faith so I will not bear him any grudge, and I will keep on trying and doing to the best of my ability what I can in this respect until next year. Because I am leaving politics for no other reason since I have always done what the Chief Minister has told me to do!

Sir, let me start by saying that the three-year development programmes are in my personal - I am talking for the Government - and honest submission a bit of a joke. They give me the impression that a certain sum of money is going to be spent over a period of three years. This may well apply to small jobs but not like the big job like the Varyl Begg Estate, the Comprehensive School for Girls or even to a certain extent the Jetty Reclamation. It takes a long time, and it must necessarily take a long time, to prepare drawings and project applications and have the process through a special committee, because they are big jobs, of the Ministry of Overseas Development. We have to approve the big job. After which if lucky one starts preparing final drawing, bills of quantities, putting the work out to tender etc. And if the lowest tender is above the original estimated figures, then back we go to the Ministry of Overseas Development. Do Honourable Members know how long it takes for this to happen? Well, gentlemen, it takes the best of one and a half years.

My colleague the Minister for Public Works told you yesterday how long it took to find the four Quantity Surveyors. Some to replace others who have left, because perhaps they do not



like living in 2½ square miles, or whatever reasons; some because we would be requiring their services in a few months time. And bear in mind that one does not start employing additional expensive Quantity Surveyors as soon as Mrs Hart signs on the dotted line. The drawings have to be prepared first, and the project approvals obtained. These have somewhat affected progress in a couple of our housing schemes.

But let me come back to the two big jobs I have just referred to. The Comprehensive School for Girls, and the Jetty Reclamation. These projects have been prepared by consultants, and these two projects were first included in the 1975/78 programme. It turned out that their cost had been underestimated, the school to a far greater extent than the Reclamation, so they were shelved. Eventually they found their way into the 1978/81 programme. The school's original project application date was the 1st of December, 1976, but considering that the project had been set aside . . . . .

HON M XIBERRAS:

Mr Speaker, if the Honourable Member will give way. What does he mean by "the projects were shelved"?

HON A W SERPATY:

During the 1975/78 period, as the cost had increased enormously, particularly with the Girls' Comprehensive School, the project was shelved until January 1978 when we had to discuss the matter again for the 1978/81 programme.

HON M XIBERRAS:

But there was no approval in the 1975/78 programme?

HON A W SERPATY:

In the 1975/78 programme there was no approval at all for either of the projects.

MR SPEAKER:

That is why it was shelved?

HON A W SERPATY:

And that is why they were shelved, there was no approval.

HON M XIBERRAS:

I see. Mr Speaker, it was certainly not the impression I had gathered from the earlier intervention, that is why I ask. And this was shelved by ODM?

HON A W SERPATY:

The approval was never forthcoming.

But considering that the project had been set aside until 1978, I was saying that the School project had been sent originally in December 1976, and I am saying now that we did not do too badly when approval was forthcoming in June 1978.

We did worse with the Reclamation Scheme on which we were proposing to spend last year, and I will be criticised for not spending them, I know, \$580,000! The project application was sent in July 1976 but approval did not arrive until the end of last month just in time to reach the financial year. I am not insinuating anything, I really am not. These are the things that happen.

This is not criticism of ODM, with whom we have done much better than when we used the FCO as an intermediary. It is a criticism of the system, a criticism of the system which inhibits our desire to go forward on a broad front, a bit of new thinking, to spend money on development. I will explain why, Mr Speaker. Already we have reached the stage where approvals total up to the entire amount of development aid, except for 2300,000 which in all probability will eventually be eaten up as the economists tell me and if they are right by supplementaries on the approve scheme because of higher on going costs. After this has happened, and in a way it has happened when the \$14m is approved, the curtain goes down, no more projects are accepted, and we are told to get on with the job of spending money on the approved project. Fair enough.

But expenditure is slow, we know about this, about the lack of sufficient tradesmen, Ramadan ... I mean, I will not go into that, but the fact is that progress is slow. The contractors are slow now on the on-going project, and in the case of a big job like the Comprehensive School there is no earthly chance of that job being completed by March 1981 which is when the programme comes to an end, and there will be well over \$1m unspent on that project alone.

Because of this such a project as the Castle Ramp/Road to the Lines, Stage 1, a big project of modernisation of area redevelopment, may not be approved - the Honourable Major Peliza may laugh if he likes - unless, and the Government and the Treasury and a lot of people have to do a lot of thinking, we can convince the Ministry of Overseas Development, and I have started to try and do this already, that they should approve this particular scheme and let us at least start on it. Because as I said before, all the aid money is not going to be spent by March 1981.

I accept that if the Ministry of Overseas Development approves the Castle Ramp/Road to the Lines Modernisation Scheme, they will be committing themselves to an eventual expenditure of well over the \$14m. I hope I am making myself quite clear. But a formula must be found, even if it means, I am fully aware of the importance of what I am saying, and Mr Collings I am sure will take note of this, even if it

means that the Government of Gibraltar may have to fort the Bill of excessive spending over the 21m if there is no other development aid programme. But I for one think that this is academic and in all probability there will be another development aid programme. And that is why I am saying, why not start on the Cast Ramp Scheme now. So I hope to be allowed to proceed on these lines when we go to London later this year to discuss the 21m which, when the aid programme was agreed, had to be discussed in the Autumn of this year.

Coming back to the Improvement and Development Fund under Expenditure for 1978/79, I, or the appropriate Minister, will answer all questions at the Committee Stage on any particular programme, but I would like to request Honourable Members to bear in mind certain factors. Over 21m owed to the contractors and consultants of the Varyl Begg Estate has not been paid, and I hope will not be paid until we clear the question of defective design and execution of the work.

HON M XIBERRAS:

You should not have paid them earlier!

HON A W SERAFY:

The Reclamation was only approved three weeks ago.

Heavy maintenance - I am sorry the Honourable Mr Bossano is not here - the backlog of heavy maintenance cannot really proceed at full swing unless we carry it out by term contracts. And I again appeal to the Trade Union to agree to my Honourable Colleague, the Minister for Public Works, to put out a lot of that work, the backlog of maintenance, to term contracts like the PSA/DOE do. Why shouldn't the Government do it? Otherwise we will never spend that money. There has been an expenditure on that item along if I remember rightly of 2280,000. Materials for the renewal of sewers have been ordered but they haven't arrived, and they are taking a long time to arrive. The survey for the deep-drilling took a long time and the work, on which there had been an under-expenditure, has gone out to tender. The Girls' School, because of delay in the post fees of 260,000 were not paid before the end of March. They have since been paid. Power development: no decision has been taken on this very important matter and it may take a long time before we can take a decision. Varyl Begg sea defences have been deferred.

Shortage of staff, as I mentioned earlier, and slow progress by contractors in certain jobs, have also affected expenditure. But we can give more information about each particular job at Committee Stage.

Now, as to when we can spend 27/8m in 1979/80, or believe we can spend it. One important answer has already been given by the Honourable Chief Minister yesterday. The programme will begin to peak this year and next. But a simple and obvious

answer was given to me the other day in the Public Works Department, by the boys in the Public Works Department and I am old enough to call them boys, and this is the amount. If we spent 23m in 1978/79, add inflation to that, because of the same amount of work and workmen say 21m, a clear 21m, add the Girls' Comprehensive School, which is a different job altogether, add 21.3m, that is 42.6m. Add another 21m for the Reclamation and that is 63.6m, add specialists' work and the purchase of nearly 2200,000, I believe, in equipment for the Public Works Department, which is just the purchase of materials, add another 21m. That's 84.6m. And around 21m for greater impetus in some of the other projects, mainly housing now that we have got the staff level almost - almost because we haven't got all the draughtsmen we need yet - to the required level, and if you leave aside the 21m which we do not know if we shall be paying to the contractors and consultants of the Varyl Begg Estate, and we are almost there.

HON P J ISOIA:

Mr Speaker, the Honourable Minister for Economic Development has not been his usual ebullient self in this Budget. He has had to commit himself to giving a whole string of sorry excuses, which, if it wasn't for the fact that we hear them year in year out and we have heard them from him since 1972, we might take them seriously.

Mr Speaker, the picture that has been painted by the Financial and Development Secretary and the Chief Minister, of the economy of Gibraltar, is a very grim one. They seem to be, as we suspected they would be from quite some time back, in serious trouble. Even the Honourable Mr Bossano, I thought, would try to give a helping hand to the Government, he affirms every time that he won't join them but I suspect some sort of secret pact with the Chief Minister, because even the Honourable Mr Bossano who tries to give a helping hand was not really very convincing this year, Mr Speaker, and there were a number of contradictions in his own statement to which I will refer.

Another strange feature of this year's budget, Mr Speaker, has been the announcement by the Chief Minister, in some detail, of taxes before we get to the Finance Bill. And it seems to me that the reason for this must have been the fact that otherwise the estimates would go forward for the first time in the history of the legislature in Gibraltar since 1950, for the first time since 1950, the Estimates have gone forward showing a Government that was broke because . . . .

HON CHIEF MINISTER:

If the Honourable Member will give way, that is not correct. Last year the announcement in the funded services were made, except that they were announced by the Financial Secretary and this year I took the responsibility of doing so. Because they are not revenue raising measures but just a way of

balancing the budget to the extent that it is all public expenditure, it is always done in the speech on the Appropriation Bill, and it is not done in the revenue raising measure except in so far as they form part, those that do form part of the Finance Bill, have got to be earmarked out. It was done exactly like last year, if the Honourable Member will take my word and if he reads the speech of the Financial Secretary, he mentioned the figures. This year I took the responsibility of doing so.

HON P J ISOLA:

The only reason I mentioned this, Mr Speaker, is that the Financial Statement in the revised estimates has I think for the first time been substituted by a new financial statement which incorporates the proposed increases in electricity, water and other things, and I personally consider them to be revenue raising measures. I mean, anything that gets money out of my pocket is a revenue raising measure. And even with those revenue raising measures again it shows the estimated Consolidated Fund Balance as at 31st March, 1980, with a puny £89,011, Mr Speaker, and that is one day's working capital of the Government, because the Government of Gibraltar to run Gibraltar needs £78,051 a day. So with this, the Consolidated Fund Balance of £89,011 would mean that if all revenue to the Government ceased, the Government would only be able to pay one day's working. That is a far cry to what it used to be, Mr Speaker, when we used to talk about having a reserve of 3 months.

It is interesting that the actual revised balance, the revised reserves of Gibraltar as at 31st March, 1979, are estimated at only £307,911, which, Mr Speaker, with the aid of my calculator, is exactly 3.94 days working capital! Of course the Government is in trouble and of course the accusation made by my Honourable and Gallant Friend that there has been bad management is fully justified. Because, Mr Speaker, if I may just remind Honourable Members of the position in 31st March, 1977, on the 31st March, 1977, the revised reserve was £3,552,693m, £34m. On the 31st March, 1978, these have dwindled to £2.2m, and at the 31st March, 1979, they have come right down to £307,911 and with quite substantial taxes, or substantial revenue raising measures announced now, without the ones that are coming afterwards, because I suppose they must come, they have an estimated reserve at the 31st March, 1980, of one day's working capital for the Government.

Why has it come to this? Who is responsible? It can only be the Government. It cannot be the Opposition. It has to be the Government. And then, Mr Speaker, in the papers circulated to us after the announcement of the increases in electricity and water, apart of course from the increases in rates that have taken place as a result of revaluation of Government properties, I would like the Financial and Development Secretary to explain to me why - or the Chief Minister seeing it was he who answered this - why electricity is

announced to go up 5%, and yet in the revised estimates that were given to us the Government expects to get from that increase of 5%, a 23% increase in revenue. These are the figures. I noticed, Mr Speaker, that the revised estimates for electricity bills issued in this year, 1978/79, is £1,955m, and that the Government hopes, as a result of this 5% increase, to get from bills issued £2.4m. I have been doing sums and that is an increase in revenue of 23%. So by and large the community as a whole, as far as the public is concerned, are going to pay 23% more in electricity. That is the point I want to make. I mean, everybody who says 5% of electricity is not too bad, but it is 23% we are going to pay more! That is what the public is going to pay and that is what I think we have to be told.

Then, Mr Speaker, in the water, which we are told is going up 50% - it will be more expensive than whisky soon, yet, although I suppose the whisky will go up, this is a non-drinking Government! I suppose the whisky and cigarettes and all those evil things will go up, and we have to pay for them, of course. But in water, Mr Speaker, 50%, I again have done some sums of what the Government is giving and in fact they expect to get in revenue over 60% more in water. So that the public are going to pay by and large, as a community, 60% more in water. Quite a lot of money this. My water bill is large and I reckon that 60% is pretty high. I don't know what we will be able to do, we shall have to go around unwashed in Gibraltar.

And then, Mr Speaker, the telephones. I haven't done any figures there because there the rentals are being increased, but I think the Financial and Development Secretary will find a happier picture in his Telephone Service Accounts if they sent the bills out. I haven't had a bill in my office for telephones for over six months. If that is the case of all the businesses in Gibraltar no wonder they haven't got the money. No wonder there is a deficit. If you don't ask you don't receive. May I commend the Financial and Development Secretary to make it his resolution in 1979/80 to make sure that bills go out, and then the Government gets paid.

So, Mr Speaker, on the estimates, on the general picture, on the important page, which is page 5, it is quite clear that the Government, despite quite a number of taxes that we have had in the last few years, have had to allow the reserves to dwindle and dwindle and dwindle, to an extent that it has got no working capital. Now it has got to raise revenue to try and bring up the reserve, and I suppose, when one sees that it will cost the Government £78,000 a day to run Gibraltar, I suppose they would need at least, one would have thought, one month's reserve and that means that they would have to raise £2.3m just to have one month's reserve. I can't see how they are going to raise £2.3m, certainly not when I hear that they are going to change the tax structure and there are going to be benefits given out and so forth. I don't see how they are going to raise this money. So it looks as if the Government is going to risk it for a year and hope things get better for them.

I don't know how much they have asked Mr Owen for, I think we should know this, because it is relevant to the mathematics of the situation. If he has been asked for £2m then it is alright, but if he has been asked for £100,000 or £200,000, we are not alright, we are in terrible trouble, Mr Speaker. And this is why I suppose that there was a very sombre tone in the speech of the Chief Minister and the Financial and Development Secretary, and indeed of other Government Ministers. There was also a great deal of complacency which is what I think it is the biggest accusation which can be made against the present Gibraltar Government, Complacency. They have got used to not doing things, for one reason or another the situation is just accepted, and where there has been the greatest complacency, Mr Speaker, and I am absolutely terrified by, is in the Minister for Public Works! To congratulate his own Department on doing nothing, because that is what they have done - very little, very little performance - who congratulates them and tells them, you are alright boys, we are all doing fine. This sort of situation, Mr Speaker, is costing Gibraltar a great deal of money, and continues to cost Gibraltar until the Government decides to take the place by - I was going to say the scruff of his neck - take the economy by the scruff of the neck, and do something about good and efficient management.

I think steps are being taken now, again very late, the question of the idea of an Expenditure Committee, to examine expenditure, I think from my experience in the Public Accounts Committee, my shortest experience and the few questions we have asked, especially from the Public Works Department, I would say that there is a great deal to be said for having an Expenditure Committee preferably of this House, which can scrutinise expenditure and criticise it in a report to the House. I think there is a great deal of need for this because of the way the economy is getting out of hand.

Mr Speaker, may I say just one general point, if I may refer to the address of the Honourable Mr Bossano, which I think is relevant to refer to it, because whenever he speaks I feel the Government side all nodding away, I don't want the Government running away with the idea that Mr Bossano has the answer to all our problems, and anyway he said he wouldn't tell the Government how to put the economy right. He would keep that to himself until he became Chief Minister. Maybe he will, I do not know, but until he does one thing is certain, our economy is not going to improve apparently. Again I was a bit flummoxed by the Honourable Mr Bossano, who on the one hand told the Government: as long as you do not employ more than 30% of the total labour force, you are safe, your accounts are right, your economy is right, nothing is wrong. But I don't know whether the Government in fact employs 30%, 31% or 32% of the labour force. And he didn't explain to us why it was that despite this sort of calculations made by him, the Government is broke. The Government has got no reserve. He is wrong, the Government is wrong. And then, Mr Speaker, Mr Bossano then says: you must encourage expansion of Government

activity. I suppose the only way you can encourage expansion of Government activity is by employing more people in the Government and going above the wretched 30%, Mr Speaker, so that is not the solution to our problem. I do wish that the Honourable Mr Bossano, who is no doubt a very accomplished economist, so we are told, would give us the answer, instead of saying: look if only you keep to all this you are alright, when you are not alright.

I won't, Mr Speaker, talk about the world problems, I don't think I know enough about them, but I think the simple reason why Western Europe is undergoing this serious problem is because everybody wants to earn a lot of money, work very little, and expect the third world to give the raw materials cheap. It seems to be quite simple. I mean, the workers employed in Germany and Great Britain and in Gibraltar are not prepared to give up part of his cake for the worker in Nigeria or anywhere else. And the worker in Nigeria or Chad or somewhere else will say: no, you are not going to have the raw materials cheap. I am sure this is an oversimplification, but, Mr Speaker, I would have thought that that is the simple answer to the problems of the world. But I do not agree with the Honourable Mr Bossano, who seems to think that if the United Kingdom economy didn't do well, it was not necessarily bad for Gibraltar. I think it is bad for Gibraltar. It is quite clear it is bad for Gibraltar in many aspects. Even on the parity issue it is bad for Gibraltar. Because if the English worker is the lowest paid worker in Europe then the Gibraltarian worker will be the lowest paid worker in Europe. So we are interested in a booming economy in the United Kingdom, and perhaps Mrs Thatcher will bring this to the United Kingdom.

Mr Speaker, I would now like to go to the root of the trouble, and that is the Improvement and Development Fund. The lack of development there has been in Gibraltar over the years. And I think this is very serious because as has been said by some people in the House, some Honourable Members have said, if you don't spend the money, you are not unleashing economic activity in Gibraltar. You are reducing it. And I think that has happened since, I would say, about 1975, progressive less spending on development. I think contractors have laid down their labour forces, and so forth, the structure has been reduced considerably, and as a result the contractors now cannot cope with the additional work that is now being required.

I spoke, Mr Speaker, earlier on of the complacency of the Minister for Public Works. Mr Speaker, the House I am sure, will be interested to hear that in the Public Works Department, in 1971/72, we spent on development £2.240m in today's real terms, having regard to the rate of inflation, whatever it was, 158% more, as I heard my Honourable Friend the Leader of the Opposition say, that would be an equivalent spending in Gibraltar today of £6m. The Government have spent £2.9m and I even query £2.9m and I shall say why in a minute. £6m today. Now, that £2.2m was done, Mr Speaker, with a staff in the Public Works Department of 111. An establishment of 111, of which 25 were the Housing Section, which is

now a separate department. So, really with 86 members in the Public Works Department. In 1975/76, on development, the Government spent £2.9m with 76 staff in the Public Works Department. Less than in 1971/72. The highest expenditure on development was in the year 1972/73, which was half an Integration Government and half an AACR Government, and that was £3.5m. So with 75 staff, the Public Works Department of the Gibraltar Government managed £2.9m of development. In 1978/79, where it is said that they have spent £2.9m, they have a staff of 142! Which is double! Mr Speaker, double the staff. And we get the Minister still telling us that he is still looking around for Quantity Surveyors: he is still looking around for draughtsmen.

HON A W SERPATY:

If the Honourable Member will give way. The big expenditure in 1972/73 must have been the Varyl Begg Estate, and that did not require any staff from the Public Works Department, that must be borne in mind. It was all done by consultants, Quantity Surveyors, Architects, the lot.

HON P J ISOLA:

Yes, but 1975/76, Mr Speaker, they only had 76, 1975/76 not 1972/73 and 1973/74 or 1974/75. 1975/76 £2.9m, staff 76. 1978/79 £2.9m, it is alleged, staff 142. And for 1979/80 it is going to be 154. So between 1975 and 1979 the staff of the Public Works Department, Mr Speaker, has doubled.

HON A J CANEPA:

If the Honourable Member will give way. There is something which I think will be helpful to him to put the matter in perspective. You cannot just talk about doubling staff because a lot of them are Work Supervisors who were previously Leading Hands, industrials, and who have nothing to do with the Development Programme. There are about 30 of those. So the fact that they just happen to come under the Non-Industrial umbrella has nothing to do with the Development Programme.

HON P J ISOLA:

Mr Speaker, that only accounts for a number, not that large number. And 1979/80 for 142 they propose to put the establishment up to 154. That's another 12 bodies, because it is needed, without the Housing Section of course; the Housing Section has a lot of activity.

Now, Mr Speaker, to put things in perspective, let us see what happened in the budget last year. In the budget last year, page 205 of the Hansard, the Financial and Development Secretary spoke of the Development Programme of 3 years being £22.3m with a requirement for a further £4.5m for the new Desalination Plant. And then the Chief Minister said at page 215 "In the year since Gibraltar has been dealing on aid

matters directly with the Ministry of Overseas Development, there has been a great acceleration on the part of project approval. An excellent cooperation generally." This was in the budget speech for last year. So, can you forgive me if I am a bit surprised to hear the Minister for Economic Development still flogging that horse. "We are indebted to the officials in that Ministry for their terms 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." And the Chief Minister went on to say; "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 the project approval and the carrying out of work will be speeded up." This was said in March, 1978. So at that time, certainly on this side of the House, we got the definite impression that the department had really got going, has really got everything sorted out, it has got its staff, pre-planning had been done, and the Government was raring to go to spend the £7m they said they were going to spend in 1978/79. This is the impressions we got. And I think it is not an unjustified impression.

Can I be forgiven then, Mr Speaker, for expressing surprise at the Minister for Public Works when he tells us that he needs Quantity Surveyors, he needs draughtsmen. I don't know what all these people do because they only produce £2m £2.9m.

Now, Mr Speaker, let me go to the Minister for Economic Development, what he said last year, a year ago, and compare that to what he is saying this year. In page 255: "Our Architects and their staff have prepared critical path charts, which show in detail the different stages of progress in all schemes." I think the Minister for Economic Development, before he bids farewell to the House next year, should be invited to bring these charts and exhibit them in the ante-room so that Honourable Members of the House can see how far these critical path charts have progressed. So, last year, the impression one got in the House from the Chief Minister, from the Minister for Economic Development, was that the Government was ready to go, and that these £14m, which the British Government had given, and committed herself to, would be spent in the three years. We do not forget that in April 1978, the Government in fact already had £34m which it hadn't spent in the previous Development Programme which was on-going and had this £14m and £4m was part of the £14m. So I cannot understand, I cannot accept, the House cannot accept, the explanation for the continuous delay that we get from the Minister for Economic Development. We cannot accept them because we look at the technical staff of the Public Works Department and it seems to us that they have all the professional assistance that they require, if only they would get on with it. If only the Government did some managing of the economy, and got on with things.



Mr Speaker, let us consider some of the results that have come from the lack of progress in the development projects. I would like to give one example which I think illustrate the problems that the Government has got Gibraltar into on this question of development. Let me take the Public Works Department Workshop, which even now is not going to be moved yet. It is interesting, Mr Speaker, that in 1975/76 the Government put down the re-siting of the Public Works Department Workshop: cost £175,000, revised estimates £175,000. We were going to spend in 1975/76 £175,000. In that year we were told that the Public Works Department Workshop would be re-sited during that year. It didn't happen.

So then we go to 1976/77, which is the next budget, and there we have got the re-siting of the Public Works Workshop, and by then the original estimates of £175,000, has been revised to £307,000. So as a result of the Government not getting on with the job and doing the re-siting the price had gone up to £307,000. Then we go to 1978/79, and we get the same item there. There we get Estimated Cost of Project £468,780. But it wasn't done in 1978/79.

Now we get to 1979/80, Mr Speaker, and the estimated cost of project is now £604,514. So the Government of Gibraltar has cost the Gibraltar taxpayer, or has cost somebody, the English taxpayer, by its lack of diligence, by its reluctance to get on with the job, something like £400,000. And that is just one item, Mr Speaker. One only has to go through the Improvement and Development Fund to see how everything costs more every year if you don't get on with this.

Now, Mr Speaker, last year we were told in no uncertain language that the Government was going to get on with it. They haven't got on with it. It has spent £2.9m and I would like to query that figure because these estimates are of course printed and given to Members on this side the 1st of April. Presumably they were printed, or the figures were worked out some time ago, because I would like to ask the Minister for Trade and Economic Development to explain to us, in Committee I suppose, how it is that at the meeting in February, I cannot remember what date it was, I think it was about the 26th of February, one and a half months ago, he told us what monies would be spent. In Housing, he said, £974,826 had been spent for 1978/79. This is what he told the House on the 26th of February, of 1979. One and a half months ago. And yet on the Improvement and Development Fund Estimates on Housing it is stated £1.3m has been spent. At Committee Stage the Minister may perhaps explain why this is £300,000 more than we were told had been spent. Which figure is right? I think it is important to know which figure is right.

In Education, Mr Speaker, the Minister said that £534,420 would have been spent in 1978/79. In the revised estimates the Minister refers to £319,514 having been spent. And in Miscellaneous, for public utilities, the answer from the

Minister on the 26th February 1979, was £621,216. But on the estimates it is £1.3m. So which is right? According to the answer given by the Minister to this House on the 26th of February, 1979, the amount spent on development during the year under review was £2.1m. This was question No 19 of 1979. So there is a discrepancy between the answer of the Minister and the revised estimates of the Improvement and Development Fund of £800,000, which is not a small amount. I don't know which is right, maybe the revised estimates are right and the Minister was wrong, but whichever it is, Mr Speaker, this illustrates, if I may say so, the lack of grasp on the part of somebody for what is going on.

HON A W SERFATY:

I have got a note from the Economic Adviser. Figures given in February 1979 refer to ODM grant money. Improvement and Development figure in the estimates refer to both ODM and Gibraltar Government Local Funds.

MR SPEAKER:

It contains the local contributions.

HON P J ISOLA:

Well, Mr Speaker, I am surprised to hear that because the question was: "How much has been spent on the Development Plan". So obviously the answer wasn't correct. Again it emphasises the lack of grasp of the situation in the department concerned. In the department of the Minister for Economic Development and in the Public Works Department. And this is frightening, Mr Speaker, because when you are getting to a stage where in a population of 25,000, as we are, it is costing £3 per head per day to govern that population, - I know that people do not understand these things, they don't hear about them, but for us responsible Members of the House, on both sides, it is frightening to see how our money is being spent and what we are getting in return for it. It is frightening, Mr Speaker. And the lack of progress. And I think that the Government, with the increases in establishment there has been, apparently as a result of staff inspection reports and so forth there have been some considerable increases in the establishment. I have noticed in the Treasury, in the Secretariat, in the Public Works Department, I think it is time that the Government managed and asked for results. Because looking through the whole establishment as is now so clearly set out in the estimates, you see that there are plenty of Captains, Majors and Colonels in all department, there is a whole string of them, but what is the result as far as the public is concerned? What is the production of these departments? And, of course, Mr Speaker, the problem in Gibraltar as far as the Gibraltar Government is concerned is one of management, in my view, and the Government has to take full responsibility for it. The Government can if it wishes play games, and be nice and give and give

and give! But you cannot blame the other chap for taking. It is the Government that has got the responsibility, it is the Government who has to manage the economy and take full responsibility. And the economy, Mr Speaker, as disclosed in the Estimates of Revenue and Expenditure is an economy near to collapse. When you have to put up water by 60%, when you have to put up electricity, when you have to put up rates, you have to put up everything and still you do not have a surplus at the end of the year, then you are in trouble, Mr Speaker.

I myself am very glad that the Honourable and Learned the Chief Minister went to see Dr Owen and asked him for some money. Now I only hope that Mrs Thatcher will give him some money! It looks as if Dr Owen's money may not come before the 3rd of May. It may do, but it looks as if it is going to have to be somebody else's. I hope he gets the money because I cannot see, any way out for the Gibraltar economy now without an injection of help from the United Kingdom.

Now, I only hope that the United Kingdom with its usual generosity and friendliness towards the people of Gibraltar, which I think they have, I only hope that they will be able to come in and help this coming budget so as to avoid the very heavy taxes that will otherwise have to be imposed by the Government if they do not make ends meet.

Mr Speaker, I am very pleased to hear that in the Tourist Department the progress has been good, we are having more tourists in Gibraltar, and that the private side of the economy, which I am afraid, Mr Speaker, is going to be hit very hard by the increases in electricity and water and so forth, that something is being done, I think more should be done. For example, I would like to hear from the Minister for Tourism how much money he is spending in advertising in Morocco? What has been done there since the last budget when the Financial and Development Secretary told us that that was a good source of income tourismwise. What is being done to attract yachts, cruise liners and so forth? See whether the economy can be boosted there.

Mr Speaker, with regard to this Government Corporation for sand, I would like somebody to answer why it is felt necessary that there should be such a high powered Board of Directors, with only five employees? I do hope that they are not going to be sitting every day on this, because that to my mind is a misuse of labour.

As far as what the Minister for Public Works has told us that he is going to save money by not employing Lifeguards until the school holidays, Mr Speaker, this is a very dangerous thing to do, is it not? Will the school children not be bathing until the summer holidays? What happens in weekends? And anyway is it not a fact that most people who get into trouble in the sea are adults and not school-children? I would have thought that there should be some provision to this. I mean, this to my mind is a false economy, it can be

a very tragic one for people. I know he gave the reasons that in this way he hopes to get better work, but is there any reason why people should not be employed on a temporary basis and when the University Students come back, then you employ them. But I would have thought there was a need to have Lifeguards.

As regards the Telephone Service on which my Honourable Friend Mr Restano spoke, I did hear part of the speech of the Minister for Municipal Services and again if I may say so a lot of complacency. The Telephone Service is in a shocking state, I am not blaming the individual worker but it is in a shocking stage. How many telephones are out of order all the time in Gibraltar? What happens when people try to get a trunk call by ringing the exchange? You can wait until the cows come home before you get a reply. And what about ringing from London to Gibraltar? I would invite the Minister for Municipal Services to spend three weeks in London and try to ring Gibraltar, and see how often he can get through. It is in a terrible state the Telephone Service. And that requires in our view very drastic management, very drastic action. We are told that there is a young Telephone Superintendent. Good, let us hope he uses his youth and vigour to improve the service. I certainly feel, and I have looked at the Improvement and Development Fund and the estimated expenditure for telephones, I personally feel that an effort should be made, a very serious effort should be made, to accelerate the coming of international dialling, to accelerate these matters because Gibraltar is incommunicado from the rest of the world. You cannot get through. People cannot get through to Gibraltar from outside. One hears this all the time and something has to be done, and quick, to remedy this.

Well, Mr Speaker, I think the only way I can end is to ask the Government to come out of their complacency, and I think they have been very complacent about the situation, realise that Gibraltar is in a very grim financial situation and that the prospects are not good, and try and do better. That is all I can say. Try and do better for 1979/80 because if they don't the unfortunate thing is that apart from them being in trouble the rest of Gibraltar is also in trouble. And, therefore, in our own interest we ask the Government to have a look at the economy, do some real serious thinking and try and get some decent management into the place before we do go into a state of collapse.

HON A J CANEPA:

Mr Speaker, if I can divide my contribution into two parts, I can deal purely with the estimates of my own department in the first half, perhaps it will take me 10 minutes or so, and I can leave the second half until after the lunch recess.

MR SPEAKER:

Most certainly.

HON A J CANEPA:

Thank you, Sir. Dealing then with the estimates of the Department of Labour and Social Security the House should note that the total provision that we are seeking under Other Charges continues to reflect the improvements which are being implemented from year to year in the level of social benefits generally. The total expenditure for 1979/80, excluding entirely personal emoluments, is up by over £300,000 from £1.2m last year to £1.52m this year, and this represents an increase of 25% over the approved estimates which is far in excess of the rate of inflation. In fact over the years, Mr Speaker, I took the trouble to check over the figures from 1972/73 when we came into office, the increase has been over 300%. The provision under Other Charges in 1972/73 was £370,000 and is now going up to £1.5m, that is an increase of 320%, at the time when inflation has only gone up by 150%. And therefore if we had only increased the level of Social Benefits into line with inflation, the provision today which I would be seeking would be £1m less. If we had only increased Social Benefits over the years by 150% I would be coming to the House for half a million less. And that is one factor which should not be lost sight of when we look at the position of the reserves. There could be £1m more in the reserves. And this is something that has been building up over the years, throughout, that has been the kind of level of expenditure which we have had in the Department. If you divide an increase of 300% by 7 years you find that the cumulative effect has been 25% every year, which if you then go back to the base line works out at more like 40%. That has been the pattern over the years and it is a very heavy bill that has to be paid for and the taxpayer has to pay. And I say this because later on I shall be developing the point that it isn't just parity it is improvement, substantial improvement in the social services generally which also accounts for the situation in which the Government finds itself in. And in fact, I am just pointing out what the position is with regard to the estimates before Members of the House only. But following the representation of the package that has been mentioned, which involve changes in the income tax structure allied to increases in family allowances, and very substantial increases in family allowances let me add, it will be necessary for me to come to the House later on seeking supplementary provision to finance these increases in family allowances.

The provision which Honourable Members see in the Estimates on page 44 of £275,000, family allowances, reflects the present position only. £2 a week per child. But I shall be giving details after the Finance Bill when the Honourable Members are acquainted with the nature of the increases, the amount of money that I shall have to be coming to the House for. So there you have continuing increasing substantial expenditure.

Under Supplementary Benefits, Mr Speaker, I am making provision for an increase of about 15%, of that order, for January,

1980. This will not only keep up with the rate of inflation, but also ought to be roughly in line, probably ahead, on increases in wages. I imagine that increases in wages following what is happening in the United Kingdom, the pattern that is being established there, are going to be in July of the order of say 10%, perhaps a bit more, perhaps 12%, and I am leaving a little bit of lee-way to ensure that people on Supplementary Benefits are always that little bit better off, which I think we all desire. So I am making provision for 15% increase in the level of Supplementary Benefits next year.

Of course, here we are talking about more expenditure and the debate so far has dealt with control of expenditure, it has been one of the big factors, but I am sure, that Honourable Members opposite do not begrudge the fact that there shouldn't be much control of expenditure under this important head.

With regard to this item of Supplementary Benefits, Subhead 7, we have carried out earlier in the year a survey of persons who are on Supplementary Benefits and we are proposing to help them in particularly deserving cases by cash incentives in order to promote a good neighbour scheme that will provide domestic help to solitary elderly persons. This will avoid the need as far as we can for the Government to employ persons to carry out this work, persons that are normally termed Home Helps. What we want to encourage is that the domestic assistance to be given to the individual personal supplementary benefits should enable him if possible to find someone living near him who will come in for a few hours a week, two or three hours a day on certain days of the week, and help with the housework, help with shopping, and all sorts of other things that need to be done. So I hope to manage within the total vote because the necessary assistance will be modest and the numbers are not very large.

We also hope to be able to help people on Supplementary Benefits with the cost of connecting fresh water supplies in a few cases where circumstances make this reasonably possible. I already have, once approval is given by this House, to this item three or four cases in the pipeline where we encourage the people concerned to go ahead and have fresh water installed in the knowledge that the Government would help them with about 50% of the bill.

We also want to encourage the landlords to pay for the other 50% if possible because it is an improved amenity to their property. Yes, I shall give way.

HON M XIBERRAS:

Mr Speaker, I am grateful to the Minister for giving way. The Minister may recall the case of, I think it was a Mrs Robles, that I talked to him about along these lines, and I welcome the announcement made by the Minister, but is the money going to appear in his vote or in the Public Works Department's vote?

HON. A. J. CANEPA:

Under this vote. It is under Supplementary Benefits where we have earmarked a token so that the provision is there, \$1,000 or so, and I expect to meet it from the global provision made. With supplementary benefits, Mr Speaker, the situation can be fluid and a week's expenditure is over \$5,000. I hope that we can manage with the global vote but if we exceed it we shall come to the House later in the year for whatever amount over and above what is necessary.

Relief payments abroad, Mr Speaker, subhead 8, we haven't the increase this assistance to Gibraltarians who live in the Campo Area for the last couple of years, so we are going to give them rather more than the norm, we are providing for a 20% increase to take effect immediately. From the beginning of May, or late April, we are giving instructions to the British Consul to pay this increase of 20%.

Sponsored patients, Mr Speaker, the Government have already approved an increase in the maximum maintenance allowance for outpatients and for their escorts. At the moment it stands at \$35 a week and immediately the House votes it we shall increase that to \$52.50 which is a 50% increase. What we tend to do here is that rather than increase it every year we increase it less frequently but more substantially. So a 50% increase in the level of maintenance allowance for sponsored patients and their escorts, and hence the increase provision of \$15,000 which I am seeking.

Old Age Pensions and Retirement Pensions, retirement pensions at item 10 which are related, I anticipated, Mr Speaker, I am told by the Statistician, that by about the middle of 1979, the level in July if there is a further wage increase, the level of average earnings should be round about \$70 a week, perhaps slightly more \$72 or \$73. It is now \$64 and, therefore, it seems that we shall have to increase the maximum Old Age Pension which currently stands at \$30 a week to about \$35 or \$36 a week in January. That is perhaps not quite as dramatic as the increases that we have had in the last two years. In 1977 pensions stood at \$15 a week, they doubled in two years to \$30. It is not quite as dramatic in percentage terms, it will be about a 20% increase or so, but in cash terms it will be \$5 or \$6 a week tax free, which again is a very substantial amount. But under that particular subhead of Retirement Pension we do not have to seek that sort of increased provision of 20% because the numbers have dropped very considerably in the last year and there are now only about 60 of these people left who are paid Retirement Pension from general revenue and not from the Social Insurance Fund.

Accommodation of Labour. We closed North Pavilion Hostel and White Store Hostel during the course of the year. This has reduced our overheads and it has been partly offset naturally by much higher water, wages, electricity charges,

and so on, but the total expenditure is expected to show a saving of about \$25,000. We have saved about \$25,000, but we are spending a considerable amount of money on housing. I think the House will note that in 1979/80 it's \$287,000, but in fact included there, there is an explanatory note, is a sum of about \$30,000 which we ought to have spent this financial year but the bedding did not arrive in time to pay the bill and so it shows a lower figure under the revised estimates and a higher one in Accommodation of Labour.

The 70 or 80 people that were accommodated in White Store and North Pavilion are now accommodated at Devil's Tower and, therefore, the occupancy there has increased quite substantially during the last year by about 80. We have given them a concessionary lower charge until alternative accommodation can be offered to these people at Casemates. I am speaking of about 70 or 80 Moroccans who are now accommodated at Devil's Tower and, therefore, altogether the position is happier because there are now about 200 people at Devil's Tower. There is still room for about another 100 which I think we shall need because the Gibraltar Master Builders Association have already approached the Government, they anticipate having to employ and therefore finding beds for quite a few more people in the building industry over the next year or so.

Elderly Persons Pension, Subhead 15, the House will note a very substantial increase there. We are having to seek an additional \$140,000 over the approved figure last year. That is due to the 60% increase in the level of pensions in January. Here again, Mr Speaker, before 1974 there was no Elderly Persons Pension. The Government is now having to make provision for \$140,000. If we didn't there would be \$400,000 more in the reserve and the commitment has been increasing all the years from 1974. So I am sure that over the years from 1974 we must have paid something in excess of \$1m. That would all show now as a plus in the reserves, but if we want to have a higher level of social services, if we want to pay pensions to people who were unlucky in the past, out of General Revenue, the community should make some gesture to them. It has to be paid for, and tax will have to be raised to meet that amount. But \$400,000 alone on Elderly Persons Pensions.

Again the subvention to the John Mackintosh Homes. We have got a smaller sum but the same problem, \$70,000 subvention last year. Because the per capita subventions to the home has increased if we increase Supplementary Benefits the formula which we use on a per capita basis the commitment goes up and we are providing for \$16,000 this year for the Homes. A very substantial commitment over the years if that is added up since we introduced the subvention in 1976 to about \$1m. Again it is a social service that has to be provided; we have got to have these homes for the aged; the John Mackintosh Trustees are no longer able out of the funds that were provided to finance the running of the Home, the Government, which means the taxpayer must, must step in to subsidise and taxes will have to be raised for this purpose.

Industrial Training Expenses. The provision in the Estimates is mainly taken up by the construction industry where the Government pays for the cost of training apprenticeships for the private sector, and also for the retail trade. I am hoping later in the year to re-start training for Hotel and Catering Industry and if so we will have to provide additional funds. The problem here, Mr Speaker, is that there is no unemployment amongst young men, and, therefore, the Official Employers are taking up entirely the quota of young unemployed men of reasonable educational standing through the apprenticeships. There are only three young men unemployed now. There are no young men of reasonable calibre that can do City and Guilds which is what the Hotels and Catering Apprenticeship Scheme entails. We are going to try this. I am prepared if necessary to assist the hotels though against the background of a better year with tourism last year and perhaps a continuing better year, I do not think that it is fair that the hotel industry should expect the Government to subsidise them when they should be subsidising the Government because the Government is in trouble. But I would very much like to get this going again because I have got the Qualified Instructors. We sent them to the United Kingdom to train and they are there to provide the instructions. We have the equipment in the restaurant in Devil's Tower, the hostel there, the equipment is there, and we have plans connected with the expansion of the Technical College to provide a catering unit there. So this is something we would very much like to do and I would hope that the hotels will be forthcoming, hopefully, before the Official Employers take on apprentices to see whether they can cream off the better quality youngster so that we can train them.

The Construction Industry . . . . .

MR SPEAKER:

How long will you take on this?

HON A J CANEPA:

Just another minute or two, Mr Speaker.

The Construction Industry Training Centre. We are making provision for an additional instructor. This would give us the flexibility that we have lacked in the past. It would also mean that I shall be able to resurrect the pre-apprenticeship induction courses for youngsters attending school that were quite successful back in 1974, 1975 and 1976, and which we have had to abandon when we ran into difficulties with staff. It will also mean better coverage when people go on leave, and it will also mean that we can expand the facilities at the Centre. We are taking over the accommodation now occupied by the Perides, the firm of contractors, in 1980 and we are making provision in these

estimates to order plant, equipment, tools for the expansion of the Centre. It is very costly to train apprentices at the Dockyard Training Centre. It is costing the Government about £5,000 a year per apprentice, and we think that if we can provide at Landport some training for instance in the electrical trade, we can do this much more cheaply. So these are the plans we have for next year: expansion of the facilities there and the continuation of the courses that we have had over the years for adults trainees. We are now doing the four-year adult to full craft status courses, a 4-year course, labourer to Adult Craft. We are expanding on supervisory courses, there is a very substantial programme of courses which Government, the employers, are seeking and this is programmed throughout the year. Very, very intensive, more so than in the past, and this we are able to do because as I say we are taking on an extra instructor.

The course that has continued there over the years, the traditional ones: First Aid; Principles of Supervision; Formanship; Scaffoldings; Glass Cutting; and so on. So we have definite plans for the future and I think that at that point, Mr Speaker, perhaps I can bring my contribution to a conclusion and carry on this afternoon.

Thank you.

MR SPEAKER

Then we will recess until 3.15 this afternoon.

The House recessed at 1.10 p.m.

The House resumed at 3.25 p.m.

MR SPEAKER

Mr Canepa, when we recessed for lunch you held the floor.

HON A J CANEPA

Mr Speaker, it is most interesting, now that I am going to turn to deal with the general debate and answer some of the points made by Honourable Members opposite, that of course there are no members opposite to listen. I think they listen on the radio actually in anticipation of broadcasting over GBC.



I would like to deal with parity and the parity formula first of all, Mr Speaker. I really think that yesterday the Honourable Mr Bossano over-simplified the application of this formula. I think it would be a mistake really on the part of Government if we were to blame the introduction of parity alone as being the root cause for the difficulties in which the Government finds itself. In fact I think we would not be doing ourselves full justice in the sense that as I indicated before lunch when outlining the estimates of my department vast improvements have been implemented in the social services generally with the attendant costs that are related such improvements. And I am not just talking about social security only. I am talking about education, the schools. There has been an expansion of the educational service and considerable improvements associated with the introduction of comprehensive education. We have an extremely low pupil/teacher ratio in Gibraltar. This is a good thing to my mind as an educationist because it means that teachers are able to give better attention to the children that they are teaching. We have very good medical services that I think Gibraltar should be proud of. The only thing is that we are not able to cope with certain cases where treatment is required in the United Kingdom, but the provision is there, both in my Honourable Colleague's department and in my own. The Government makes arrangements to send such patients to the UK.

I think our provision in the field of recreation and sport is second to no city of a similar size, in fact probably more lavish than most cities of similar size. These are all things that have to be paid for. They cost a great deal of money. And not just in wages and salaries alone.

We are providing a Handicapped School in which, as I was saying a moment ago, the pupil/teacher ratio is one to two. For every two handicapped children there is a school teacher. So you have in this respect a very high level of wages and also specialised equipment for the school. As I say this costs a great deal of money over the years and the Government does not shirk the responsibility because whatever may be said about us, the one thing we certainly are not lacking in is a social conscience, and in the formulation and implementation of social policies that any progressive Government worth its salt could be proud of.

I myself over the years have consistently taken issue in this House over the question of the extent to which parity in fact is or is not self-financing. I was looking up a reference to the debate two years ago, in March 1977, and the reference is on page 607 of the Hansard, where I was explaining in detail why in my view the situation and the figures were such that in fact parity was not quite

self-financing. The Government's Economic Adviser and Statistician gave me a note about the application of this parity formula. And if we assume that there is a uniform overall percentage increase in wages and salaries then the extent to which a pay increase is going to be self-financing or not for the Gibraltar Government is going to depend on two things: on the relationship between the Government's wage and salary bill expressed as a percentage of the total wage salary bill for Gibraltar; and secondly on the marginal rate of taxation. If the marginal rate of taxation is 30%, and if you have a wage/salary bill structure for Government as against other employers, more or less along the following lines, then you are alright. What is required is that if the total bill for instance is £10m, then if the Government's share of that is only 30%, if the Government is paying £3m for every £10m of Gibraltar's wages bills, then you are alright. The equation is such that the net cost to Government is in fact zero. If there is a uniform increase in wages, say, later on in the year of 10%, you are alright. But if the Government's share is more than 30% then the equation begins to fall through. This can happen, for instance, to a greater extent if increases are not of a uniform nature. If, for instance, we already know that the Police are entitled to a 20% increase later on this year and another 20% the following year, because of what has happened in the United Kingdom, and we also know that the Fire Service, the Fire Brigade are getting a 20% increase this year, and I am not sure what it is next year but I think it is at least 10% or 15%, now if that happens with regard to a very large number of the Government's employees, mainly non-industrial as the case will be, then you are in serious trouble. Then there is a shortfall because in that case the way that the formula works is that out of the £10m notional total bill, the Government's share goes up from say 30% to about 40%, and then if the 30% with a 30% marginal rate of tax, what you have is a situation in which there is a net cost to the Government of £0.1 million out of £10 million, a small shortfall which makes it non-financing.

What in fact is happening at the moment? What is happening at the moment is that the Government's wage/salary bill is currently over 35% of the total, and, therefore, on a marginal rate of tax of 30% you are in trouble. You have a small deficit, you have a small shortfall, which can become greater or less depending on what the extent of wages is in Gibraltar. So if over the next 12 months the private sector goes up by 10%, if the wages of industrials employed in the Dockyard and in the DOE go up by about 10%, but you have bigger increases with the non-industrial, then the Government is in serious trouble. And that is going to be very likely the position, I think, given the claims such as

one sees them in the UK. We know that clericals are claiming the Pay Research Unit findings, the comparability exercise that has been carried out makes out that they are about 30% behind industry in the UK. The Teachers are making a similar case. They maintain they are about 35%. So unless they settle around 10%, the Government over the next 12 months is going to lose out on the deal.

The position is happier with industrials, and that is why in respect of the Efficiency Bonus increase we have done rather better. Not only is the ratio of Government industrials compared to the PSA and DOB, not only does it not show the disparity that it does with the non-industrials but the Dockyard pay a higher productivity bonus than we do. And so on that particular deal we really make a profit.

But the matter is more serious than that, the matter is more serious because of higher average earnings within the Gibraltar Government, due I would say to two things: one is a high level of overtime in some departments - and let us not kid ourselves that we are going to be able to do away with that, that we are going to be able to slash that with one stroke because a lot of it is essential overtime. In the Medical Department, in the Fire Service, the Generating Station, in the Police. It is essential overtime. You cannot cut that, but it is more serious than that, because as my colleague on my left, Mr Montegriff, explained yesterday, there are a number of Government employees who within the 40-hour week, even if they only work 40 hours during the week, if part of that is worked on a Saturday or Sunday they are paid premium rates. So it is no good pretending that you can put them on less than a 40-hour week. It is no good pretending that you can close the hospital on a Saturday or on a Sunday. You have got to keep it going and, therefore, the people that are working on a Saturday or Sunday are going to become entitled to premium rates of overtime. So the result is that you have higher average earnings in the Gibraltar Government than in other sectors. It is not so marked in the case of weekly paid industrials where if average earnings are as the Financial Secretary said yesterday £64 a week, in the case of Government it is nearly £68. It is not so marked there, but in the case of non-industrials the average for Government is over £400 a month, £416 a month. That is about £100 higher than the private sector, it is about £30 higher than the DOB, and it is only less so than the Dockyard because in the figures that can be provided the UK based employees are included. But the UK based do not pay Gibraltar tax, so really they should be excluded.

What can we do really and seriously, about these cuts in overtime. Now, some times very little can be done, and if

you do cut overtime it is going to be at the expense perhaps of employing more people. That is what my Honourable Friend Dr Valerino was explaining this morning with the Fire Service. It is a particularly important example which highlights this difficulty. In the United Kingdom, the Fire Service has gone over to a 42-hour week. We have had our Fire Service here working 56 hours a week conditioned to a 48-hour week. So they have been paid 8 hours overtime. Their working week has now been cut to 42 hours in the United Kingdom and, therefore, we are committed on the parity principle to follow suit. It has to be cut to 42. Either they continue to work 56 hours and you pay them 14 hours overtime, which they do not want to do in any case, which the men do not want to have to work 56 hours. So we have had to come to terms on a reasonable basis because I think that where earnings are increased, where basic wages are increased appreciably I do not think you want people to be slaves in their job, to be spending 56 hours of the week there. I think it is important that people should have leisure time. They should be able to spend that leisure time with their families, otherwise family life can go overboard and this is an important social factor to be taken into account. So the Government had to concede the point that they should only work a 48-hour week. That means that we are paying them 6 hours overtime. But until such time as a merger has been effected with the Dockyard Fire Brigade, and this is not an easy matter, we have to employ another 13 men. Employing another 13 men means that the numbers of our employees increases and we are open to the charge of employing more and more people. It means that there is a distinct danger that you are going to lose blue collar workers who are going to take up this lucrative employment, the highly remunerated employment in the Fire Service, and that can mean loss of tradesmen. If you lose a carpenter, a joiner, a tele communication mechanic, it is going to cost you £5,000 a year to replace that man through training vis-a-vis other dangers that go hand in hand with this.

But, we have had to concede the point and a great deal of the increases in the Government's labour force, if you like, non-industrial in particular, can be explained, it is explainable. It is not a question of an increasing bureaucracy, it is not a case of more and more Executive Officers, more and more Clerks. The increases that there have been in staff over the last few years, by and large, are associated with the expansion of the social services, or expansion of the public services such as the Fire Brigade, and I shall quote a few figures which I was looking up this morning.

Take my own department. In 1972 - 73 we were employing 46 non-industrials: we are now employing 54, an increase of 8. But is that the true position? Of course not.

We are employing 3 House Parents and two Assistant House Parents, who are now shown under Personal Emoluments, who before 1976, I think, were shown under Other Charges, in Child Care: so they were there. We are now employing a staff of 7 at the Construction Training Centre who before 1976 were employed and shown under Secretariat, the Productivity and Training Unit, and who in fact before 1974 were not shown at all because they were employees of the Department of the Environment. So from 1972 the Government has taken over the Construction Industry Training Centre, and hence there is this increase in staff. If you remove those, the bureaucracy of the Department of Labour and Social Security stands at 42, whereas it was 46 in 1972 - 73, and we are administering a department which is paying \$14m in social benefits and recurrent expenditure, not to mention administering the Social Insurance Fund of over \$5m. Value for money is what you are getting there.

In the Education Department in 1972 - 73, they had an establishment of 240, this coming year the establishment is 343, 100 more. Who are they? Clerks? Of course not. By and large they are teachers. The Christian Brothers left, a private school was closed, the Government had to employ another 20 to cover that, I mean, those children moved into Government Schools. And what is the alternative. The alternative is what they do in the United Kingdom. You train over a period of years a whole lot of teachers and then you put them out to grass, unemployed teachers. Why? Because they have classes of over 30. So you sacrifice the education of your children by having classes of over 30 and you have unemployed trained teachers. Why? You do not want rate payers to have to pay more, or the local authorities do not want to ask Government for a bigger grant which will mean more taxation. But that is your alternative. We have larger classes. Instead of a remedial class of 15, you have a class of 25; instead of a Sixth Form of perhaps 15 or 20 you have over 30, but the education of the children is going to suffer and I say that that should not be allowed. I say we should employ the teachers, we should pay them, we should have small classes and let the taxpayers of Gibraltar foot that bill because it is for the benefit of their children. I make no apologies for that.

What about the Medical Department. In 1972 - 73 they were employing 340, they are now employing 395 - 55 more. Again where are they? 5 or 7 doctors more. The Minister would like to be able to employ more nurses. He would like to open the Stagnetto Ward. He would like to be able to employ more people in KGV. He cannot find them. Where is the bureaucracy. All that the Government does

is to employ more and more people. Yes, more and more people in the Medical Service. And I think that that is what any self respecting community should do.

I have explained about the Fire Service.

Consumer Protection. In 1972 - 73 the Government did not employ anybody. There was no Consumer Protection Service. There are 12 people employed there now doing very good work in prices and right now even better work on weights and measures, because our legislation and our procedures were archaic and the public was being cheated and the situation is being put right. So there you have another 12 bodies. Again not a bureaucracy, giving a service to the public. The service has to be paid for and you have got to employ the people.

In 1972 - 73 there were no non-industrials employed in the Stadium. There was no Stadium like there is today. Now they employ 6 non-industrials there and 20 something industrials to clean the place to maintain it and so on. Are we not proud of the facilities there? Ah, but the Government is employing too many people. Yes, another 30 people. And so on. It is explainable.

The Prison, for which I have responsibility. In 1972/73, 13 or 14 were employed there. Today there are 19. Yes, because it is the only way that we can keep 5 people on a shift, and if we do not have five people on duty in any given 8 hour shift, with the problems that we have had in the Prison and with the kind of prisoners that we are getting, then quite honestly the security of those men on duty cannot be guaranteed. So again I make no apologies for it and the community has the responsibility to pay.

So you have had, we are told, since we came into Government a 15% increase in the number of Government employees - yes. And I have already given you, I have already accounted there for over 200 of them. In 1972 - 73 the Government had 1,500 non-industrials and today it has over 1,700. I have accounted for the 15% increase but none of them are going into any bureaucracy. It is only until last July that the Government took some steps to try and put matters right at the Secretariat by employing some more people so that at least letters would be acknowledged and answered and the Chief Minister made a very detailed statement in this House.

Staff inspection has not increased the Government staff overall; there have been certain increases which by and large have been outweighed by decreases here and there. My own department has had a cut of four. The overall position is pretty well the same. It has not led to any

wholesale increases in staff. The only strengthening of the bureaucracy that there has been is what I have referred to at Secretariat, and the six that the Financial Secretary mentioned in the Treasury, that is all.

So what do we do? We cut, we become self-sufficient, or we have people unemployed, because the trend with Gibraltarians is to look for white-collar employment, and we have not been able to reverse that trend. We tried, Marsh tried, and he succeeded for a time. We tried in the pre-Scamp award and we succeeded up to a point. But whereas previously the tendency was for people to take up employment amongst the Clericals and your Teachers and so on, now the really attractive areas in Gibraltar are the Police Force, the Fire Service, the Uniformed branches, and this is what the Gibraltarian is going for. The Gibraltarian is moving constantly from blue-collar employment if they can to white-collar employment. And it is no good saying we can become self-sufficient. We cannot employ Moroccans as Clerks you know. We cannot employ them as Policemen. It is your Gibraltarian that is going to move there and the vacancies that are left amongst the industrials, where are they going to come from? They have to come from outside Gibraltar. And we are keeping the numbers down. Month after month at meetings of this House I am asked for figures, and you do not see overall increases. There has not been any overall increase other than in the building industry when 60 more permits have been given in the last six months. We are very, very watchful.

Women taking up employment, this was mentioned. We tried to get young girls to take up apprenticeships, we have opened up other areas that were mentioned yesterday.

Post-Office? There have been no takers. Revenue, Public Health, we have had some success. The Police naturally. Mind you I will tell you one thing that I personally do not think that from a social point of view it is desirable to have certainly not too many married women in employment. I see the strains and the stresses at first hand of a housewife having to take up employment. And teaching is the best job for a woman to do in that respect. Because her hours coincide with her children and her family life does not suffer in that respect. But I wonder to what extent the neurosis that there is in Gibraltar, and the bills in respect of Librium and Valium amongst women, I wonder to what extent it is because of the number of women that are in employment. So there is a price to be paid. I think we must encourage women of their own volition, encourage them to take employment, give them the facility to take up

employment, open up areas of employment, but we must realise that there can be a social price to pay if we go too far in that direction.

In the last year, in July, in stages, we have cut overtime for industrials, to the extent that now, in the Public Works Department in particular, only 5 hours a week is being worked. This was done in stages and this was in direct pursuance of a deliberate policy. Now, what was the attitude of the Opposition to the cuts in overtime that were taken last year. I remember the Honourable Mr Isola when the Cleansing Section were working to rule during the summer. I remember the Honourable Mr Isola bringing the matter here and pressing the Government to give overtime because the health of the community was going to suffer, if we allowed our streets to remain dirty and unswept on a Saturday and Sunday. The health of the community was going to suffer. So here you have where the Government was sticking to a definite policy, where it was managing, and what were the Honourable the Members of the Opposition doing? Undermining the Government by pious arguments of this nature. But we stood firm, we knew that if we waited till July, when other cuts in overtime would be seen for other industrials, that the people in the Cleansing Section would realise that they were not being victimised and that it was enough to have a roster whereby on a roster basis our streets could be swept where it is absolutely essential to do so on a Saturday and a Sunday. That has been done, but there has been no bell ringing. We have done it quietly because that is the way that we do things in the Government compared to what the Honourable Gentlemen opposite used to do.

If we manage, if we stick to our guns, Major Peliza say, "confrontation". If you do not, if you confront, if you stick firm, then it is weakness, I suppose. Lack of management. Control of expenditure. My goodness, we have heard a great deal about it. There? Generally? In what areas? Have the Opposition told the Government in what areas they would like to see control of expenditure? Why do they not spell it out? We spell it out. We make no apologies about the social services. We are not going to cut them if they feel it is going to continue to be an ever increasing commitment because first things come first. And we are not going to make any compromise on these priorities. And there I am speaking on all the Government. The Chief Minister feels that way as I do. The Chief Minister is most compassionate in his policies, he puts things right. These things do matter. But have the Opposition indicated where they think that these cuts can take place. Are we going to sacrifice our essential

services? Are we going to sacrifice our social services? But hearing Mr Kiberras yesterday, honestly, he sounded like someone campaigning for the Conservatives in the United Kingdom. Cuts in public expenditure. That is what we hear Mrs Thatcher say. That is all the Tories are interested in. From 1972 - 76 the Honourable Members opposite were urging upon the Government in Budget after Budget: improvements, more expenditure. The Honourable Major Peliza used to boast about the growing budget that they had had during their 3 years in office, because that was good for the economy, that increased expenditure. Does the Leader of the Opposition not realise that since 1976 he has shifted sharply to the right that he is now speaking the language of his reactionary colleague Mr Isola. Does Mr Kiberras not realise that if there are any vestiges of socialism left in him they are conspicuous by their absence. What we have heard from him is the doctrine of the Conservative Party in UK, no other doctrine.

The Development Programme. Mr Kiberras highlights it yesterday: the "slump". The Financial and Development Secretary had said in page 11 of his statement; "the building industry, the number of employees has only gone up by 5%". He did not read the rest of it. The information which I gave the Financial and Development Secretary because I had it in my Department and he could not get it from the Employment Survey because the last employment survey available is for October 1978 and I have more up-to-date information in my Department. But when I saw the draft statement of the Financial and Development Secretary I asked him to put an extra sentence which amounted to the fact that there has been a 10% increase in the building industry in the number of employees in the last six months. And this is aliens alone. I do not know what happens with EEC, I do not imagine the numbers are very great, but aliens alone there has been a 10% increase, and that, I think, is in line with the indications that more labour is going to be employed in the building industry over the next year. The trend is there and it is an indication that the Development Programme ought to be peaking in the next year and the year after. Over the last six months we have had such indications. So that is a ray of hope, I think, that shows a brighter picture in the last six months. The work is going out to tender and the tenders are there. The work is going out to tenders, the Master Builders Association know that they are going to have to employ more people and they have come to Government on the question of accommodating them.

Productivity. We have the annual moan from Mr Kiberras and from the Honourable Major Peliza. The annual moan, and now, of course, where is the Productivity and Training

Unit? It has gone. It does not appear in the Estimates because the name has been changed. But what, in fact, has been done. Every year at Budget time I give Honourable Members opposite a list of the Productivity agreements, otherwise known as Job Price Contracts or Payments by Result Schemes that has been negotiated, but of course, they do not want to listen because it was their baby. The Productivity and Training Unit was the baby of the Honourable Major Peliza and Mr Kiberras, and it has been abandoned; the baby has been in fact, killed. The Government has been doing nothing about this. They are out of date, Mr Speaker, they have been too long on that side of the House. A Job Price Contract is a Productivity Agreement. It is a genuine incentive scheme whereby the quicker that the job is done the more money that the men earn. It has benefits for Government as well. Payment by Results is the equivalent of a Productivity agreement for non-industrials, and what have we had in the last twelve months.

#### Job Price Contracts: The Adventure Playground.

I wonder if Major Peliza has been round to see it. He has not been able to gauge almost at any progress that was made on that Adventure Playground; painting the exterior of Secretariat in two phases. Phase 1 is complete; painting of Flat 3 Mercury House, negotiations were being concluded earlier this month; painting requirements at the beaches, also concluded earlier this month. Under consideration: Installation of three electrical cables at 3 Mercury House, this is in progress; opening roads and replacing clayware sewers with PVC tiles, this is commencing in late April, it is already being prepared, negotiated, prepared by us. The Water Catchments, which I think the Honourable Mr Featherstone mentioned. Again it was prepared, introduced, negotiated and monitored by the Management Services Section, what used to be known as the Productivity and Training Unit. The Works Study, sub-section of the Management Services. PBR's, the Houseards, Tourist Office surveys; Post Office Savings Bank Annual Interests; Family Expenditure Survey; dealing with the orders in the Philatelic Bureau; Municipal Billing; Section; the Machine Room; Productivity Agreement with the Messenger Service in Secretariat.

There I have mentioned, what, ten or eleven of them? That has been done by the Work Study and the Organisation and Methods people from the Management Services Section. But of course, they want to be blind to these things, they want to pretend that it is not happening. What has done it? The Management Services Section, the people who were formally called the Productivity and Training Unit. That is what they have been doing in the last year. But, of



course, Mr Xiberras said that there was a man who was previously employed in the Productivity and Training Unit giving out work permits in the Department of Labour. That was the Industrial Training Officer that he was referring to. He used to be a member of the Productivity and Training Unit but he was never involved on Productivity matters. He was the Industrial Training Officer, which I have always maintained is a function, industrial training, much more closely allied to labour than to Organisation and Method or Work Study. So to pretend that he was taken away from doing work on productivity and put on work permits, really. He might kid people that do not know what they are talking about, but not me, I am sorry.

The Efficiency Bonus. The same people were involved in this, in negotiating it and drawing up the agreements. What are we getting out of the Efficiency Bonus? I think we are getting less demarkation than there would otherwise be; fewer restrictive practices; we are getting more flexibility in the Labour Force; we are getting craftsmen working without rates. These are savings, this is worthwhile, we are getting something for it. It is £3.50 a week, we are getting something in return. Unfortunately it makes it more difficult to have a comprehensive Productivity Agreement. It does that. It has precluded a comprehensive productivity agreement for the three main Government Department's - Telephone, Electricity and Public Works. But we are getting something in return for it.

Our performance and our judgement have been questioned again and again. I do not think that we have a monopoly on wrong judgement, we make mistakes, Honourable Members opposite make mistakes. The Leader of the Opposition made a wrong judgement last year on the Private Sector. That is all we heard about last year, about the Private Sector, and he could not believe the information which the Honourable Mr Bossano and myself were giving that the Private Sector had anticipated wage increases. That the Employment Survey has proved that we were correct, because at the time when earnings in the Public Sector went up between 50 and 60 per cent, the Private Sector only went up by 30. Of course, he told us yesterday that small businesses are not able to afford a 30% increase. I have not seen very many of them close down in the last year, let me say that. Why? Possibly because there has been increased spending by employees of the Public Sector. But the fact is that it was a 30% increase, about half of the increase in the Public Sector. So he made the wrong judgement. He was making a wrong judgement too on the general effect of parity, and I am quoting from the Hansard of last year page 229, quoting the Leader of the Opposition, the date is the 24th of April: "We, with vary-

ing 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. Well, his judgement was wrong. The financial situation for the Government is not healthy. Why? Because of mis-management in the last twelve months, since April 1978? Come now!

I am sorry that the Leader of the Opposition is not here because . . . .

HON G T RESIANO

If the Honourable Minister will give way.

He has made a show now of what the Leader of the Opposition said last year, and that he says that the Leader of the Opposition made a bad judgement. But does he not also remember that in the Budget previous to this one, he criticised me for having been involved previously in giving what he said in the Private Sector, unnecessarily high wages. Two years' ago.

HON A J CANERA

And it is true. What sort of increases have Shop Assistants had since then? Very little. Of course I criticise it, Mr Speaker, because here you have people employed in the Private Sector getting over 100% of the UK rates at the time when the Government and the other Official Employers had what amounted to wage freeze on 72%. And what was happening with the Private Sector was pre-empting the Government. That is why I used to have trouble with the GMSA. They used to come along to Government and get Government to agree to what they thought were the wage increases that they should negotiate with the PSU. And with the Shop Assistants what was happening was that they were getting over 100% and we were being manoeuvred into a situation where that could have been used to claim, not parity, but parity plus. But what has happened since then is that the Shop Assistants today are badly paid in Gibraltar once again, they have lost a great deal of ground, they are only being paid £36 a week, whereas a labourer is getting £45 plus £3.50 Productivity and in the time of the Honourable Member opposite, Mr Xiberras when he was Minister for Labour, a Shop Assistant was

equated to a Skilled Labourer. So they have lost ground very recently; this is what has happened.

I am glad the Honourable the Leader of the Opposition has come in and I am prepared to give way to him to try and get clarifications of something that he said about the TGWU being prepared to support in 1971 self-sufficiency in labour. I know that by 1972 the TGWU was prepared to support the IMSP regardless, because it was the only one instance that I can ever remember where the TGWU came out clearly and unequivocally in support of a political party in Gibraltar. When they were affiliated with the AACR they never made an official call on their members to vote for the AACR. Their members used to do so by and large but never was there an official call made. But in 1972 the TGWU publicly asked their members to vote for the IMSP. So I am not surprised that perhaps, I do not know where, I have looked up the joint communique of April 1972, it was not there, but I am told that perhaps in October 1971 there was a joint press release issued by the Honourable Mr Xiberras, who was then Minister for Labour, and the TGWU. That is all I have been able to find. In that release the Union was prepared to support the continuation of the quota system. They could see no alternative to fixing small quotas provided the interests of Gibraltarians were safe-guarded, which meant priority of employment for Gibraltarians; no unemployment among Gibraltarians. That is all I have been able to find. I do not know whether he would care, if I give way, to clarify what the position is so that I can be enlightened.

HON M XIBERRAS

Mr Speaker, I was in fact referring to discussions held in my office as Minister for Labour on the basis of the census produced in 1970. And on the basis of that information, it was quite obvious that we had to reduce our dependence on outside labour and maximize the use of Gibraltarian labour, including encouraging women to go into employment. That general policy was backed by the Transport and Workers Union, by Mr Netto and Mr Feetham, and I am sorry to say that when the Minister became Minister in 1973 there was a departure from that policy in the years that followed, 1974/75, and that the number of workers from abroad that came into Gibraltar increased significantly even though expenditure decreased significantly as well. I am talking not about employment as a Government, but employment in Gibraltar overall. You will find that the maximum number of people employed in 1971/72 was two thousand nine hundred and ninety something, ninety seven, perhaps, when expenditure was in the region of £2.2m in the Improvement and Development Fund. When he

became Minister there was substantial increase in the number of workers from abroad and a decrease in expenditure. That was in fact what I was referring to.

HON A J CANEPA

The commitment was not a public one, obviously, and that is why I was not able to find any record of it, but, I wonder whether they then, certainly I know not now, and even less so then, I would imagine, I wonder whether the TGWU would be prepared to support openly or even privately a policy in which their members would have to be sacked. Members who to a lesser or greater extent over the last 10 years have kept Gibraltar ticking over whether we criticise them or whether we do not.

HON M XIBERRAS

Could I clarify one point. I thought the Honourable Mr Bossano made that clear. The Honourable Mr Bossano said that there was a steady labour force here, but there were a number to whom the commitment was that of a contract commitment. That is what I understood from what he said. That is the question and this happens. There is a turnover in labour which the Honourable Mr Bossano spoke about, and that is where the quota can be rightly applied, I think.

MR SPEAKER

Perhaps Mr Bossano can clarify the position.

HON J BOSSANO

Mr Speaker, I would like to first make clear that I was not stating Union policy on this matter. All I was saying is that if one had a programme for reducing dependence on immigrant labour, in my view such a programme would have no chance of success other than through natural wastage, other than through not replacing people who have left, but it would have no chance of success if it meant getting people to terminate their employment against their will and leave Gibraltar after they have been here for a number of years.

ROSA J CANEPA

Even with natural wastage, the fact, Mr Speaker, is that as I said before, the Gibraltarians just are not there in sufficient numbers to take over, and the prospects are even worse. We are training people at very high expense; what for? So that we have a large number of policemen who were formerly tradesmen? I am sure that if all the people who are in the Police Force who were previously tradesmen or in the Fire Service or in the Customs were to go back to their former jobs, I am sure that we could cut down drastically. And if they were prepared to give genuine productivity and work really hard for the sake of Gibraltar I am sure we could cut down very substantially the Alien Labour Force that we have with a loss of earnings that that implies to Gibraltar.

There is one thing before I conclude that I want to mention and that is the question of grant aid, though I am sure the Chief Minister when he exercises his right to reply will expand on that. I think it is important to draw a distinction of what in fact can happen if you are grant aided as against being given ad hoc assistance. If you are grant aided then perhaps, if you have a Budget, say of £30 million, you might be given £3 or £4 million and it is an across the board provision. If it is an across the board provision, it is giving an opportunity to Her Majesty's Government to poke their noses in everything. But, if it is not an across the board provision, if it is assistance of an ad hoc nature for specific items. If it is not an across the board provision, if it is assistance of an ad hoc nature for specific items like, for instance, the kind of assistance we have had in the past for Teacher Training, only that we would like it to be much more so, on scholarships on something that can be put under the guise of Technical Assistance, if it is ear-marked for those specific items, then it is a very welcome injection into the budget and you are free to raise whatever additional revenue you think you should and to manage your affairs and decide what you spend and what you do not and not whether you can do without a typewriter. Perhaps this is not very serious but I am not prepared to have somebody in the UK approve an increase in Supplementary Benefits for the people of Gibraltar, I am sorry, I will not have it. Let me just make that abundantly clear, that that is the way we see it, that is what we have in mind and I am sure that as I say the Chief Minister will expand on that.

I am sorry that I have to end on a rather sour note.

Usually at budget times I have had the fortune or misfortune of following Major Peliza fairly shortly and of hitting him left, right and centre in detail. I am not going to do that, I am not going to go into the merits of what he said yesterday. I think his performance had it not been so tragic, I would have described as comic. But, no, I am afraid it was very very tragic for Gibraltar. And it is a pity when you get people like Messrs Andlaw and Gereze going on television and making very serious accusations against the House of Assembly, and also I would say bordering perhaps even on contempt of the House - I do not know, I do not know very much about legal matters but perhaps bordering on this - it is a pity that Major Peliza does not seem to know about this particular programme, and what happened. If he were to be living in Gibraltar he would have known about that. And that is why when the Chief Minister and I, and I do that, criticized him for the fact that he is not able to spend more time in Gibraltar, it is because of a number of these things. He is not in touch with what is going on in Gibraltar, Mr Speaker. If he were in touch he would not have gone on to say what he said about public relations in respect of the Services, in respect of the Armed Forces in Gibraltar. Because unless I misunderstood him, and I do not think I did, he was in so many words blaming, what, the Government's lack of public relations in respect of the Armed Forces for that unfortunate article in the Middlesex Chronicle? And does he not realise the strength of feeling that there is in the community of Gibraltar on these matters. As a Gibraltarian I resent what they said and I resent even more that a Member - I will give way in a minute - I resent more that any Honourable Member of the House should be appearing in any way either to condone that or to cast the blame on somebody else who is not to blame for the matter. Perhaps we ought to have broadcasting of the proceedings of the House because then the people outside would know what Major Peliza said.

The kind of performance we get from Major Peliza and the kind of things he says, particularly in this sensitive area, leads me to warn him again not that we might be out of office after 1980, but that he may not be a Member of the House at all, because the electorate may not return him. And that would be from his own point of view. I suppose a shame, moreso from the point .... I do not know that you would be happy. No, I would not be happy, I have genuine fondness and regard for the Honourable Major Peliza. I do really, and as I have always said I have some degree of respect coloured by the fact that he has been Gibraltar's only other Chief Minister, which I think is a very high accolade. I think that it is tragic that he should have put on that performance yesterday, and I

would ask him sincerely to desist. And I would ask his Leader to restrain him perhaps. But then of course if he just arrives at 2.30 on the plane and comes here to deliver a speech an hour later, how can he be in touch with what is going on?

I will now give way.

HON MAJOR R J PELIZA

I was perhaps in touch with this matter even before he did because I saw the newspaper in England. So in this case I was very much in touch and I knew the reaction. It is a predictable reaction. What we must not do is to fall into that particular trap. This is what we must not do, because the day that they want to turn Gibraltarians anti-British, that is the way to do it, with all due respect. And what I was trying to say here in the House yesterday was that we must indeed prevent that situation. And the situation that we have to prevent is to try by public relations to prevent individuals like that particular Sergeant, who I said very clearly was not justified in what he was saying, I said it more than once here, I think the Honourable Member had left the House, I think he had, because when I started speaking I think he worked himself up so much that I think he left without listening to what I had to say. Therefore I believe he did not understand that I said it was not justified but I said that we are spending a lot of money in bringing tourists to Gibraltar and one man like that can do a lot of damage to Gibraltar in England. Not just from the tourists point of view, but even from our British image. It was completely unjustified and what I said was that we have a duty to prevent that from happening. This is what I said, and we must invest the money to do that by creating a good public relations with the Services on whom we depend whether we like it or not. This is what I said, and I do not believe there is anything wrong in that at all and the Honourable Member can check with the Hansard when it is published.

HON A J CAMERA

The people of Gibraltar have been very restrained to my mind on the matter. The letters that there have been in the press, such as they have been have been restrained, and the Government itself tried behind the scene to keep the situation under control, as far as possible. It could easily have been fanned and an ugly situation could have been created. But I must insist that the Honourable

Member should weigh his words carefully.

Now to end, Mr Speaker, this morning the Honourable Mr Isola levelled criticisms at the Government which of all the Members opposite was perhaps the fairest. I think he was entitled as a Member of the Opposition to level that kind of criticism. What disturbed me quite honestly was, when he was talking about the very serious position of the Government's reserves, the £89,000 which does not even cover the day's expenditure, to find the Leader of the Opposition laughing his head off. He seemed to be gloating over and relishing the situation. It could not help striking me, Mr Speaker, and I wonder why. The situation is extremely serious for the Government but let him not imagine that that would necessarily mean that we are going to be thrown out of office next year. And if we were to be, he is going to come finding himself having to then deal with that very serious situation. If we are not thrown out of office next year what has he achieved? Or is it that as a Member of the House, as a public figure, as a representative of the people, he is not concerned at the fact that there are only £89,000 in the kitty. I think it is a very serious situation and certainly no laughing matter, but it disturbed me because the Honourable Mr Isola, who can be a very witty speaker, was being very serious about it. He was outlining a great situation and he was dealing with a matter on a very proper basis, but it honestly disturbed me to find the Leader of the Opposition laughing the way he was. But as I say I do not know whether he was gloating, relishing or just acting silly.

HON I ABECASIS

Sir, it requires a lot of courage to stand up and speak immediately after the Honourable Mr Adolfo Canena. He has made such a wonderful exposition of his case and he has defended so well the budget and the expenditure, that I am somewhat shy and embarrassed to now address the House. But we cannot all be orators and good speakers, so, therefore, I will try my best to deliver my speech on both the Postal Services and Tourism. Before I do that, Sir, I would like to answer the Honourable and Gallant Major Peliza who was worried last night about the express letters. I am going to answer him not because he mentioned it last night, but because I undertook to do that three months ago when there was a semi-debate on questions and answers. I undertook then, Sir, to investigate the matter and to report back to the House whether in my opinion there was a need to have a special

delivery for express letters. We took statistics of express letters that come to Gibraltar from the 1st of January 1979 to the 31st of March 1979, a complete quarter, and that gave us a total of 1,239 letters, out of which 815 went to the PO boxes. So, therefore, there was only a balance of 424 express letters in a period of 3 months, which if we divide by 13 to find out the number of letters per week, we shall see that it is only about 32. And if we find it further to find out how many letters per day we will find that there are only 5 or 6 express letters that come to Gibraltar every day. Now with the exception of the Honourable and Gallant Major Peliza, I have had no complaints, and there are no complaints registered in the Post Office. There may be two reasons for the delay, Sir, one because of the shifting from Heathrow to Gatwick we are suffering a bit of teething trouble there, and another major one, Sir, is that in Mount Pleasant, where we have the main clearing house in London, we know it from the Director of Postal Services himself who went to investigate, that there is a shortage of labour there, that they are working under-strength, that they have 500 vacancies which represent a third of their establishment. So that perhaps is one of the reasons why the mail to Gibraltar is not as expedient as before. Nevertheless, I am still carrying on considering the possibility of improving the system. What I am afraid to say is that we cannot and we are not justified in employing a postman exclusively to deliver express letters. I shall continue to keep a watch on that and I will do my best to improve the situation, but as I have said it is only a few express letters that come to Gibraltar and it does not warrant a Postman to deliver them.

HON MAJOR R J PELIZA

Would I be right in asking the Minister to write to the Universal Postal Union and saying that there is no such thing as express letters to Gibraltar, because people who pay the man at the other end believe that there is.

HON I ASHCROFT

I would do nothing of the sort, Sir. I am not going to write to the Postal Union, and I am not going to write to anybody. I shall try to improve the system as best I can, but I shall not deprive the people of sending a letter by express mail. I shall be delighted, Sir, to continue later on.

If I may come back to the Philatelic Bureau, Sir, which is the main part of the Post Office other than the express

letters in which the House may be interested in, I may say that the year under review has been as successful as I had envisaged, although not as successful as the previous year when we reached a figure of over £300,000. But I did say at the time, Sir, that this was a windfall and that we could not expect that to happen every year. The reasons for these unprecedented sales of stamps through the Philatelic Bureau was mainly because of the Queen's Jubilee, the Coronation and the definitive issue. Now, this year the sales of our stamps in Philately have gone up to a region of £375,000, which is more or less what we had anticipated.

Now as the House is aware the Gibraltar Philatelic Bureau goes to almost every International Exhibition held in the Philatelic world. In the year under review we went to Toronto, Riccione in Italy, to Essen in Germany and to London. One of the most successful exhibitions was the one held in Essen in Germany and it was one of the most successful ones as far as we are concerned because we decided to issue a stamp by a very famous painter, a German painter by the name of Dürer and we had this issue of stamps coinciding with the opening of the exhibition and our sales were very great, greater than we had even expected. Another very successful issue was that of the Diamond Jubilee of the RAF which also attracted a lot of attention in the Philatelic world as well as the stamp commemorating the 100th Anniversary of death of Rowland Hill, the inventor of the stamp.

Early next month, Sir, we shall be issuing a new stamp following the Europa theme which this year is Telecommunications. We shall be issuing a set of three stamps which will show the old type of receiver, the early upright telephone on the one side, and a picture of the latest earth satellite station which Cable and Wirelens is in the process of installing. Another innovation this year, Sir, will be the increase by one stamp of our definitive series. We are issuing a 25 stamp which will form part of our definitive issue. This is an expensive stamp, but since it is part of the definitive issue, the collectors will have plenty of time to buy it. It is not something we are throwing at the collectors, they have about two or three years to buy one of these stamps for their collection. It was also found necessary to issue an expensive stamp because lawyers and solicitors required these high value stamps for their legal documents.

Now may I say at this stage, Sir, that I would like to place on record my gratitude to the Gibraltar Stamp Advisory Board who advises me on the sort of stamp I should issue, the colour, the design and all this work that goes on behind the scenes. I am very grateful to them. The stamp programme



has never been as well as it is now. We are now thinking what sort of stamp we should be producing in 1982. As a matter of fact our 1980 programme is already completed, and we shall be commemorating the 150th Anniversary of the Gibraltar Police; the 175th Anniversary of the death of Lord Nelson; and a very important set of stamps for the Europa issue which will consist of personalities. We are going to come out with a set of four stamps depicting Gibraltarian personalities, and we have chosen, and I am sure the House will agree with me, one of Gustavo Bacarissas, one of Archbishop Amigo, one of John Mackintosh, our benefactor, and one of Miss Margaret Creswell the first and only ever Postmistress Gibraltar has ever had. So we hope that next year's programme, Sir, will be as successful as this year has been, and that we shall carry on doing what I believe to be a good earning job for the Gibraltar Government.

One of the most satisfying things in the Philatelic Bureau, Sir, is to find that we have now something in the region of 6,000 account holders. Only a couple of years ago there were only 4,000, now we have 6,000 which represents an increase of about 100 accounts per month.

If you will now allow me, Sir, to change to my other hat I will try to say a few things on Tourism. As the House is aware I took this Department over from my colleague the Honourable Abraham Serfaty last July, and my first task, Sir, was to inaugurate our London Office, an office which despite local criticism does a great deal of work in promoting our tourism in the United Kingdom. Through this office, Sir, we keep a close contact with all the leading United Kingdom tour operators and the Air Lines. It is our permanent link with tourists. Since I took office some nine months ago, I have attended a number of trade promotion tours specially in those areas such as the Midlands and the South of England from where the majority of tourists come from. Next week I will also be visiting on a trade promotion the Channel Islands; Guernsey and Jersey, from where also we receive a fair number of tourists every year. But my job, Sir, as I see it does not only consist in bringing tourists to Gibraltar, it also consists of improving the product to ensure that those who do come may have the best possible holiday. And in this respect, Sir, we are introducing a number of local trips. For example, a walking tour of our churches which have a great deal of history behind them. We are also looking into the possibilities of introducing tours of Moorish Gibraltar and a military tour of the Rock.

Sir, some Gibraltarians believe that we should avoid mentioning Gibraltar as a fortress: well, I beg to differ. I believe it should be quite the opposite. Why should we ignore the best part of our history. Is it not a fact, Sir, that we have survived because we are precisely a fortress? How else could we have withstood so many sieges. The Galleries are there as a constant reminder of it. I am convinced that the best way to sell Gibraltar as a tourist resort is by blending the old with the new. Although I am sure it is very attractive to spend the days on our beaches, swimming pools and comfortable hotels, it is likewise interesting to visit the Upper Rock and to look around the now obsolete Military Installations. I believe we should have more Ceremonies of the Keys performances, more Military parades and more tattoos. A visit on Monday mornings to the Convent, Sir, will convince us how much our tourists appreciate the band playing outside the Governor's Residence. Is it not a fact, Sir, that thousands and hundreds of thousands of Americans come all the way from the USA to London to watch the changing of the guards at Buckingham Palace, the Tower of London or the Horseguards Parade. Is it not also a fact, Sir, that Edinburgh gets the bulk of their tourists precisely because of their military tattoos?

The Tourist Office is doing everything possible to attract more liners to call at our port. Both the Director and I have had meetings with cruise liner operators so that passengers of cruise ships calling on us may have a few extra hours to visit the Rock and to make their purchases in our shopping centres. We are also looking into the possibility of organising special events to coincide with the arrival of these vessels. Unfortunately, because of budget restrictions, I will not have all the money required to launch a full-scale advertising campaign. I know that the Leader of the Opposition was saying that we have got money; yes, we have got £155,000 but I do not think it is enough. I would want to have more money to go into a full-scale launching of tourism but I have to share, together with all my other colleagues, the restrictions of the Budget.

Advertising, Sir, is a very costly affair. Advertising in the UK on television can cost as much as £150 per second, but nevertheless we have done very well with our last year's advertising. We heard the Honourable and Gallant Major Peliza last night saying that he thought it was first class. I have had letters from Gibraltarians residing in England congratulating me and my Department for the advertising in the UK, and I have had letters also from printers of my stamps which have also written to me saying how very nice and how very good and how very high the standard of these advertisements were.

Now, Sir, tourism is progressing and I do not want to take full credit for that because I have only been nine months in office. I have to share that credit with my Honourable Friend Mr Abraham Serfaty. Surely, whatever we see now must be as a result of his efforts followed by mine.

Guest nights sold during the Third Quarter of 1978 amounted to over 90,000 beds, which is a fair number for Gibraltar if I may say so.

At this stage, Sir, may I thank my Honourable Friend the Minister for Sport for providing at least 3,000 of these beds in respect of sportsmen who come to Gibraltar to play either hockey, cricket, rugby, or whatever. All arrivals have also increased, Sir, during 1978, by 24.5%, and the tourist nights sold by 26.4%. So we have had an increase, and I am sure, Sir, that these figures will increase further when the new Yacht Marina under construction is completed.

I was very pleased earlier on to hear my friend the Minister for Trade and Economic Development saying that the Marina would be completed during the course of 1979. This year also we will see, Sir, an increase in our weekly flights to and from the UK which will now include Gatwick and Manchester. There will be twelve flights every week, including the Charter flights, six Scheduled and six Charters. Our Scheduled flights will also have an increase in the number of seats available since both British Airways and Gibraltar Airways are now using Boeing 737 which have a greater seating capacity than the Trident used up to now, hence the extension of the Air Terminal which I understand from the Director of Public Works, tenders are going out during the course of next August. The extension of the Terminal, not of the runway, not yet.

There are more and more Charter operators interested in Gibraltar. Lately I have had meetings with people representing various firms and they are coming also to join Marshall Sutton and Exchange who have been the pioneers in this field. As I was saying earlier on, Sir, on advertising and field sales we spend something in the region of £139,000 per annum. This year we are going to spend that much. But how does that compare with other tourist resorts. Guernsey, for example, spent last year £139,000; the Isle of Man £224,000; Jersey over £400,000; and Malta £350,000. So we see that after everything has been said and done we do not do very badly with the limited amount of money we spend, because, in fact, we spend a fraction of what other destinations of comparable size spend. Sir, what do we get in return for this expenditure? If one looks at the Draft Estimates of Revenue

and Expenditure which we have in front of us, we will notice on page 11, Head 6 - Departmental Earnings, Item 29, Tourist Office Receipts that the total income attributable to my Department is £30,000. But, of course, Sir, this is not quite the case. I would like, Sir, for the sake of the record to say that my Department is responsible either directly or indirectly for a great deal of more money.

For example, at the Airport the Departure tax amounted to £35,000; the Duty Free shops sell something in the region of £50,000. In the Port, passengers dues amounted to £55,000. To these clearcut items we could also add the proportion the Gibraltar Tourist Office contributes in obtaining, say, berthing charges, £105,000; Import Duties £3.2 million; Income Tax £9m. Surely, the Gibraltar Tourist Office makes the contribution towards these figures. Of course, Sir, I accept and I admit that it would be very difficult to arrive at these figures, it would be almost impossible to show them under the Tourist Vote. But the argument, Sir, are there for everyone to understand. It is not my intention to cross swords with my Honourable Friend the Financial and Development Secretary, but I am sure he will agree with me that this is so.

also  
I hope, Sir, that the House will agree with me that the Gibraltar Tourist Office makes a considerable contribution to the local revenue although everything is not reflected in the Estimates.

May I finally, Sir, say, as usual, that when we come to Committee Stage and Third Reading I will be only too pleased to answer any question any Member opposite may care to ask.

Thank you.

HON H J HAMMITT

Mr Speaker, Sir, I will be very brief on the general principles of the Bill and then go to the two Ministries for which I have responsibility and the responsibility I have towards traffic. This is my seventh Budget Session since I came into public office and I am completely and utterly convinced that irrespective of whatever Budget measures the Government is to bring, be they bad, good or moderate, one finds that the Opposition will never ever seem to even appear to vote in favour. I am not intending to stand as one of the last speakers to try and convince ..

HON MAJOR R J PELIZA

If the Honourable Member will give way. If you look at the record you will find that the Opposition has voted in favour on most occasions.

HON H J ZAMMITT

Not most, I would say they have on some occasions, Mr Speaker. Irrespective of that, Mr Speaker, it is apparent in this particular year all the more, and I think it has been clearly stated particularly from the other side, that there is motivation behind their consideration. I put it even more bluntly because there is an election coming around next year and they seem to have the hope that they will be on this side of the House at next Budget. I think that that is as dismal as anything else.

Mr Speaker, this was made to me much more apparent by what I heard on television last night; that the Democratic Party of British Gibraltar or whichever way it goes, had issued a communique sympathising with the tenants at Varyl Begg in not paying their rents on account of an explosion caused by a water-heater. If that is not jumping on the band wagon than I do not know what is, Mr Speaker. If the party were as sympathetic as the AACR has been towards the people at Varyl Begg . . . When I terminate my phrase, I may give way. If the Democratic Party who jump on the band wagon of this very unfortunate incident of which Government has absolutely no responsibility at all, then that is scraping the bottom of the barrel, to say the least.

Now, Mr Speaker . . . .

HON M XIBERRAS

Would the Honourable Member give way?

HON H J ZAMMITT

I will, now, yes.

HON M XIBERRAS

Perhaps he did not read the communique properly.

HON H J ZAMMITT

I heard it.

HON M XIBERRAS

Oh, he heard it. The communique read "Calls on the Government to give Fire Brigade Reports of that incident and said, quite independently of that, it sympathises with the decision of Varyl Begg tenants not to pay rents. If he is talking of band wagons this one is at least four or five years long.

HON H J ZAMMITT

Mr Speaker, I think it has been made all the clearer that the Leader of the Party and of the Opposition to call for a Fire Report in this particular instance, when the trouble is not apparently, due to any defect of the Varyl Begg nousing; well, Mr Speaker, for them to come out at this particular stage is quite coincidental! I will leave it at that because it is not my own opinion but it just goes to prove that they do jump on band wagons and there have been other experiences which, of course, are not relevant to this particular debate today.

Mr Speaker, I would also like to say very briefly, in reply to the Honourable and Gallant Major Peliza - and I do not wish to make an issue of this particular one, because as my Colleague, Mr Canapa very rightly and clearly said "we have certainly tried to keep this as far as possible under our desk" - and that is the question of public relations with the Services. Mr Speaker, in my capacity as Minister for Sport, there is tremendous public relations with all Services in all sporting activities. In my capacity as Mayor of Gibraltar, I have had calls from all Services, excluding one particular organisation, which I am not prepared at this stage to have to make abundantly clear. No one can accuse the Gibraltarians or the Government in any way of not doing our utmost to foster good relations. And in fact, the Services too for having as close as possible and good relations particularly in the field of sport and other cultural activities.

Also, Mr Speaker, there was mentioned by the Leader of the Opposition during his intervention of the spending by the Peliza Administration of £2.8 million way back in the time when Gibraltar had to put up with the 2 years and 10 months of that Government. Well, Mr Speaker, quite honestly I

commend my Colleague the Minister for Economic Development in not having spent £2.8 million the way they spent it. Because we find that we have a distiller that does not produce water, and Varyl Begg that produces the water that the distiller should be producing! Rather than spend £2.8 million and finding ourselves lumbered with those two problems I would much rather spend less and give Gibraltar the service the Gibraltarian so rightly deserves.

Mr Speaker, I am not going to carry on dwelling any more on that, into what other people have said, but I think I have an obligation to the House during Estimate time to inform them of what my Ministries hope to do during the forthcoming year.

The first thing, Mr Speaker, is that we have now revised the Housing Allocation Scheme. This has been a very lengthy exercise which I think will show the kind of fairness that was apparently so apparent in the past. There has been extremely good work done by the Housing Allocation Committee and I take this particular opportunity of thanking them once again for the tremendous work in compiling this Report. I hope, Mr Speaker, that subject to ratification by Council of Ministers the new Housing Allocation Scheme will come into operation within the next couple of months or so. The Scheme tends to favour to some extent "waiting time", and to make sure that people cannot allege that people are being housed . . . . .

MR SPEAKER

I must warn you of one thing. You are entitled to refer to the Scheme in so far as it applies to the Appropriation Bill, but let us not fall into the temptation of discussing the merits of the Scheme now.

HON H J ZALMITT

I do not intend to go into the details of the Scheme. I was just saying, Mr Speaker, that the basic changes, that can of course be discussed at a later date or whenever thought appropriate, is the appearance of the fairness which is probably always a matter of great concern.

Mr Speaker, I should also like to say that during the last year the Housing Department has been able to decant 150 dwellings in connection with the Modernisation Programme. And that, Mr Speaker, despite the figure of 150 not being excessive, with so many millions floating left and right, 150 post-war houses is a great chunk. - Therefore, I think

we have done extremely well in doing so. Already, may I say, we are seeing work commencing at Tank Ramp, at Prince Edward's Road and at St. Joseph's Hospital which we hope will go some way to solving partly the housing situation which has been desperate. And has been very desperate not only during the six or seven years of AACR Administration but also I think during the 2 years and 10 months of the previous Administration. The Leader of the Opposition, Mr Speaker, asked about the question of sale of houses.

HON CHIEF MINISTER

If the Honourable Minister will give way.

Mr Speaker, I think the Leader of the Opposition gives very little dignity to the House by making mock faces and remarks while Members are speaking seriously. I have often had the occasion to say that. It is beneath the dignity of the House that he should become a running commentary, either in grimaces or laughs or of remarks to his Colleague next to him.

MR SPEAKER

Order, order. I have always replied in the same manner when that remark has been made to me. The person who holds the floor is entitled to have his say without interruptions. The way in which Members express their displeasure of what is being said is completely and utterly left to the good taste of the particular Member who approves or disapproves. Provided it does not interfere with the person and the speech of the man who holds the floor, there is very little one can do about it. I entirely and utterly agree and take the point that the Chief Minister is trying to make; but there is very little that one can do.

You were going to say something and now, perhaps, is the time.

HON M XIBERRAS

I think that it is very obvious to any Member who has been a Member of this House for any length of time that these feelings are expressed by both sides. I do not think it is up to the Chief Minister to call the attention of the Chair to this matter.

MR SPEAKER

Oh, any Member can draw the attention of the Chair to anything he feels merits it.

HON H J ZAMMITT

Mr Speaker, Sir, this intervention proves that my experience in this House is that whatever anybody does in the House of Assembly, if it is not "a la Xiberras", then it holds no merit at all. It has to be done his way and there is no other way. It does not matter what one says, what one does, it is completely futile unless we have his "holiness" blessing. And of course, he has to learn, and he must learn, that he has been out of office now for over seven years and we are in Government. And we govern despite his disapproval.

Mr Speaker, I was about to say something on the question of sale of houses. The Honourable the Leader of the Opposition did mention that we said last year that this was a revolutionary measure. Well, of course, he is mistaken, Mr Speaker, we did not say this last year. We sent a circular out last year to test the market. But in fact, this went back to our 1976 manifesto. We have tested the market; there was not an extremely good response, and because of that, and because there were a number of questions asked in the House about home-ownership, we took the paper back and we have looked at it again, reconsidered it, and are going to offer the houses up for sale.

I am not going to go into detail about that, Mr Speaker, because again that would be quite massive; but we do intend to sell our houses and I think that we have been able to get round those problems that were seen by us, quite honestly, and which the Opposition brought to light when the matter was discussed. We think we have overcome this and in the not too distant future there will be a circular going round in an attempt to sell our houses.

Mr Speaker, we are also on the verge of doing exactly the same in the question of Rosia Dale. As has been mentioned we intend to sell Rosia Dale to those people who are able to return to Government adequate post-war or even pre-war housing of a standard which Government can use for decanting in connection with the Modernisation Programme. That again is a little more imminent, because hopefully by June Rosia Dale should be completed; I should also mention

that this will not be at the kind of give-away prices that we did offer the home-ownership scheme. In fact, substantially more, although Government, of course, will not be making money out of the sale of these houses in any manner or form. We will be charging construction costs only. It will not be a commercial deal, and the money that we collect from that, Mr Speaker, will of course revert back into more housing.

Mr Speaker, I should also mention . . . .

HON M XIBERRAS

Mr Speaker, does the sale of houses appear in any part of the Estimates? The money which the Government proposes to get this year, does it appear in any part of the Estimates?

HON H J ZAMMITT

No, Mr Speaker, it does not. It does not appear at all. All I can say is that if we do sell the 30 dwellings at Rosia Dale the money will go into more housing, it will not go back into general revenue at all.

As I mentioned earlier on, Mr Speaker, we had decanted some 150 families in connection with the modernisation Programme, and this really means that there is very little left at all for further decanting of post-war accommodation. Government decided to purchase the Philipino Hostel at North Gorge which is being converted into a Decanting Centre. I must emphasise here, Mr Speaker, that it will not be a Transit Centre but a Decanting Centre. I have paid a visit there with the Chief Minister and other Ministers to have a look at this and they are of pretty high standard. There will be something like forty units, in all, of pretty high standard, and I feel that given a guarantee that people moving there will be able to be rehoused in modernised housing within the period of 18 months/2 years, according to how the building goes on in the construction, I feel that we will be able to continue to give the Development Programme much more impetus than we have up until now. That should be ready, I think, Mr Speaker, again roughly, around about the month of June.

We have, of course, had a slight problem in the Transit Centres at Town Range and I must say so here, Mr Speaker, because I have had representations from Honourable Members opposite who have tried to urge me to allow families in the Transit Centre to take up more accommodation. Regrettably

I have turned this down because, and I think I convinced certainly one Member of the other side, we have something like 84 social cases that we have to accommodate. That is why it has been impossible to allow them to extend their living facilities. We intend to close down completely the Transit Centre at 39/41 Town Range, and but for some 6 unaccompanied gentlemen who have communal accommodation there, it has been vacated completely. We want to demolish that as quickly as we can in preparation for the next development programme.

Mr Speaker, I was full of glee during all the interventions that not very much had been said about the increase in rents, but I think I owe it to the House that there should be some mention by way of what it will mean in various areas. I do not intend to go right the way through the whole housing stock of Gibraltar, but I would like to say, Mr Speaker, that the increase in rents varies from 60p a week to about £2.50, and only in, I think, one or two cases does it go to £3.55. This is because of the area, that is, the larger flats with seven and eight rooms. This is very rare. There are probably two or three cases and no more.

Rent increases, Mr Speaker, if I may say, at Laguna, vary from £1.03 to £2.00; in Moorish Castle from £2 to £2.47; Archbishop Amigo, Glacis, from 75p up to £1.29; and unless there is any particular one that any Member happens to be particularly interested in, I think I need not go into any further details at this stage. In all I think . . . .

HON P J ISOLA

Can he explain how in the Appendix 'D' of the Housing Fund, with the increase he has described, how it is that the Government expects to get 80% more in rent this year than last year? 1979/80 it expects to receive 60% more money out of rents than it did this year, 1978/79. This is what the Appendix "D" seems to indicate.

HON H J ZALMITT

I cannot answer that. I think perhaps the Financial and Development Secretary might. . . . . Well, Mr Speaker, I live in Gibraltar. I was elected in Gibraltar and I will stay in Gibraltar, Mr Speaker. And if I had to go to Edgware and if I was elected to the House of Assembly, Mr Speaker, I would be with my constituents and not in Edgware. I am living here in Gibraltar permanently. I do not turn up here once every three months with a hue and cry . . . .

HON M XIBERRAS

Mr Speaker, does the Minister intend in fact to circulate the exact nature of the increases? Or does he want the House to vote in favour or against these increases without knowing their exact nature?

HON H J ZALMITT

I do not know about circulating the increases, Mr Speaker. If the Opposition feel at the Committee Stage I may be able to give some information. But, of course, it will not be all the houses in Gibraltar. We will obviously go by blocks. If my Department can type it out quickly enough, I have no objection in letting the Opposition have a glimpse at it, Mr Speaker.

HON M XIBERRAS

Mr Speaker, would the Minister not agree that to ask the House to consider an increase in rent the effect of which is shown in Appendix "D", is a bit much considering that he is not offering the information to the Opposition. Would the Minister consider it too much trouble to make available to Members of the Opposition the exact nature of the increases. I do not think it would take a book to do this.

HON H J ZALMITT

The exact nature of the increase, Mr Speaker, is 16%.

HON M XIBERRAS

As it applies to different blocks, Mr Speaker?

HON CHIEF MINISTER

Mr Speaker, I will see what can be done about this at the Committee Stage but in any case the Members opposite have preempted their position in this by saying that they are going to vote against it!!



HON H J ZAMMIT

It just proves what I said earlier on, that despite the fact that you could bring anything you will vote against. But then again, with our very marginal majority, I think we can get it through, Mr Speaker.

I will leave Housing, Mr Speaker, and go to Sports. Last year, at this particular period, I mentioned the question of introducing a membership scheme into the Stadium. This year, if Members care to look at page 72, I think it is, that is right. . . . Incidentally, Mr Speaker, may I be allowed to say that despite the increase in rent Government will still be subsidising rent to the tune of £256,000 - they are still being subsidised nearly by £1 million.

Mr Speaker, we find that the Stadium is now costing Government something like £135,000 per annum. Last year I mentioned Government's intention of introducing a membership scheme. Unfortunately it was not possible to implement this for reasons that I think I should not go into at this stage because needless to say you can all remember that the Stadium was virtually paralysed for a very long period and it would have been quite ridiculous to have tried to bring people to join an entity that was closed down. We do intend, Mr Speaker, to do so this year and in the Estimates there is a token provision of \$100 to the fee if we can get complete agreement on this issue. If that is so, then the membership scheme will come through. It has not changed one iota from what I said last year, it will be exactly the same, and the fees will be exactly the same as mentioned. The 3 equal parts will be: 2 towards sportsmen; 1 towards the upkeep of the Stadium. I say this because my Colleague the Minister for Labour mentioned the question of overtime as being essential or social. In the Stadium I have people working a 37-hour week. And despite the fact of the 37-hour week, we still have to pay them overtime rates if they work a Saturday or a Sunday. We cannot cut that down unless of course we close the Stadium down during the most important days that people can practice Sport.

We have, of course found, Mr Speaker, particularly last year, that there has been a massive increase in activities of a non-competitive nature. Ladies have taken to more activities and we find that it has gone up by some over 200% in keep-fit and all kinds of other activities which are nothing but good. I was very grateful to my Colleague the Minister for Tourism for bringing the information along, and it is quite true that

Sport indirectly, through participation of visitors to Gibraltar, has contributed 3,000 bed-nights to the tourist industry. In fact, I have advocated that possibly we could do much more on the sporting ticket in that line.

Mr Speaker, finally, I would like to talk about traffic, although my Colleague the Minister for Public Works did mention something very briefly about this. And that is, the first step that we have taken and which I think Members opposite have expressed a particular interest in the question of Moorish Castle Estate; and I seem to recall we have had some questions on that very awkward parking area is that we have converted that and it has been demarkated into a car-park. The necessary legislation will be brought along to prohibit the parking of goods vehicles in that area between the hours of 6 p.m. and 8 a.m.; that it will be an offence to park outside the yellow lines and therefore no obstructions are likely to take place. And, of course, much more concerned was I about the approach to that particular Estate, by services such as the Fire Brigade should the need arise. I feel that in consultation with the tenants in that area we have now been able to alleviate that position slightly and hopefully we will be able to expand, subject to the Ministry of Defence granting us a little bit of land that is now in the process of negotiation. On the Moorish Castle, I think they are quite happy.

Equally, there is also mention in page 101 of the Estimates of the Flat Bastion Road Development, which is loan money, and for which I am told tenders will be going out in the not too distant future. There is provision at the shelter at Flat Bastion Road for between 80 and 100 cars to be parked overnight.

I have given a very brief resume of the responsibilities for the two Ministries I have and the responsibility on traffic. I would also like to say on traffic, Mr Speaker, that the Police have very kindly held several meetings with me and we are now looking at the superfluous, if they are indeed any, NO PARKING or NO WAITING yellow lines that require a re-look and a re-think. There are certain areas where we have already agreed to do away with some unnecessary or uncalled for yellow lines. There may possibly be some where we will have to stick to yellow lines and the rest.

Mr Speaker, I hope that the Opposition are a little happier with me now than they were when I started.

HON J B PEREZ

Mr Speaker, during last year's Budget debate the underlying theme from all members was really concerning the issue of parity and the Budget debate was subsequently known as the "Parity Budget". I think that this year the underlying theme involving all contributions from members is really one of a general awareness and concern for the increased estimated expenditure for the year 1979/80. An increased expenditure which is really the main cause of our present financial situation. I think that the Government has not only shown its awareness and concern for this estimated expenditure next year but it has gone further in that it has stated, in my opinion, clear-cut policies which they intend to follow to put the situation right.

I will outline some of these policies which were contained in the statement of the Chief Minister. First of all we were told that there is a reduction in the Estimates for Expenditure for this year in the sum of around £790,000; secondly, there has been the setting up of the Public Accounts Committee; thirdly, there is the idea of setting up a Committee on Expenditure; and I would refer members to page 9 of the statement made by the Chief Minister yesterday in which he said as follows: "The Committee will be set up and it is to examine Government expenditure right across the board and to select those areas in which expenditure can be reduced or eliminated." Fourthly, there is the question of overtime. Again I would refer members to page 14 of the statement, where the policy of Government was promulgated by the Chief Minister, in which he said: "The working of unnecessary overtime benefits a relatively small number of individuals and it is unfair to the rest of the community. In an ordinary household no one member is allowed an unfairly large slice of the family cake. A great deal of detailed work in collecting information on the current levels of overtime is being worked in Government Departments and is already being done. This survey has shown that the level of overtime being worked at present is costing close on £2m. per annum, being divided roughly in equal parts between industrial and non-industrial employees." It goes on to say: "The next step will be to examine case by case and to make such cuts as are compatible with the efficiency of a department on the one hand and the taxpayers' interest on the other". That is being done. Fifthly . . . .

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HON M XIBERRAS

Is the Committee to be chaired by the Minister for Labour?

HON J B PEREZ

Yes, that is correct. That is another aspect of the clear-cut, in my opinion, Government policy of how we intend to remedy this situation whereby we have a tremendous increased expenditure for next year. Fifthly there is a policy where they intend to stop subsidising the funded services. These in my opinion are clear-cut and should really go a long way to remedy the increased estimated expenditure for 1978/80.

But, Mr Speaker, what has really caused this increased expenditure for the year 1979/80? We have heard several members of the House in their contributions point their finger at parity. Well, Mr Speaker, let me say that I am of the opinion that that is not the case. I do not think that the increased expenditure can be attributed entirely to parity. Undoubtedly parity has some bearing on the expenditure but, on the other hand, there has been a corresponding increase in revenue, and furthermore parity has been responsible for improving and ensuring better living standards in Gibraltar. What I think the cause has been is inflation: inflation coupled with the considerable amount of services which the Government provides. Gibraltar being such a small place, we import everything and inflation tends to hit us harder than many other countries. But let us consider these considerable services which I pointed out I think is the cause for the increase of expenditure. I would refer members first of all to the Estimates for Expenditure for the years 1979/80, Summary of Expenditure, and would refer to the Labour and Social Security. Here we have an estimated expenditure for next year of £1.7m, and I would refer you to page 43 in which the expenditure is set out in more detail. Members will appreciate for example in subhead 7, Supplementary Benefits, £280,000; Relief Payments Abroad, £30,000; Subhead 9, Expenses of Sponsored Patients sent for Treatment to the UK £50,000; Retirement Pensions £65,000; Family Allowances £275,000; Child Care £30,000. And it goes on. It is essential services that the Government is providing and that has to be paid for.

My Friend the Honourable Mr Canepa made a very good case not only for his Department but for other departments. Also on the Medical and Health Services. Again

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referring to the Summary of Expenditure page where we have £2.2m. If you scrutinise the estimates at page 15 you will see, for example, subhead 9, dealing with Drugs, Dressings and Pharmaceutical Sundries, £548,000, which is really due to inflation, if you compare it with last year's vote as well. Then we have the Education Department dealing with Scholarships. Again there has been a considerable increase on the number of scholarships. We have the Police, the Fire Brigade. On Sports, Contributions to Sporting Associations, £15,000.

Finally, as another example you have the GBC going colour - another tremendous expense which must be paid for. So, Mr Speaker, what is the answer? Is the answer to cut down on these services? Are we to lower the level of pensions? Are we to lower wages? Are we to create unemployment? Are we to lessen scholarships? Are we to buy less medicines for our hospitals? Are we to cut down on staff? No, I think that would be a retrograde step, a step in the wrong direction, which would be prejudicial to Gibraltar as a whole. The solution is for the Government to implement the policies it has outlined, the policies outlined by the Chief Minister in his Statement and also by the Honourable A J Canepa who went into this in great depth, and also I would stress the importance of the setting up of this committee on expenditure. I think this committee could go a long way to phasing out unnecessary expenditure.

Mr Speaker, although the financial situation at present is not as sound as we would all like it to be I think we can look forward to two things: one is the commencement of the Development Programme which we expect to commence this year; I think this will be injecting large capital sums into our economy, and will have a good effect; and secondly on our tourism industry which we are told is going up, there is a trend that more people come to Gibraltar, the hotels are filling up their beds, we have more charter flights and that will improve the economy as well. But with the clear cut policies that the Government has outlined we can be optimistic and look forward to be in a much better situation at the end of the next financial year.

HON MAJOR F DELLIPIANI

Mr Speaker, I usually talk very briefly in the House. I leave this to better orators than myself. I try and not make things personal or criticise anybody on the opposite side of the House. I try to be as constructive as possible in everything I say.

The most important thing about the Budget with respect to my department is that I approached it in one way only: in what was desirable and what was necessary, and I had to settle on what was necessary for my Department to function properly. Desirable? There are many things which I would have liked to introduce in my department, but obvious financial constraints made me get down to brass tacks and to allow for what was necessary to continue the good standards of education that the children of Gibraltar enjoy. I do not take any credit at all for this, all credit goes to the Department, my staff, the teachers, the boys and to the parents who encourage our children.

The policies that exist now are the policies implemented by my predecessors and they are policies that I shall continue to pursue. I think where I might differ slightly with the previous Minister is the fact that he had two very big Ministries, the Public Works and Education and he was not as easily accessible to parents and teachers and staff as I am myself. I have made myself indeed very accessible to all my staff, parents, children, and students who approach me when they ever have a problem that I might be in a position to solve, and that is my attitude in my Department.

My Department is served by various committees. I like committees and I go with the views expressed by committees as long as they do not clash either with the Education Ordinance or they happen to be financially prohibitive. Otherwise I fully support all my committees. At this very moment we have agreed on a date for next month for the Education Council to look into the 1981/84 Development Programme as it affects schooling. How we can modernise some of our schools, do a bit of shiftwork so that we can get the best value possible from the existing buildings.

We are also looking into the question of the voids at the Boys' Comprehensive which has been a matter for concern this year because of the rather wet winter we have had. We are also looking into temporary measures to alleviate this problem, but the question of a long-term solution for the voids is a question for the next Development Programme.

My Department also deals with the Youth Service. I think I have managed to establish a very close and personal relationship with all the youth clubs in Gibraltar which I have visited individually. I am trying to work closely with the Gibraltar Youth Association in this matter, which is a completely independent body and it is not supported by Government. I am trying to find them a suitable headquarters so that they can really be independent and appear

to be independent of any political influence by either Government or Opposition.

With regard to the handicapped children, this is a very emotional problem. It is one that in a bigger territory could find solutions because you would have so many different categories of handicap, such as epilepsy and you could put them into appropriate schools. In Gibraltar we might have three epileptics and it is very hard to bring the right kind of teacher material for each specific case. So that presents us with problems. The School and the St. Bernadette's Centre for the older children have a very dedicated staff, and we are very fortunate in having a community which is very conscious of its duties towards the handicapped. As you all know they do give a lot of voluntary help, money and equipment which sometimes the Government cannot afford and these necessary little things are donated by voluntary bodies including the Services.

I will now go, Sir, on the general Appropriation Bill and remark that I remember distinctly the Honourable the Leader of the Opposition being very concerned, and quite rightly I thought, that the level of social overtime should be maintained until parity became a reality. That he did not want the question of parity causing any hardship by the cutting down of social overtime. I remember that very distinctly. I think the Government has approached this very, very well indeed, and as the Leader of the Opposition will acknowledge, we did not, in fact, introduce the cut in overtime until the men were actually being paid the new parity wages. And the overtime cuts, as the Honourable Mr Bossano said yesterday, have been massive. And the Union has accepted it because we have now a more realistic wage. I thought that I should bring out the fact that the Honourable the Leader of the Opposition showed concern at this time last year. We did bear his concern in mind because we also shared that concern on social overtime and that we should not cut it down and cause hardship to the workers in general.

I think the Honourable and Gallant Major Peliza made a good contribution, really. He has rather annoyed me like he annoyed my Colleague Mr Adolfo Canepa on the question of the Middlesex newspaper, but he did bring out a valid point on the question of the tourism advert on TV. I mean, he has the privilege of living there; he made a valid point. I know that the Minister for Tourism has noted his point and the question of whether he could insert telephone numbers or address. That is the kind of information that the Honourable and Gallant Major Peliza being in Gibraltar is aware of and he has passed on this knowledge to us, and

and I am indeed grateful for that.

I enjoyed, as I always do, the intervention of the Honourable and Learned Member opposite, Mr Peter Isola. He does his work well. He slashes us about and that is why he is there for. But I think, like the Honourable Mr Adolfo Canepa, has pre-empted me. He was very serious and the Honourable Leader was laughing and I, in fact, was very serious because I thought this was a very serious situation and he rightly pointed it out. It was this concern for the future of Gibraltar that has restrained our Budget to certain limits, but never on the social services, and this is what is important about our Budget. That we have made no cuts in our social services. Indeed, we have improved our social services. This is what is important about this Budget. But one must be realistic. One must have restraints, and this is why I said I looked in my Department, at what was desirable and what was necessary, and my Department's vote is based on what is necessary. Thank you very much.

MR SPEAKER

I will then call on the Chief Minister to exercise his rights under Standing Orders.

HON CHIEF MINISTER

Thank you, Mr Speaker.

I think the Honourable Mr Brian Perez's contribution summarised very well the situation as it is today, and expounded the reasons for finding ourselves in the position we do. The fact is, that in a small community of our size we have lavished, I think we can use that word with a certain amount of pride, lavished in improving our social services; our education; looking after our old people; looking after the people who require to be looked after; and we have also had to deal at the same time with a wages explosion which was the parity. I do not make any apologies for having accepted parity. I said at the time the reasons why we did it, I have stuck to it and I think it is the best solution that we have had for an element of restraint in wages if there is to be a restraint in the United Kingdom. What I cannot understand is the denagogical contribution of the Leader of the Opposition who, this year, perhaps because he spoke at the beginning and not at the end, was even well below the low standard that he has accustomed us to in his criticisms at Budget

time. Much below his low standards. In saying things that one could hardly understand. He was almost blaming us for finding ourselves in this position because we accepted parity, because he had thought of parity, and he was not here to do parity. He would have done it another way; he would have done it in an orderly way. Well, as it happens, except for the disorders which one wants to forget, parity came in an orderly way because it started with Scamp and it went on progressively to the pangs of the last stages as if twins were being born, but they were born. There they are and this is what has improved the standard of living of the people. I think that the result is that we have a reasonably affluent community and a reasonably poor Government. That is all. There is no way of looking at it except that way. Because we have attempted to buy a new car every sixteen months, or whatever it is, or have an extra colour television in your Water Closet, we have this situation, or rather, people have been able to put themselves in that situation.

That has, of course, meant considerable difficulties to the Government and let us remember too that this is all happening despite the fact that we have had fifteen years of Spanish restrictions. And that at the time when the Spanish restrictions came on Gibraltar, it looked as if the world was coming on top of us. We have not only survived that, but improved the lot of the people as a whole. People are able to enjoy a reasonable standard of living, generally, and those who are not fortunate enough to do so have, by the services that the Government provides, made their lives sufficiently pleasant for them to be able to keep their "fijos" and to buy their lottery every week even though they may be on Supplementary Benefit. One day they might get out of Supplementary Benefit if they are lucky.

So that is really the situation which we find ourselves in today, and I am not going to repeat what has been said certainly by my Honourable Friend and Colleague Mr Canepa who has made a sweeping or exposition of the whole matter, but I have a number of matters which I have to clear. First of all, I very much dislike being personal but I must really be personal in one respect to the Leader of the Opposition who suggested to the Speaker that it was the Speaker's Office that photocopied my speeches for the benefit of the press. Well, he was assured by the Speaker that this is not the case. This, of course, is done by the resources of Government and if one is in Government it is because one has the resources. But let me remind him that if he wants to circularise a speech in which he is particularly interested, he cannot come to the House to say that he is penniless and has to make

sacrifices because he has a reasonable allowance of £326 a year for secretarial purposes of this nature. I wanted to get that off my chest because I thought it was a rather unfair remark to make at the Speaker on a matter which the Speaker had nothing whatever to do. In fact, the Speaker is almost a distributing House of the papers that are brought in from the Secretariat, and that is how it should be.

It was said that I made a song and dance about the House Ownership Scheme last year. My Colleague Mr Zammit has made reference to that and I need not say that I have counted eight paragraphs in my speech of last year and only two paragraphs were devoted to the question of House Ownership. So I did not highlight it as much as would have appeared from the remarks that came from opposite. He has explained the situation. We have found certain difficulties; we are not prepared to go public further after this research until we know exactly the ground on which we are doing it;; a lot of people are working very hard on it and we will come back to it, never your mind.

Following the 1973 crisis when we had to increase very sharply the charges for electricity, I was urged by Members opposite to go to England and ask for money to pay for our increase in the fuel bill. I was urged very strongly by the Leader of the Opposition to do that and I said that I would not go to England for that because I thought we ought to pay for it ourselves, it was a curse that had come on the world by this sudden increase in oil prices and everybody had to take a share in it. Also, because I did not want to prejudice the development talks which were about to start by asking for a mere pittance of what was then required in terms of money for the purpose of doing that.

My Honourable Friend on my left, Mr Canepa, has explained what grant aided status for a Territory outside the UK means, and the Honourable the Financial and Development Secretary has put in very simple words - he was Financial and Development Secretary in Montserrat which is a grant aided Territory. I can assure any Member of this House, or any Gibraltarian who knows what being grant aided amounts to in the relative autonomy that we have developed over the years and done as we wished for the good of Gibraltar with our own money, that nobody with any sense of dignity who has been in public life for any length of time would think in terms of becoming grant aided. Not only is the balance of the Budget paid for by the British Treasury, and, therefore, you become grant aided - you produce £22 million and the extra £4m is paid by the Treasury - but



the Budget itself is gone through and they have a control over the whole of the spectrum of spending. Not only on the money which they give you.

In the Development Programme prior to this one, we were able to ask the Minister for some technical assistance in Teacher Training because it was a big drain in our resources and, exceptionally, there was provided in the aid an amount of £40,000 for teacher-training for the Budget. That is to say £40,000 less that we had to pay in the Budget of our own money for teacher-training. It was done for three years and it has been extended for another three years. But that is by way of technical assistance, by way of an extra help in respect of a particular service, not by way of running all your economy, in underwriting all your economy. That is one thing. Drawing attention in a case of emergency, in a case of difficulty to the Secretary of State at a particular time, is another. I will not, of course, be able to read to you the letter which I wrote to the Governor for the Secretary of State for many obvious reasons. Then, apart from that, I made a very long statement of what we were contributing ourselves because it is the best guarantee to get help to show that you are doing your best and not just sitting back and waiting for the British Government to do it for you. The beginning of the letter bears reading because it comes to the point that I had in mind as far back as January when I met the Secretary of State.

The letter to the Governor says; "As I have previously informed you, when I saw the Secretary of State on the 29th January prior to our joint meeting with Mr Xiberras, Dr Owen asked me before discussing the question of relations with Spain whether there were any particular problems facing the Gibraltar Government which I wished to raise again". So in fact he invited me to mention any matters which were not directly concerned with the subject of our talks the next day, and that, of course, was one of the main reasons for having a general talk with him, as Chief Minister, and giving him a picture of the situation from Office. "I said that we were in the process of preparing the Budget for 1979/1980 and that the financial situation was very serious. I explained that the effects of introducing parity were beginning to make themselves felt and that it would be necessary for the Government to raise considerable sums to enable it to meet its commitments. I made it clear that I did not wish Gibraltar to become grant aided". And then I went on to explain the reasons why. Then I went to explain the general outline of the Budget and what you already know, and then I said: "It is in these circumstances that reluctantly, and regretfully, I am compelled to raise the

subject of possible ad hoc financial assistance from Britain on a modest scale. Should this be favourably regarded in principle, I would suggest that consideration be given to the possibility of assisting towards the cost of the Television Service and that the following might also be suitable and appropriate ways in which assistance might be given: Teacher-training and Development £215,000; Scholarships £215,000; Financial Aid to Youth £19,000; Rents of Privately Owned Accommodation Occupied by Expatriate Officials - which we have to pay under technical assistance, £67,000. That, together with the general plea - and I said a general plea because I had made a good case earlier on in the letter and to him for the reasons why, apart from the amenities of the public, I thought it was politically necessary for us to go colour in Gibraltar, politically necessary if we were not to be completely brain-washed by our neighbours and know the name, not only of every Spanish Minister, but of his grandchildren!! And ask anybody who the Home Secretary in England was and you would find out that he did not know, unless he had been to Northern Ireland or something.

So that is the information I can give on the sort of aid, I have sought. I have not had a reply. I am hopeful. I do not know what the attitude will be. I think the case is well made. If I had not made it I would have been told here why had I not gone to England. I think I have chosen areas in which there is no element of subsidy in running our affairs but an element in matters in which the Ministry is particularly interested such as scholarships etc., and that is why I have asked for that help. That was not charity, that was just presenting a serious situation and asking, in response to a question "What are your problems". "Well if you want to know what my problems are here is one of them", and I told him at the time. That is the extent to which I have asked the British Government for help. I look forward to hearing the reply and I hope it will be beneficial. It will not, let me say, and I said so this morning because I do not want anybody to be under any misunderstanding, it will not relieve any of the terms that are included in the Finance Bill, but it will help us to make our reserve that little more healthy so that we can survive five days instead of three, in accordance with the machine that the Honourable and Learned Mr Isola was using before.

It occurs to me many times when I think about this question of the nature of the reserves, that is that a reserve of about three months is considered sufficient, I remember when it was five months, or six months when we started in 1950, in the good old days. Of course we need to have reasonable reserves, we need to have cash flow and we

need to have money. But in any one day money is owed to us to the tune of £2m because of the bills for a quarter, particularly if they do not go out in time, are assets which are due to us and therefore you need a flow. But I often think that things are not so bad that one day everything is going to stop coming in and we shall still have to pay on that same day everything to everybody else. Things do not happen like that in life. But I agree that you must have a cash flow in order to be able to have the capital required to run the business. So that is the extent to which I have asked the Secretary of State for some element of help.

GBC has arisen in two respects: one in respect to the question of the broadcasting of the proceedings of this House, there were queues today waiting outside my office when they heard about this request yesterday, they were buying extra sets to have them installed in the particular room they were in because they might miss something that was said in this House, some funny remark by one of the members of any side, for that matter. But let me remind Honourable Members of the sequence of events and how I see them. I do not know the extent of the discussion held by the two members of the Opposition with the GBC, which is an independent body and can do what it likes, the only thing it cannot do with is without our money, unfortunately. We do not put any strings to the subsidy and we will make sure that nothing is going to go into that legislation which is going to enable anybody to put strings later. We will make sure of that.

Anyhow, following upon the matter being raised in this House as far back as 1977, it was put to the GBC and the reply was circulated to all members on 24 May 1977: "In accordance with my reply to question No. 204 of 1977 I now forward herewith a copy of a letter from GBC dated 13 May 1977, together with a copy of its enclosure. As you will see from GBC's letter a possible move to alternative premises on the advent of colour television could create staff and location problems. For this reason, and in view of the points made by GBC that conversion to colour will stretch their resources to the limits during 1977 and later on it would appear desirable to defer further consideration for the time being". In fact the report states what the cost will be, it would then have been £4,400 which has gone up to £7,000, presumably, now, and the General Manager finished up saying " . . . it must, however, be stressed that it is extremely probable that GBC, its staff and resources will be stretched to the limit, during 1977, when the colour conversion, and that such an additional service at this time could prove to be an unacceptable burden".

That was followed by a question put by the Leader of the Opposition on 19 December: "Will Government agree to discussing with the Opposition and GBC limited broadcasting of the proceedings of the House of Assembly?" I answered: "The House will recall that in reply to Questions 204 and 270 I stated, based on information received from GBC, that it would be desirable to defer consideration of the question of broadcasting live the meetings of the House of Assembly until GBC were in a better position to pursue the matter. The position has become more acute because of the work involved in producing colour television from Wellington Front and the development of Mercury House as the permanent headquarters of GBC who is currently operating two television stations simultaneously - colour and black and white - in overcrowded, ill-adapted conditions which pose a considerable strain on staff resources".

Then Mr Xiberras, in supplementaries, said "Am I to take it that the Chief Minister is not opposed, in principle, to limited broadcasting of the proceedings of the House of Assembly and, if he is not, will he not agree that meetings between members of the House and GBC is the best forum in which to discuss this?". And I said: "Not at this stage. The question of the broadcasting of the proceedings of the House is a matter for the House as a whole. So far what there have been has been questions and answers and I have always said that this is a matter for the House as a whole to determine and not for the Government alone. I am not against it, but I certainly do not think that it would be fruitful or even fair on the overworked staff of the GBC at this stage to have those discussions so long as they are concerned with the broadcasting in colour and black and white and the normal routine of radio etc., in cramped spaces. And now, when the work starts at Mercury House, with the transitional period of having the equipment taken over to Mercury House. I do not exclude the possibility at all, except that I do not think it is fair to them at this stage".

Then another supplementary: "The Chief Minister has already made some enquiries of GBC on this matter and since it takes rather a long time to get those exchange actually carried out and since he is not in principle against the idea, would it not be a good thing to give GBC sufficient time to produce some sort of indication as to how this might be done in Mercury House once the problem of colour is over?". I said: "Yes, I can certainly put them on notice that as soon as they are relieved from their present overworked and difficult conditions we shall go to the charge on that".

So that is my view on the broadcasting of proceedings, subject to a general debate and subject to suitable conditions of the extent of time and manner of doing it, etc. I am not against it but I am not in favour of it at this stage because I think if we are to start this service we ought to start it properly. I do not think it is fair on them to start it when they say that they are over-strained and over-stretched. That is a point on the GBC.

MR SPEAKER

Will the Honourable the Chief Minister be long?

HON CHIEF MINISTER

Yes, I think I shall take another half an hour.

MR SPEAKER

Then perhaps we might recess until tomorrow morning.

HON CHIEF MINISTER

Yes, Mr Speaker, it would certainly make it easier and shorter for me if I had an opportunity to put my material in order for tomorrow morning.

MR SPEAKER

Very well. Then we will recess until tomorrow morning at 10.30 o'clock.

The House recessed at 6.00 p.m.

THURSDAY THE 19TH APRIL, 1979.

The House resumed at 10.50 a.m.

MR SPEAKER

When we recessed yesterday, the Honourable the Chief Minister held the floor replying to the Second Reading of

the Bill.

HON CHIEF MINISTER

Thank you Mr Speaker.

I thought when I finished my intervention yesterday that I had dealt with all the substantive points that had been raised by the Honourable the Leader of the Opposition but looking through my notes I find that there was one point that was not dealt with, and I mean specific points, I was not attempting to reply to his electioneering part of the speech. The point that he was still awaiting the result of was the staff inspection of which nothing had been heard in this House. I would remind the Honourable Member that in respect of the only part of the Staff Inspection which recommended changes of substance in the Secretariat I made a detailed statement on the session of 26 June 1978, in which I outlined the changes that were going to take place in the Secretariat. I will not repeat it, of course, I will just outline how it was going to be changed in order to share the responsibility and relieve the considerable responsibility in the hands of the Administrative Secretary. This is from page 107 and his reply, and in fact it was the only place in which he intervened, and there was really no debate on it, it was just a statement, was: "Mr Chairman, listening to a major statement such as this from the Chief Minister illustrates our difficulty. We have not even got a copy of that statement, but in general terms, Mr Chairman, we have always known, my colleague perhaps much better than myself from his experience as Chief Minister, that the Administrative Secretary had been grossly over-burdened for many years". So that really was the only major change in the staff inspection which has been made and which required a statement to the House because it involved the employment of a considerable number of officers.

HON M XIBERRAS

I thank the Honourable Member for giving way.

I wanted to know in fact the number of changes, or the numbers affected by the changes. I think the numbers are 43, 11 and 15 at SO level, but the principle which I was trying to draw attention to which, I did also in respect of GBC, is that the Opposition should know what the final result is even though the Government is committed to accepting this, what the results of staff inspection are.

We should be informed fully. On that occasion that the Chief Minister is talking about, certainly we accepted that and I called it a major statement, but this principle should apply equally to other parts of the Estimates.

HON CHIEF MINISTER

Apart from the fact that it has not yet finished I do not think that there is an obligation to come to the House - and I want to be quite clearly understood on this - to inform the House of the results of any day-to-day changes brought about by staff inspection. When the exercise is finished it would be proper of course to give the result of staff inspection, for example that there have been 25 posts eliminated and 35 created. That is the sort of thing that we would be able to do.

But as I am reminded by my Honourable Friend, staff inspection is still proceeding.

HON M XIBERRAS

I am grateful to the Honourable Member for giving way again. The note I have here is that there are 48 EOs; 23 HEOs; 11 SEOs affected by the Staff Inspection. That is the information that I have.

HON CHIEF MINISTER

That may well be, but we have not even reached that because some people are not even yet in post. We are getting a new structure and this is a matter of movement. As, Mr Speaker, you know in your other capacity, it was not a few weeks ago that the bulk of the changes arising out of staff inspection were allotted the promotion of EO's. So we are not yet finished.

Anyhow, as we go along in the consideration of the detailed estimates, questions can be put. It is all there because the old establishment is shown there and when there is an increase it will be explained whether it is as a result of staff inspection or not.

I know that a lot has been said about cost-consciousness. I spoke about it last year and my colleague Mr Canepa made a great detailed explanation yesterday of the areas in which expenses were being involved, the details in which the matter had been done, and Mr Featherstone, explained a

number of price job contracts which showed that we were trying to get the best out of the money that is spent in public works.

That it exists all along the line is, of course, quite obvious. That it is always successful is a different matter. The chain of command is sometimes very long and it is very difficult to imbue into the people from the top down to the very bottom the measures that would allow that. In respect of the efficiency deal which has been settled Mr Canepa also gave details of areas in which considerable savings had been obtained by doing away with demarcation lines, mates for masons and things like that, which incidentally has the other effect of it not being possible to have productivity agreements proper if these things are going on.

I had a few words to say about Mr Bossano's intervention. I know that he has not been well and that is why he has not been in the House, and I propose to leave those to later on in my intervention in the hope that he may come. If not I will have my say just the same because I am very intrigued about his solution to the economy of Gibraltar which he seems to keep to himself. He does not want to share in the committee and perhaps I might invite him to give us a glimmer of what it is. Anyhow I will leave that towards the end. I am taking the speakers in the order in which they came in the hope that he may be better this morning and at least he may listen to it even though I may not elicit from him the information I want.

I come to the intervention of Mr Restano who, having had the opportunity of the evening adjournment, came out with a detailed prepared statement, the same as I have done today except that I have only got notes. And to deal with one or two matters because I have to reply to matters which he has dealt with and on which the responsible Minister has already spoken, and the first one is the question of the Water Committee.

I asked my colleague for a note on this matter. I am not going to go into great detail about it. I know that the waste of water and the lack of synchronisation between the billing and the issuing and the amount of water in stock has been the subject of difficulty for many years, even in the time of the City Council, but in this case, when the suggestion of a committee was responded to by myself and others on the opposite side, the committee was formed. Allegations had been made against the Minister of Public Works, about this and I am informed that after some meetings a draft report was made by the Chairman and was

circulated to all members. Comments were invited but these were not forthcoming although a time limit was given for the comments. The reason for the comments not coming, according to my information, was at the opposition members had said that until the district checks over all districts for several months were tabled they would not be able to agree to a report. They were told at the time that the Water Department had neither the staff nor the time to collate all these statistics. One area was promised when the time and the men could be devoted for it - since at the time they were fully committed on the deep drilling project. This check has just been completed. Despite the fact that members opted to leave the Committee, the inquiry that has been initiated by the first check and others will continue and the Minister will in due course report to the House the results of his enquiries on the wastage and to see whether the wastage can be brought nearer to a reasonable figure, because all water systems, as has been said many times, have to account for a loss in water that is not accountable in the meters though accountable in the reservoirs. And how much more is an old, and when I say old I do not mean that because it is old it is liable to more losses, but because there are many mains which are old and have not been replaced for 40/50 years there are the more reasons, and because the connections are much more elaborate because of the rock and the various differences in levels etc., at which pipes and mains are installed, are more likely to have losses which cannot be accounted for in the mains. Despite the fact that members did not wish to participate in the committee the Government has got a responsibility to look into this and it will be looked at. When the enquiries are completed the Minister will report to the House and to the public accordingly.

There is one aspect of Mr Restano's intervention which I thought he dealt with most unfairly, and I would say almost mischievously, and that is the question of Mercury House. He chose to read mainly from the letter that he had written. He did not choose to go to the core of the conflict which had arisen or the misunderstanding which had been made public, and that is that in this case it was a consultant who had been asked to carry out the work, and that according to the consultant's own rules of the Royal Institute of British Architects, which when a consultant is instructed with the work, he is responsible for the obtaining of tenders. It is true that Mr Restano said that in respect of the main contracts the six scheduled contractors had been approached, and he did not lay much stress on that to some extent, although this was the beginning of the correspondence, but he chose not to read that part of the

communique - Oh! and the other thing is that whereas consultants, and this has been the case with consultants who had been engaged for big jobs, do their own tendering for sub-contracting, etc., the procedures for tendering are internal procedures, they are not part of the laws of Gibraltar, they are internal regulations and, therefore, prima facie, only apply to the people inside the Government. To officers who are subject to Government. Therefore, without it being brought to the notice of the consultant, he was not to know of the detailed procedures that have to be followed in this respect. This is precisely where - The Leader of the Opposition can haw, haw and hum, hum all the morning like he did yesterday, but that is a fact and this is quite clearly in the communique: "Because Public Works Department staff were engaged in Development Programme work the Government appointed Mr Ronald Chapman as Consultant Architect to the Mercury House project in order to expedite the provision of the new GBC studios. As a consultant Mr Chapman is not himself bound by the Government regulations, nor indeed was he aware at the time, and has acted on this matter on instructions given to him by the Public Works Department. Procedures were incorrectly agreed by the officer dealing with tender issues on behalf of the Director of Public Works, and although these arrangements were entirely in conformity with the practice approved by the Royal Institute of British Architects they did not meet the Government's own regulations requiring publication of notices. Mr Chapman's attention was not drawn to these regulations nor was he requested to act in accordance with its requirements". This is the Government's statement which had to be issued in order to put the position right. That there was a misunderstanding between one of the officers with whom Mr Chapman was rightly instructed to be in touch, because it was a Government contract, that there was a misunderstanding as to how the matter was done and Mr Chapman thought, in all good faith, that he was acting in accordance with the procedures he had agreed with the officer in charge of this in the Public Works Department was unfortunately a misunderstanding, and Mr Restano spent, apart from his many letters, was invited to attend and to be shown what had happened in this case and spent two hours in the Department and all the papers were shown to him. It looked at the time, it certainly looked to Mr Chapman who was the man, apart from the Government who was interested in making sure that the procedures were complied with and put the matter straight after this matter was discovered. It was also very important for Mr Chapman, who is a Fellow of the Royal Institute of British Architects, that nothing that had been said on television by the Honourable Member or in any part of the correspondence, should reflect on his integrity as an architect, and so we issued this communique

in order to put the matter straight because it was unfair that Mr Chapman should suffer any prejudice as a result of this. That is why the communique said: "The Tender Board procedures must be followed and steps are being taken to regularise the position. The Government wish to make it clear that Mr Chapman has acted at all times in accordance with the professional standards of a consultant. The present situation has arisen through an administrative error as a result of which the Government regulations were not brought to Mr Chapman's attention and as soon as the matter came to light it was decided that immediate action should be taken to ensure that the regulations were complied with in full." Poor Mr Chapman after all that had been done to put his position right and after explaining all the position in an attempt to show that everything was correct at a two-hour meeting with Mr Restano, he wrote a note in which he said: "The two-hour meeting with Mr Restano was, I hope, also a success at any rate he seemed to agree with most that was said".

Perhaps he may have given the impression to Mr Chapman that he agreed. Perhaps he agreed when he said yesterday at the end of his intervention that he was making no allegations against anybody and that nothing devious had been done. In fact the Government has done everything possible to correct the error which has been explained to Mr Restano and which is too detailed and too small in a way to be discussed here about instructions in a letter and a tick here and tick there. But after saying all that he finished up by asking for an enquiry! So how can he say that nothing devious has been done, he has seen everything and then he asks for an enquiry? Anyhow, that is how Members of the Opposition react to the good intentions and attempts on the part of the Government and its officers to explain matters to them in a rational way. But if of course you are interested in keeping the pot boiling and trying to keep matters as if things were being done wrongly, then no amount of explanations will satisfy them when the time comes and it suits them to make allegations and to ask for enquiries.

In so far as the contract was concerned it was put out to tender again. In so far as one of the sub-contracts which had been dealt with by the consultant is being put out to tender again and the other one which had been put out by the consultant in accordance with the practice and in accordance with the rules of the RIBA when this matter was brought to his notice, the tender for the other part of the contract, which is the air-conditioning, about which some important firms had been approached by the consultants, in accordance with consultants practice not Government practice, again, as far as we are concerned, we

are not interested, we are putting them out to tender again. I am pleased to say that from the very beginning I took a particular interest and made the point to say that they should go out to tender. I can assure this House personally, that because I had given an undertaking to the Honourable and Gallant Major Peliza that the tendering for the air conditioning was going to be put out to tender, and he expressed an interest and I gave him an undertaking, at every stage that I had anything to deal with this matter, I had reminded everybody concerned that I had given that undertaking and that it had to be carried out. Despite the fact that this was not done in that sense, though it has been done now, I understand that the firm to which the Honourable Member was then referring had been one of those who had been approached by the consultants and had expressed no interest in tendering. That is the story.

HON MAJOR R J PELIZA

If the Honourable the Chief Minister will give way. It will show that I did not do it precisely for my own firm but to make sure that it did go for tendering for something that I had heard before it happened.

HON CHIEF MINISTER

Yes, I entirely accept that. I accept, it. The only thing is that it did trigger in my mind all the time the fact that I had given this undertaking and I had made it very clear. The point is that the language of a consultant is one thing and the language within the Government is another. When I said to Mr Chapman, make sure that everybody has an opportunity, and, particularly, I have given an undertaking in the House", he was doing it his way, not the way of the Government, and his own way is different to the way of the Government. The understanding was that his own way and that of the Government were different. When this was discovered and reconciled we went the way of the Government because the Government pays and the Government has got the right to decide how it has to be done. In the process, of course, there was the intervention of Mr Restano on television and a statement to which Mr Chapman took objection because it looked as if it reflected on him. In fact he had also acted in perfectly good faith but due to a misunderstanding, the details of which are known to Mr Restano, there is nothing secret about them, they are not worth looking into now. A misunderstanding between a high official in the Public Works Department and Mr Chapman, that was all.



HON M KIBERRAS

Mr Speaker, I would like to ask the Chief Minister whether he is aware, as Mr Restano has made me aware, that in a number of contracts in which architects have been involved, the same procedure was employed, including the Victoria Stadium Sports Hall.

HON CHIEF MINISTER

I am not saying either yes or no. Of course, if they were done they were done. Let me tell the Honourable Member that if he is talking about the Victoria Stadium by that time the usual procedures were usual procedures. Now we have regulations which are much more binding, which are internal regulations which were not brought to the notice of Mr Chapman. That is, I think, all I have to do with Mr Restano.

I would like to make a few remarks on Mr Isola's interesting and properly researched intervention to which I listened with great interest. But I think they were equally and ably answered by Mr Canepa with actual figures of expenditure, in particular in the cost of the general services and the extent to which we have improved Social Security, Supplementary Benefits, Elderly Persons' Pensions, the cost of the Medical and Health Services, the cost of education, the consumer protection; all these good services that Gibraltar enjoys and which it has to pay for. This is the knub of the whole question: that it has to pay for.

I shall deal with the intervention of Mr Bossano; and I shall repeat this to him when he comes. And that is that he made a serious contribution. He had criticisms for both sides of the House. For the Leader of the Opposition and for the Government, and I would not expect him to do otherwise. He is isolated, so everybody else is the culprit and, therefore, I can understand his position. He said he knows how to run Gibraltar and that is why he would not agree with the proposals. He said it as bluntly as that. I do not know whether he was being facetious or whether he was being serious. But he did say later on, when he said he did not want to serve on the Committee, that he had ideas and he would be prepared to give the benefit of his advice to the Committee. That if they were good ideas he did not want to claim any credit for them, he only wanted them for the good of Gibraltar. I think one should be very grateful for this so long as he produces the ideas or the goods. I think he should disclose them. I am sure they cannot be a secret. I do not think he can be keeping a secret on how to run Gibraltar

well for so long if he thinks it is being run badly. He should come forward as a Member of this House and say where we are going wrong. If he wants to give his information to me in secret I can put it into effect and if he does not want to take any credit for it I shall not say that it was he who gave me the information. I speak of the formula for the economy of Gibraltar, of which he has often spoken. But if it is an economists formula, and I say this with deference to all economists, it will have to be carefully looked at by other economists. Because economics is not a precise science and it is one particular science in which most economists differ one from another.

Be that as it may, in so far as study for long-term planning in Gibraltar is concerned, of which we have had several, we are, as was disclosed in the press the other day and we have arranged for this a long time ago, we are now in the process of having a long-term study of the economy of Gibraltar made by the Institute of Economic Research, University College of North Wales, and financed by the Ministry of Overseas Development. It will, of course, very much depend on whether they can get all the figures in time for their research. But still, even though we have this Research Unit doing the work, we would like to know the secret of Mr Bossano's formula for Gibraltar. It might even be helpful to the Research Unit, who knows.

Mr Speaker, we have heard all sorts of criticism in the course of the general debate, some were more responsible than others. It is right and proper that we should be criticised. It is right and proper that there should be an Opposition to keep a watch on the actions of the Government. It is not true that for reasons which were not in our power but which were in the hands of other people, our majority has increased from one to five. We are not arrogant because of that. We know that in matters of this nature we always have a majority, otherwise we would not be in office, but as the world economy is today all Governments have got big economic problems to grapple with all the time. There are many big problems, much bigger than ours for which economists or politicians have not found the answer yet. We have our own particular problems. We have no natural resources, no natural wealth except the gold mine that never worked. We have one benefit which other countries have not got. We have not got the plague of unemployment, and that is something which, particularly people who have been recently across the way and have been through the heart of the country in Andalucia, have come back with the dreadful impression of people standing all day round the plazas in the small towns of Andalucia without work. I do not think that that can

be anything more debasing for a human being than not to be able to earn his living. Fortunately, we are not burdened with that. We have other problems instead.

We have a reasonable standard of living and we have all the freedom that many people have given their lives for. We have got them, with a bit of a struggle, but we have them, and we enjoy them. Our people generally live well, and may they do so for a long time and preferably better than they do now. But if we have to make a few sacrifices here and there to maintain the principles we have held and which we still hold, then I do not think that what we have proposed to this House is too high a price.

Thank you, Mr Speaker.

MR SPEAKER

I will now call on the Financial and Development Secretary to wind up the debate with his reply to the Second Reading of the Bill.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, this general debate has not given rise to very much which seems to me to call for a reply on my part. I was, however asked three specific questions. The first was by the Honourable Mr Bossano, and it is with regret that I hear that his absence from the Chamber this morning is due to his indisposition. But knowing him as I do I am absolutely confident that the answer that I am going to give he will read in the Hansards. I know that he reads the Hansards word-for-word!

He asked me, Mr Speaker, whether the estimates the Government has made of the income tax yield for 1979/80 included any allowance for a pay review increase for 1979 in respect of the private sector. The answer is that it does not. And it does not because I believe that the private sector settled in a series of agreements spread over an extended time. I am not sure which group settled at what particular time of the year but certainly there is no one single comprehensive settlement such as is the case with the public sector, and, therefore, it is extremely difficult to make any kind of estimate of what the effect would be on income tax in the forthcoming year of settlements which are yet to be reached in the private sector. Moreover, I think it would be an unwise and unrealistic assumption to assume that whatever figure is eventually settled on for the private sector would

necessarily apply to all parts of the private sector. So for that reason the estimate of income tax receipts shown in the Revenue Estimates for the year do not make any allowance to what undoubtedly will be increases in the private sector wages in the course of the year.

The other specific questions, which I think it was the Honourable Mr Restano asked me, was his mistification - if that is the right word - as to why the Revised Estimate for Revenue from Customs Duty did not reach the original estimated figure. And he pointed out that as I myself stated in my statement 1978/1979 was a bumper year for the import of such expensive things as motor cars and television sets. Well, of course he overlooked the fact that the estimate that we made took into account what we thought a year ago would be the effect of the parity settlement, inclusive of retrospection, on the total year from indirect taxation. But in fact there was an increase, because what he has to compare is that the Import Duties in 1977/78, the actual amount collected was £3.2m but in 1978/79 it was £3.8m and in fact the revenue that we received from motor cars as between 1977/78, the actual duty received, increased by over £800,000. On the other hand there were some surprising reductions as between one year and the other which accounts for the fact that overall the Revised Estimates for the year did not come up to the original estimate. For example the value of clothing and textiles, which was imported in 1977/78 was over £4,000,000, the value in 1978 was only £3,700,000. So there was a drop in value of clothing and textiles imported as between one year and another, and there was therefore a considerable drop in the revenue from Customs Duty received. And I must now go back and with apologies to Mr Bossano as I saw him write the figure down and I must put him right.

Motor cars. It is the question of the value of motor cars, not the duty. So I will give him the figures. In 1977/78 the value of motor vehicles and spares imported was £1,700,000; in 1978/79 it was £2,500,000. There is a question of a drop in value not in the yield, but obviously the yield came down as well, and there were one or two other areas which one year compared with another showed a considerable drop: carpets and linoleum for example; furniture; binoculars and telescopes. So that accounts for the fact that although there was a very significant increase in the number of motor vehicles imported, and hence the duty collected on them, together with television sets, there were other items which for one reason or another, which I do not know, showed a surprising drop. And consequently at the end of the year, as we have seen,

the revenue collections from import duties did not make the original estimate.

Now, Mr Speaker, there are one or two general observations that I would like to make on matters which have been raised on the general debate. And the first one relates to the input-output study which the Chief Minister has referred to and which the Honourable Mr Bossano referred to, and which was fully covered, I believe, in an article in the daily paper a few days ago. Now, Mr Bossano was perfectly correct in saying that this is a most important study, because it is all very well for us to bandy around figures in this House of the contribution which, for example, the tourist industry makes to the economy of Gibraltar, or which the Port makes for the economy of Gibraltar. We put figures on them. But those figures are at best merely estimates. They are not based on any kind of statistical or in depth economic study of the real contribution that Tourism or the Port, to use the example that I have mentioned, make to the economy. Moreover, if we are considering investment in one or other of the many sectors of the economy, we do not know, and we have no means of telling at the moment, the effect which that investment or development is going to make to that sector, and even more important, to other related sectors.

In order to produce the study which is now on-going, it requires a collection of a great deal of statistical records, from not only the Government, but even more particularly the private sector. And if the study is to be done, and if it is to be as comprehensive and complete as we would want it to be, and as it deserves to be, then it does require the full co-operation of all sectors of the economy to produce the necessary data. And I, therefore, would hope that with Mr Bossano's obvious sympathy for this kind of study, he will make it generally known that he can see as an economist the advantages which will be derived from it, and I would say that I would sincerely hope that the Government, which has instigated the study, will receive the fullest possible co-operation from everybody and that I hope there is no one sector, or no small group of sectors, which adopt any kind of dog-in-the-manger attitude to requests for statistical data on the part of the Research Unit which is doing the job.

Now, my Honourable and Learned Friend, Peter Isola, and I hope he is listening in the Ante-Chamber, said that he regarded increases in Public Utility Charges as revenue raising. I am afraid I do not agree with him. I am afraid I just cannot agree with him in the context in which he was using it. Clearly a Public Utility

Authority or Public Utility Body which raises its charges is obviously revenue raising, but the point is that the revenue which is derived from all public utility charges in Gibraltar does not go into the Consolidated Fund at all, and does not itself affect the Consolidated Fund Balance. What affects the Consolidated Fund Balance is a purely political decision on the part of the Government of the day as to what to do with the deficit that a short-fall in revenue produces on the Funds of the Authority or the Undertaking concerned. Now, that is quite a different matter. Theoretically, each of those Funds could continue to be in growing and progressing deficit. The Consolidated Fund itself would not be affected. The figures shown in the book would. Cash flow certainly would be, but the figures shown in the financial statement of the Consolidated Fund would not itself be affected by increase in deficits in the individual funds of the Undertaking. It is only because for obvious reasons the Government cannot permit the funds to run increasing in deficit that something has got to be done about it. Either, as I have said, on the basis of a political decision the tax payer has got to subvent the Authority or the Undertaking itself has got to increase its funds. Now, that is the first point I want to get across.

The second point I want to get across is much more general, and that is on the general question of subsidisation. Now, it seems to me that the way my Honourable and Learned Friend was arguing was that he thought it was a thoroughly bad thing that consumers of electricity, consumers of water, users of telephones should pay the full cost of the services that they use. I may have completely misunderstood him, in which case I will apologise, but it does not affect the main point that I want to make, and that is that across-the-board subsidies to the consumer services are inequitable, because it means, to use another illustration, that a person who is not connected to the main supply of water, and who relies entirely on rain water storage, is paying through taxation of one kind or another for those who are on the main supply and are not paying what it costs for each gallon of water they consume. It is totally discriminatory and obviously the best form of subsidisation, if subsidisation there has to be, is that the Undertakings themselves should pay for themselves. That consumers should be billed with the full cost of the commodity, what it costs to produce the commodity that they are using, but that those who are in need of assistance to meet those bills on the basis of their income, on the basis of their earnings, should be helped. Now that means that you are subsidising those who need to be subsidised, and not those who do not need to be subsidised.

Now, just a word about development planning, and that was another subject which the Honourable Mr Bossano touched. He has, as I have heard it in the House, often made the point that if the Government had not made contributions to the Improvement and Development Fund over the years look at all the money it would now have left. Well, of course that in arithmetical terms is true, but one must not forget that until the current Development Programme a great deal of the Government capital work was of a very minor nature on the one hand and on the other hand certainly until the 1975/80 Programme was developed there was a concept in Gibraltar that the capital programme in the first place had nothing whatsoever to do with the recurrent activities of the Government. You remember, Members of the House may recall, that I made the point very strongly when I introduced the new, which is no longer new, but the revised Public Finance Control Ordinance. I made the point that the previous Ordinance did not recognise that there was any existence between development on the one hand and the recurrent activities of the Government on the other. There was also, it seemed to me, a concept that the Development Programme was purely the aid programme, which of course it is not. But it was not until we had the 1975/1980 programme that one began to see a more comprehensive approach to capital development, part of which would be dependant upon the grants of United Kingdom Aid, the other part would be dependant upon the contributions actually made by Gibraltar.

Now, the 1980/81 programme, which is reflected in the estimate which are before the House, called for the raising of £1.9 million to finance those projects which are truly dependant on our own resources. But in addition to that, there will be another £330,000 to be provided from our own resources to meet the Government's 10% commitment for the major aided project, making a total in round figures of £2.3 million which I gave in my statement.

Now, next year on the basis of the estimate of the Improvement and Development Fund the Gibraltar Government will have to find another £1.7 million to complete those projects which are its own commitment in the current programme, together with £670,000 for the 10% commitment to ODA funded projects. So that all together one is talking about another, in round figures, £2.2 or 2.3 million of money which this Government has got to raise, it has got to find it from somewhere.

I want to make two points about this. The first is that the ability to raise the money on the London market depends quite substantially on the overall financial

viability of Gibraltar; and the second point I want to make is that there is obviously a limit to the amount of money which the Government can raise and can finance. If we take the two years together we are talking about a sum of roughly £4½ million. Obviously it depends entirely on the terms upon which that money has been borrowed. It would be unwise I think to assume that because we have managed to get extremely favourable terms in relation to the £2.5m. that we borrowed this year, namely a three-year moratorium on the actual repayment of capital spread over fifteen years, it would be imprudent, in my view, to consider necessarily that when we go to the market next year to meet the borrowing requirement that we should get the same terms. So, roughly speaking, one is looking at £4½m, today's interest rate anywhere round 10½/11½, so that means an annual interest repayment of nearly over £½m, not to mention the capital repayment, if one does not succeed in getting any kind of moratorium. So there is clearly a limit to the extent to which the Government can raise money and finance and service it. Therefore, I merely give these figures as indication.

I notice that the Honourable Leader of the Opposition took them down. I would ask him to regard them as purely indicative at the moment. They are not actual cast-iron estimates, they are purely indicative and, of course, the amount of money which the Government has to borrow next year clearly will depend upon the progress it makes on those projects which it is financing wholly from its own resources.

My last general observation has been fully dealt with by the Honourable and Learned Chief Minister, but there are a couple of things I want to say about it - Grant-in-aid, Budgetary Aid. First and foremost I entirely endorse what the Chief Minister said. Once a country or a dependent territory gets into the situation where it has to receive Budgetary Aid, make no mistake about it, it loses control over its own financial affairs. I shall obviously be stretching an analogy rather a long way but Honourable Members will recall, I think it was in 1977, the UK Government had to go to the International Monetary Fund and what happened? The UK Government had to do effectively what the International Monetary Fund told it to do, and that is what happens in Budgetary Aid. Make no mistake about it.

From an administrative point of view it is even worse because the estimates of the year are examined with a fine-tooth-comb in London before they are ever introduced in the House. And when I say a fine-tooth-comb, I mean a fine-

tooth-comb. And unless the rules have been changed there is yet another disadvantage, and that is that every penny of new revenue which the Government decides to raise goes to reduce the amount of Budgetary Aid and it is not available for any new services. The rules may have been changed since I last had anything to do with it but that is certainly how it used to be. That if your estimates were approved on the basis of a grant of £1m, and the Government decided that it was to raise Customs duty to produce another £½m, that merely meant that the grant-in-aid was cut back from £1m to £½m. So you got no benefit from it. Now, the rules may have changed but certainly that was so until four years ago.

#### HON M XIBERRAS

I am grateful to the Honourable Member for giving way. The point about the debate on grant-in-aid or Budgetary Aid or grant-aided state, I think many members have used the phrase loosely, is basically that my colleagues and I do not disagree with the steps taken by the Chief Minister as outlined subsequent to his statement. In the context of the 1974 debate in connection with the increased price of oil, the phrase again was used loosely "budgetary aid". If the Honourable Member refers to that particular debate he will find that what the Opposition was seeking at that time was aid for items in the budget. Whether one calls that Budgetary Aid or otherwise is a different question and our criticism of the Chief Minister was that he rejected that at that time but that he has done this now. We are not quarreling about the definitions or the consequences of Budgetary Aid as opposed to grant-aided state or temporary loan with conditions. We are not quarreling about definitions.

#### HON CHIEF MINISTER

If I may intervene just to clear one matter because this is very important. I never suggested in the course of my intervention yesterday at all that when I was requested to ask for money for the electricity I was being asked to become grant-aided. I never suggested that. All I said was that there should be nothing wrong in my doing what I have done this time since at that time I was being urged by the Opposition to do exactly the same and I refused to do it because the circumstances were different; our finances were better off; because it was a burden which everybody was suffering at the time in the world; and because we were about to enter into economic talks and I thought it might prejudice them.

#### HON M XIBERRAS

I am trying to make clear that we are not quarreling about definitions, we are just questioning the Chief Minister's consistency in the matter.

#### HON FINANCIAL AND DEVELOPMENT SECRETARY

I do not think that it would be very realistic just to assume in Gibraltar's case that Her Majesty's Government would even be prepared to consider grant-in-aid, or as more euphemistically described by the Honourable the Leader of the Opposition, a permanent and economic link for a community with a GNP per capita of something of the order of \$3,000, which is the international standard of measurement; parity of wages with the UK; full unemployment, overfull unemployment you might like to say considering the non-Gibraltarians who work here; aid at the rate of £4 per head per week, or at least it is between £2.7 and £4 per head per week depending upon which population base you chose to use; a high and progressive level of social services and benefits; subsidisation of water and housing. I think it would be, as I say, realistic to assume that Her Majesty's Government faced with such a request, would indeed agree to it, and I think it would be much more likely in my view, and it is a personal view entirely, that they would be much more likely to turn round and say cut your coat according to your cloth.

Mr Speaker, I have felt that it was necessary to say that because I detected in various remarks which have been made and bandied about budgetary aid, permanent economic link, budgetary assistance, assistance for this, that and the other, guarantee of parity and all these other things, that perhaps there is an impression that we should accept the consequences and it should be given. I do not think that is so at all, and I think that it would be very unwise indeed for anybody to assume that because our budget is proving very tight, and possibly it might get tighter in the future, that there is a gap between our revenue and our expenditure, that anybody else is going to step in and fill it.

Thank you Mr Speaker.

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Passan  
The Honourable A P Montegriffo  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members abstained:

The Honourable P J Isola  
The Honourable Major R J Peliza  
The Honourable G T Restano  
The Honourable M Xiberras

The following Honourable Members were absent from the Chamber:

The Honourable J Bossano  
The Honourable J B Perez

The Bill was read a second time.

#### COMMITTEE STAGE

#### HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, I beg to move that this House should resolve itself into Committee to consider the Appropriation (1979/80) Bill, 1979, clause by clause.

This was agreed to and the House went into Committee.

#### THE APPROPRIATION (1979/80) BILL, 1979.

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

Heads 1 and 2 were agreed to.

#### Head 3 Education, Personal Emoluments

HON M XIBERRAS

There are one or two questions on Personal Emoluments, Mr Chairman. The first is the training of teachers programme. Could I ask about the teacher/pupil ratio in schools over-all.

HON MAJOR F J DELLIPIANI

The average is about one teacher to twenty three students.

HON M XIBERRAS

Could the Minister say whether there is a marked difference between different types of school, infant, middle etc?

HON MAJOR F J DELLIPIANI

No, the only major difference would be in the Handicapped Children's School, where the ratio is far higher, four children per teacher.

HON M XIBERRAS

It is not lower in the Comprehensives, at secondary level generally? Is the ratio lower in the secondary schools as a whole?

HON MAJOR F J DELLIPIANI

Yes.

HON M XIBERRAS

Does the Minister have an idea what the ratio is there?

HON MAJOR F J DELLIPIANI

1 to 23.



HON M XIBERRAS

I would venture to suggest, that would not in fact be the case. It is not a matter that requires urgency, but would the Minister find out please.

HON MAJOR F J DELLIPANI

You want specifically the ratio in secondary schools?

HON M XIBERRAS

The three different ones; secondary, middle and infants.

Personal Emoluments were agreed to.

Other Charges

HON M XIBERRAS

I would like to ask on the Scholarship Fund . . . .

MR CHAIRMAN

Which subhead is that?

HON M D XIBERRAS

I think it is 6.

MR CHAIRMAN

Any questions before that by any member?

HON M D XIBERRAS

No. Well, there is in fact, Books and Equipment Item 5. On Books and Equipment, then, we have an increase of £3,600. The reason why I ask this question Mr Speaker is that we would not like our general attitude to the main debate that has taken place to be construed as our being

against the expenditure of money on social services. What we object to, in fact, is the wastage of money unproductively and, therefore, I would like to ask the Minister for Education whether this increase of £3,600 on a revised estimate of £120,400 will represent enough of an increase to meet the cost of inflation or if there has been any cutback in the rate of supplying or replacing books?

HON MAJOR F J DELLIPANI

The way we have approached this is that if you look from 1978/79 and the actual expenditure in 1977/78, it is more or less constant, taking into account inflation. But of course some of the items of equipment do not need renewing on a year-by-year basis so, therefore, we have been able to keep more or less the same ratio without affecting the actual needs of the Books part of the expenditure.

HON M XIBERRAS

I say this, Mr Chairman, because his predecessor made a point, I believe it was one or two years ago, that the rate of inflation as regards books was tremendously high, something in the order of 30% when the overall rate of inflation was less. Therefore it seems to me that the programme might have in fact...

MR CHAIRMAN

I think the answer has been that he has been able to meet both the rate of inflation and the needs of the Department.

HON M XIBERRAS

I would like to question the Minister a bit further on this and that is on the indents placed by Headteachers. Has the Minister's Department turned down many of the requests made, or has he issued any directive beforehand that indents should be kept within a certain figure? I think it is very important that people should be supplied with proper books in the schools.

HON MAJOR F J DELLIPANI

We have kept books and equipment to the level that teachers have asked for, but taking into account that some

of the equipment is still in good condition and we have not replaced them.

MR CHAIRMAN

You had something on Item 6.

HON M XIBERRAS

Am I right in saying that there is a difference in the rate at which certain scholarships are paid. For instance a Teacher Training Scholarship as opposed to a Government Scholarship. Is there a difference in the rate of maintenance, for instance?

HON MAJOR F J DELLIPIANI

There is a difference in the rates of maintenance between a Teacher Training award and a scholarship. I have not got the details here but if the Honourable Member wants that information I can give it to him.

HON M XIBERRAS

Am I right in saying that the scholarships are dealt with as a whole now, namely that any money that we might get under Technical Assistance from UK is put into the fund and therefore the reason for any difference in maintenance allowances between different types of scholarship holders should be that much less. The argument in favour of discriminating between one and another is so much less valid now.

HON MAJOR F J DELLIPIANI

The £40,000 still goes to Teacher Training, it does not go to the general Scholarship Fund.

HON M XIBERRAS

Does the Minister know who gets more. Is it a person on a Gibraltar Government Scholarship or a person on a Teacher Training Award. Because there are many complaints about this which I have heard and I cannot see a valid reason why this discrimination should exist.

HON MAJOR F J DELLIPIANI

In Teacher Training there is no parental contribution.

HON M XIBERRAS

Is that the sole difference?

HON MAJOR F J DELLIPIANI

That is the basic difference.

HON M XIBERRAS

But why should there be a difference in maintenance. If something is adjudged to be a fair amount for maintenance for one particular person why should there be a difference in the case of another. Surely the Government as well as the parent would want an adequate level of maintenance to be paid?

HON MAJOR F J DELLIPIANI

Because the parents of the Scholarship holders are supposed to make it up.

HON M XIBERRAS

Is what the Minister saying that parents are not making up the difference but the Government pays the same? This is not my information and a member of my party made certain enquiries about this.

MR CHAIRMAN

Well, let us have the information from the Government.

HON M XIBERRAS

I do not think the Minister is too sure.

MR CHAIRMAN

Well, let him find out.

HON P J ISOLA

There have been problems in the past but this seems to recur from time to time of students in England not getting their money because the British Council or whoever it is that deals with it does not seem to pay it out. Could I ask the Minister, is it not possible that if the Department knows what everybody should get the Department either issues or gives a voucher to the Government Bankers in Gibraltar and instruct them on such a date to pay it to such a person? I would have thought that if one did it through the Bank you could always make sure that it was paid on a particular day. I believe there were some frightening stories last September of young people in England finding that they did not have any money. Could the Government not put in train some sort of arrangement to make sure these things do not happen?

HON MAJOR F J DELLIPIANI

Unfortunately, especially last year, what the Honourable Member has raised was quite true. But this is dealt with for us by the British Council and they have staffing problems. The person who had done it for years had changed, and a new person had come in and she was pretty useless. In fact, she was sacked in the end and the thing has regulated itself. It is in a fairly good position now. But it is quite true. The number of telephone calls between my Department and the UK in trying to help out youngsters who were in serious financial difficulties were colossal.

HON M XIBERRAS

The share of the running expenses of the Gibraltar and Dockyard Technical College. I always ask about this one. Item 9. Could I ask the Minister what we are getting out of it for our contribution, how many students do we send and so forth?

HON MAJOR F J DELLIPIANI

I have no idea of the number of students from the public

sector, but the basis is on a 50/50 share.

HON M XIBERRAS

I had heard certain rumours about who is going to run the Gibraltar and Dockyard Technical College? Could the Minister inform the House about this.

HON MAJOR F J DELLIPIANI

Approximately half of the staff now at the Gibraltar and Dockyard Technical College is locally-entered. The policy is to completely take over by the year 1981 and then it will no longer be the Gibraltar and Dockyard Technical College, it will be the College of Further Education. To expand the curriculum of this particular college to take in the business side of teaching and things of this order.

HON M XIBERRAS

Mr Speaker, this is obviously an important decision. Will the Minister commit himself to make a statement as early as possible. Could we have a comprehensive statement on this, because obviously it is important that the Gibraltar side of it should have prominence, but equally the link with the Dockyard is an important one in terms of employment and so forth, and I would not like to see that lost. So could the Minister undertake to make a statement at the earliest opportunity about the running of the Gibraltar and Dockyard Technical College?

HON MAJOR F J DELLIPIANI

Yes, certainly. Of course, there are a lot of teething troubles at the moment which are being studied by different committees, but I think an indication of the way that Her Majesty's Dockyard is thinking is that once it becomes part of our set-up we will not give them facilities to train their students. So it is the other way round, they think that we might not want their students.

HON M XIBERRAS

The Minister will agree that it is an important matter, and do I take it that he has given a commitment to make a statement at the earliest opportunity?

HON MAJOR F J DELLIPIANI

Yes, but I must emphasise that we are still in the process of legalities over the transfer of land, buildings. We are still dealing with that matter. Then we are talking of the actual curriculum of the College, there are lots of problems which are being studied by different sub-committees. But as soon as there is a comprehensive picture of what the projection will be I shall certainly give a statement to you.

HON M XIBERRAS

I am very grateful to the Minister when he says that it will be a comprehensive statement of what the projection is going to be, which implies that before a final decision is taken the Minister will inform us.

MR CHAIRMAN

Any other item on Education?

HON M XIBERRAS

On Educational visits, if I could raise the point in respect of both 16 and 17. It is the amounts that are paid to Youth Clubs etc. that go on holiday. Has there been a reduction in the rates payable?

HON MAJOR F J DELLIPIANI

On educational visits for Youth Clubs there has been a reduction. What I have tried to do regarding the visit of our children to UK is that I have noticed, even though I was not a Minister at that time, that the same children kept going every year because they were the children who could afford to go. What I have done this year is to allow a certain sum of money in order that this sum of money, combined with a voluntary body like the Rotary Club, are able to take the really needy children to UK holidays. I have allowed a certain sum of money in combination with the Rotary Club, who usually help out in sending needy children to UK. I have stopped the question of holidays generally abroad because from my experience and in what I have talked with teachers, it is that the same children used to go every year.

HON M XIBERRAS

My point is has there been a change in the formula for giving grants to youth clubs that do go. Has there been a reduction in the amount of money?

HON MAJOR F J DELLIPIANI

Yes, Sir, there has been.

HON M XIBERRAS

I cannot see what this has to do with what the Minister said before.

HON MAJOR F J DELLIPIANI

We are talking about youth clubs where the majority of them are working. What I am talking about is needy children being sent to the UK on holiday.

HON M XIBERRAS

I am talking about the amount spent on sending members of youth clubs and on educational visits of schoolchildren.

HON MAJOR F J DELLIPIANI

I am not making any provision for youngsters to go to UK.

HON M XIBERRAS

But up to now there has been?

HON MAJOR DELLIPIANI

There has been about £1,000.

MR CHAIRMAN

What you are being asked is whether this vote has catered on other occasions for visits by Youth Clubs to UK and not now.

HON MAJOR F J DELLIPIANI

No.

HON M XIBERRAS

Is the Minister aware under which vote, because certainly we had a meeting with the Youth Association and they were complaining that there had been a reduction in the amount paid by the Government for this purpose. I would like to know why this is.

HON MAJOR F J DELLIPIANI

A number of clubs and organisations usually organise trips abroad. I cut my vote, so that practically there is no money for that kind of activity.

HON M XIBERRAS

Has the Youth Association been informed of this decision beforehand? Because when we met them, which must have been about two months ago, they were complaining about a reduction. Have they been informed that there was going to be no provision at all under this Head?

HON MAJOR F J DELLIPIANI

I met some of the leaders of the Gibraltar Youth Association about two weeks ago and I indicated to them that we were going to cut off almost the whole of the money which was dedicated to this kind of activity.

HON M XIBERRAS

This is the point I was trying to make in respect of books. Honourable Members on this side are not in favour of cutting in this sense. I mentioned in the general debate that a labourer might be estimated to cost per year something in the region of £3,000. That money can be diverted to other purposes such as this which we consider to be important. Is the Minister happy about the situation? I know that he spoke to us about "desirability" and "necessity" in considering estimates, but surely this is an area which should not have been cut.

HON MAJOR F J DELLIPIANI

I do not agree with the Honourable Member on this matter. When the Budget could afford it it was done but in this day and age where our youth are earning quite a considerable sum of money per week I do not think it is a necessary thing. It is my judgement and I do not think it is necessary.

HON M XIBERRAS

This side does not agree because of the sums involved in other departments of which we have accused the Government of mismanagement.

Could I ask the Minister whether he has made any provision on this matter which has been aired over a period of time in the House: transport for Varyl Begg children which he promised he would look at and he said he would have a statement to make at Budget Time.

HON MAJOR F J DELLIPIANI

Yes, as I explained in the House, the Government was making an in-depth study of the whole question of transport for children in Gibraltar. The study has been completed and we are making provision for the children at Varyl Begg of first and second year Middle School age to be provided with subsidised transport to their respective schools.

HON M XIBERRAS

Good, where does that appear in the Estimates, Mr Chairman?

HON MAJOR F J DELLIPIANI

Under Services.

HON M XIBERRAS

Thank you very much.

HON MAJOR R J PELIZA

Under Head 18, Rent of Accommodation for Teachers. Could the Minister care to give us an explanation of that?

HON MAJOR F J DELLAPIANI

As explanation as to why?

HON MAJOR R J PELIZA

Why is it that we pay rent for accommodation for Teachers?

HON MAJOR F J DELLAPIANI

These are the teachers on contract from the UK.

HON MAJOR R J PELIZA

This rent is not recovered from them at all?

HON MAJOR F J DELLAPIANI

Yes, by rent contributed by them.

Other Charges were agreed to.

Special Expenditure was agreed to

Head 4. Electricity Undertaking, Personal Emolument

HON P J ISOLA

Can the Minister say whether this is overtime in respect of all the officers there or are there some officers that do not get overtime and some who do?

HON DR R G VALARINO

Some of this overtime is essential, otherwise we are cutting down the overtime.

MR CHAIRMAN

You are being asked who is it paid to.

HON DR R G VALARINO

This overtime is restricted to the PTO grades.

HON P J ISOLA

That is 23 officers, is that right?

HON DR R G VALARINO

20 and 1 Works Supervisor.

Personal Emoluments were agreed to

Other Charges

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Chairman, I beg to move an amendment to subhead 5 under the column headed "Estimates 1979/80" to delete the figure "£1,055,000" and to substitute therefor "£1,143,000". This is an increase of £88,000.

Honourable Members will recall that I mentioned this in the course of my statement on the Estimates, that it was necessary to increase this subhead to provide for the oil price increase which took effect as from Monday. You will remember I quoted the figure of £88,000 in my statement to the House.

MR CHAIRMAN proposed the amendment.

HON M XIBERRAS

I did not catch what the Honourable Member said before. What is the amendment for?



HON FINANCIAL AND DEVELOPMENT SECRETARY

As I said, Mr Chairman, Honourable Members will recall that I said in my statement on the Estimates that there was a fuel price increase with effect from 16 April and that this would result, over the whole rest of the year, of an amount of £88,000 more being required to pay for the cost of fuel used in the Electricity Undertaking. This is the £88,000. It has nothing to do with the fuel cost adjustment formula at all. This is a straight provision for the payment of oil fuel.

Mr Chairman then put the question which was resolved in the affirmative and sub-head 5 was amended accordingly.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Chairman, I can never remember whether or not we take the consequential amendments or wait until we complete other charges.

MR CHAIRMAN

I think we should take it as part of the amendment. Could you give us the figures?

HON FINANCIAL AND DEVELOPMENT SECRETARY

The figure to go in is £1,971,260. There is a consequential amendment also in the column "Increase", where instead of "£502,100" the amount should be "£590,100", and beneath that figure the figure of "£200,650" be deleted and instead we have the figure "£588,650".

MR CHAIRMAN

So all that we have achieved by this amendment is in sub-head 5 the substitution of the figures "£1,055,000" for the figure "£1,143,000".

HON G T RESTANO

Could we have a breakdown of those subheads which include an element of wages. Could we have a breakdown of wages, overtime and materials in those subheads which do include an element of wages?

MR CHAIRMAN

I think it is going to be difficult to follow any breakdown unless you subscribe it to a particular subhead.

HON G T RESTANO

For example if we take Subhead 14, Repairs and Maintenance and Buildings. Part of that is increased cost of labour and part of that provides for major repairs.

I think it is probably all those that have a little d. in brackets.

HON DR R G VALARINO

I have got the breakdown and if the Honourable Member would like to ask at different Subheads I will then be able to give him the different breakdowns. Which one would he like?

HON G T RESTANO

Can I take it then that other than those will . . . .

MR CHAIRMAN

We are going to get completely and utterly out of order. I will call the Subhead and any Member who wishes to raise anything on Subhead 2 can do so.

HON G T RESTANO

Is there any element of wages there?

HON DR R G VALARINO

None at all, Sir.

MR CHAIRMAN

Subhead 3. I am calling this not exclusively for the purpose of wages but for any matters that Members wish to raise.

HON MAJOR R J PELIZA

Wages, without any element of overtime or allowances?

HON DR R G VALARINO

All wages include a certain amount of overtime.

HON M XIBERRAS

Mr Chairman, what my colleagues are interested in is in obtaining a knowledge of how much of the wages paid in the Electricity Undertaking are standard wages, how much overtime, how much allowances, under the different heads. We say this because the attention of the House was drawn by the Government and the Opposition to this particular issue.

HON CHIEF MINISTER

Honourable Members may remember that in my opening statement I said that a study was being made by Heads of Departments to identify the overtime in different sections. This item does not distinguish in detail, at this stage, this is done on the previous year's experience.

It is not itemised in detail in the papers as to what is overtime and what is not, because there is an element of change in the element of overtime having regard to difficulties. These are the things that I said were being identified separately in order to be able to gauge what was essential overtime and what was not.

HON MAJOR R J PELIZA

Mr Chairman, how is it that they have arrived at such figures. Surely, there must be a total which you put together and come to the total sum. There should obviously be an item for overtime, and if it is a percentage let us have the percentage, whatever it might be. Surely the Chief Minister must understand that those figures must be available.

HON DR R G VALARINO

Mr Chairman, Sir, this is broken down in Wages of the Mechanical Maintenance, Wages of the Electrical Maintenance,

Wages of the Ancillary Services, Wages of the Efficiency Payment, the holiday/sick leave as far as Generation is concerned, the holiday/sick leave as far as Distribution is concerned, the holiday/sick leave as far as the Consumer Side is concerned, and the holiday/sick leave of the Electrical Section is concerned.

HON P J ISOLA

Can the Minister give a figure of average earnings in respect of wages as opposed to average earnings in the salaried side. Can he give us average earnings under wages in the Electricity Undertaking? We did get a figure in the Budget about average earnings in the public sector to be something like £67 a week. Can the Minister tell us whether the average earnings in his Department, under wages, is more or less than that? And if so can he give a figure?

HON DR R G VALARINO

In this total vote, Sir, the amount of the wages paid to the Shifts is in the region of 110%; the Maintenance 50%; and others it is 10%, Sir.

MR CHAIRMAN

You are being asked a simple question. Are you able to give an average earning for industrials in your Department? It is as simple as that.

HON DR R G VALARINO

Mr Chairman, the average wage of a shift worker is £130 per week; the average wage of a maintenance worker is £90 per week, Sir.

HON MAJOR R J PELIZA

Is it possible to break that down into basic wage, overtime, and if there are any allowances?

HON DR R G VALARINO

The only thing I can do to help the Honourable Member is

to mention that the cost of the overtime for the Generating shift out of the whole total is £70,000 per year. As far as the industrials are concerned, and if my figures are correct, I think there are 19 people on the shift.

HON M XIBERRAS

Do we understand it correctly. It is £70,000 a year for 19 persons involved in shift work? This is for overtime?

HON A J CANEPA

This is based on an investigation carried out by the Industrial Relations Office covering one full week in November.

It does not mean it is going to be the same every week.

HON M XIBERRAS

The point about this, Mr Chairman, is that we are being asked to vote a sum of money and we want to establish on what basis that sum has been arrived at.

HON A J CANEPA

On an investigation of the actual wages bill for one week in November. A week was selected and an investigation was carried out about the whole spectrum of Government industrials and this is what it worked out to be then for a whole year on the basis of that week of the shift.

HON M XIBERRAS

And does this include any new rates payable?

HON A J CANEPA

The rates which were in force on the basis of the agreement of JIC in July 1973, which is after the first two hours time and a third.

HON M XIBERRAS

So then we are right in saying, Mr Chairman, that £3,684 is paid per person for overtime purely.

HON A J CANEPA

This is essential overtime. Otherwise you do not have electricity.

MR CHAIRMAN

Any other items?

HON R G RESTANO

Same thing on Maintenance, Item 8.

HON M XIBERRAS

Under the same subhead, Mr Chairman, this is Engine Room wages. May I ask for the same breakdown, wages, overtime, numbers employed?

HON CHIEF MINISTER

The £398,000 was subhead 3.

HON M XIBERRAS

Was not the £398,000 for shiftworkers exclusively? Or was it for shiftworkers and maintenance workers? There should be another figure for maintenance workers.

HON DR R G VALARINO

Mr Chairman, I said that the wages in sub-head 3, the £398,000 covered the wages of the shift, the wage of the mechanical maintenance, the wages of the electrical maintenance, the wages of the ancillary services, the wages with the efficiency payment, the holiday and sick leave of generation, the holiday and sick leave of the consumer and the holiday and sick leave of the electrical side. All this covers Sub-head 3 Engine Room Wages Staff.

HON M XIBERRAS

What I was trying to establish, Mr Chairman, is in fact how much money goes on basic wages, how much money goes on overtime, how much money, say on sick pay. I am not interested in each of the different classifications, but in two broad classifications, namely shift and maintenance.

MR CHAIRMAN

Perhaps there should be a mathematical calculation, by subtracting 70 from 120 and that should be the basic wage.

HON M XIBERRAS

A round figure of 70. There is a basic of £60, overtime for wages and £70 and this is an all round figure for the category of workers mentioned by the Minister.

HON A J CANEPA

On the shift you have got people who are paid according to different bands. You have got a banding structure. There are people at different bands. You have your Shift Chergeman perhaps on band 18 paid £66/£67 a week; then you may have people on band 6 and they are paid £48/49 a week.

HON M XIBERRAS

Mr Speaker, we are talking about broad classification. We do not say it is not fair to pay them. We do not say it is fair to pay them. We would like to have an indication as to how they are broken down into overtime, basic wages etc.

HON A J CANEPA

The average wage on the shift must be in the region of £55 a week. The average basic wage.

HON M XIBERRAS

And the average overtime?

HON A J CANEPA

Overtime around £70.

HON M XIBERRAS

And what about holidays? Holidays and sickness? I do not think the Minister has mentioned those.

HON DR R G VALARINO

Holidays and sickness of the Generation, Distribution and Consumer, Electrical Section.

HON M XIBERRAS

Could the Honourable Member say roughly, what proportion of this amount of money, £398,000, goes on that?

HON DR R G VALARINO

The proportion is something in the order of £70,000-odd.

HON M XIBERRAS

£70,000. For how many workers involved? We are talking about 19 there?

HON DR R G VALARINO

Many more because this covers the Generation, Distribution, Consumer and Electrical section. So it is not only the shift people, it is something like 160 people.

HON M XIBERRAS

Well, I am afraid, Mr Chairman, we are not getting a clear picture of that.

HON CHIEF MINISTER

You are getting a clear picture, 160.

HON M XIBERRAS

So, it is about 160 workers. Mr Chairman, I am asking what is the amount on holiday and sickness pay payable, and for how many people.

HON DR R G VALARINO

For 160 people, it is in the region of £70,000, as I said before £400 a week.

HON M XIBERRAS

That is holiday and sickness?

HON DR R G VALARINO

Holidays when people are not working.

HON M XIBERRAS

How much extra on wages? When a holiday is taken what does the man get?

HON A J CANEPA

In respect of the amount of leave provision as an item of expenditure has been made.

HON M XIBERRAS

And these 18 days are not counted as part of the wages?

HON A J CANEPA

No. The wages are worked out say on the basis of 18 days, 3½ working weeks. The wages are, therefore, worked out on 49 weeks. 49 working weeks, that is wages, and then you have 3½ weeks separately itemised in the estimate under Holiday Pay.

HON M XIBERRAS

Oh, I see. Then I have to ask the question, Mr Chairman. What is the distinction in financial terms between holiday and sickness?

HON DR R G VALARINO

3 weeks in the year is the actual sick list estimate, except for uncertified sick leave.

HON M XIBERRAS

I am saying, Mr Chairman, what provision has been made separately for sickness?

HON A J CANEPA

Mr Chairman, we have got 52 weeks in the year. You know that people are definitely going to take 3½ working weeks of annual leave, and you estimate that on the basis of the sick leave which they have taken over a period of time, at an average 3 weeks in the year is going to be taken up by sick leave. That is in the case of the Generating Station.

HON M XIBERRAS

I am asking these questions because I think they have shed a great deal of light on one particular item, and I commend the information to the Minister for Labour who during the general debate made certain points in respect of our desire proposed by him to cut down expenditure. I hope that when he Chairs this Committee in fact . . . .

HON A J CANEPA

I do not think he has heard me. I said that it had already been announced during the general debate by the Minister for Public Works that an agreement was signed with the Unions two weeks ago where we preferred to enlist their co-operation in cutting down on sick leave, but let me tell you that if their co-operation had not been forthcoming the Government had determined already that we were going to take administrative action on the matter. Therefore people are going to be warned if they continue to take a high level of sick leave, there will be certain stages and it might

lead to their dismissal.

HON G T RESTANO

Could we have the breakdown of wages in Sub-head 8.

HON DR R G VALARINO

In that, Mr Chairman, most of it is wages, At least 80% of that one is wages.

HON MAJOR R J PELIZA

Has this got to be added on to the figures that we were given because the figures we were given before, and I suppose maintenance refers to the maintenance people? Is this another category of worker, is this the same maintenance that we heard of before. What I am saying is that we heard something of mechanical maintenance, electrical maintenance.

HON CHAIRMAN

We must be careful. You heard about maintenance and wages in respect of the Engine Room. In Sub-head 8 now there is the maintenance of the sub-stations.

HON G T RESTANO

The Minister, I think, said about 80%. So the difference is about £4,000. Is that major repairs, £4,000?

HON DR R G VALARINO

£4,000 covers repairs, maintenance and all this sort of thing.

MR CHAIRMAN

Any other items?

HON G T RESTANO

Could we have a breakdown for sub-head 9?

HON DR R G VALARINO

Wages, Cables and Distribution. In that one it does not go as far as 80%, in fact it is about 75%. The second section of it is still roughly in the section of 75% of wages.

MR CHAIRMAN

Any other items?

HON MAJOR R J PELIZA

Yes, Mr Chairman, I would like to ask if this is another set of work.

MR CHAIRMAN

Yes, it is the maintenance of cables and services.

HON MAJOR R J PELIZA

I just wondered whether it was different.

MR CHAIRMAN

Well, do not wonder because it is clear. These are votes for the different departments and is specific and clear.

HON G T RESTANO

Is there any one element of wages in Sub-head 10, Repairs and Maintenance of Instruments and Tools?

HON DR R G VALARINO

Sub-head 10, none at all. Very, very minor. It covers the Distribution Section, the repair and maintenance of instruments and tools, and on the Installation Consumer Section the testing of instruments and tools. The amount of wages there is very, very small.



HON G T RESTANO

And what about Sub-head 11?

HON DR R G VALARINO

Sub-head 11, virtually all of it is wages.

HON MAJOR R J PELIZA

Is this another set of workers?

HON DR R G VALARINO

Another set of workers.

HON G T RESTANO

Sub-head 12. Can we have the wages element there?

HON DR R G VALARINO

Sub-head 12. Almost all of it is wages. It is the meter testing people who do not form part of the shift or the mechanical maintenance etc.

HON G T RESTANO

Sub-head 13, please.

HON DR R G VALARINO

Sub-head 13, Stand-by Services. This is £8,600. As the Member will see from the bottom of the page, it says "increased cost of labour". This is a global figure which involves the whole of the Stand-by Service. After all, it is an extra allowance to workers to be on call.

HON G T RESTANO

Subhead 14, Mr Chairman?

HON DR R G VALARINO

A large section of that as well is wages, almost in the region of about 75%.

MR CHAIRMAN

Go on to 16 now?

HON DR R G VALARINO

If you look at the bottom of the page as well you will find A and B provides major repairs and increased cost of labour. They provide for the various means of transport that we have. The vans and carriers.

MR CHAIRMAN

You are being asked what is the element of labour?

HON DR R G VALARINO

The element of labour on that one, on the £14,000 on that vote, is approximately, I would have thought, of something in the region of 25%. Most of it is the running expenses on the maintenance of the motor vehicles, the actual repairs and maintenance of the motor vehicles.

HON MAJOR R J PELIZA

Obviously this is not another worker, this is I suppose, a form of allowance or that he gets £2,500 a year, that is what he gets.

MR CHAIRMAN

Are we getting an answer from the Minister on this one?

HON DR R G VALARINO

What question was asked? I have lost track.

HON MAJOR R J PELIZA

What I wanted to know is if this is one individual getting

about £3,000 a week, or an allowance given to other workers to do that?

HON DR R G VALARINO

Which item is that?

MR CHAIRMAN

Item 16, Running Repairs and Maintenance of Vehicles.

HON DR R G VALARINO

It is slightly more than 25%, it is about £5,000. The repairs, unfortunately because of Union problems, have got to be done at the Public Works Garage.

HON G T RESTANO:

Can I take it that engine room stores, replacement of office equipment, Subhead 19, technical books or equipment, none of those include a wages element.

MR CHAIRMAN:

Are there no element of wages involved in Subheads 17, 18, 19 or 20?

HON DR R G VALARINO:

There is no element of labour.

HON G T RESTANO:

Then can we have the wages element in Subhead 21, Training of Apprentices?

HON DR R G VALARINO:

Training of Apprentices has gone up considerably this year.

MR CHAIRMAN:

In all these questions you are exclusively being asked the element of wages in the particular subhead.

HON DR R G VALARINO:

The training of apprentices this year has gone up higher than other years mainly because the cost of training apprentices has shot up very tremendously over the last year.

MR CHAIRMAN:

Yes but what you are being asked is what is the element of wages in that subhead.

HON DR R G VALARINO:

The wages of the apprentices in this vote is in the region of nearly £5,000.

HON G T RESTANO:

So what is the balance used for the other £10,000?

HON DR R G VALARINO:

We have got to pay H.M. Dockyard for the training of the apprentices, which has gone up considerably.

HON M XIBERRAS:

The apprentices are obviously paid a basic rate are they?

HON A J CANEPA:

They are paid a percentage of the wage of a craftsman depending on which year they are in.

HON M XIBERRAS:

No overtime?

HON A J CANEPA:

No, thank God!

HON G T RESTANO:

Subhead 22, Staff Training, any element of wages there?

HON DR R G VALARINO:

This is for sending people to UK on Technical Courses.

HON G T RESTANO:

Subhead 23, New Services and Reinforcing of Existing Ones: what element of wages are there?

HON DR R G VALARINO:

This is labour, connections, improving metering, all this sort of thing. Improving and replacing the cable services. The labour element is something in the region of 75%.

On Subhead 24, the element of wages is something in the region of 55%. This obviously includes the cost of running depots; the wages, water, electricity, etc.

HON G T RESTANO:

Subhead 25, Improvement of Offices, Stores and Workshops.

HON DR R G VALARINO:

There is no labour element there. These are really minor improvements to the existing offices etc.

HON G T RESTANO:

How is it then that there is a b. which is a reference to increased cost of labour?

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, I think I can answer this one. It is quite clear what it is. The b. in this case clearly explains the increased provision from £4,000 in the last year to £5,000. In other words the improvements that are carried out are going to cost more because the labour itself is going to cost more, whatever labour is used. There is no element of labour as there has

been in the others where men are actually used on a particular service.

MR CHAIRMAN:

The cost of the improvements is high because the cost of labour has gone up.

HON M XIBERRAS:

This is one of the general questions I asked the FDS, what effect the increase in wages would have on other charges. I asked him last year and I ask him this year.

MR CHAIRMAN:

The answer to this one is that the improvements are not carried out by employees of the Department. The cost of improvements have increased because the people carrying them out are earning more.

HON M XIBERRAS:

This is one of the examples to which I was referring.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, a partial answer to the Leader of the Opposition. Of course one cannot give a single answer because for example, there may be another charge which has been reduced from last year, notwithstanding that that labour element will be more costly. The fact is that for budgetary reasons the amount provided in the Estimates on a particular subhead of Other Charges could actually have been reduced from previously. There is no simple answer to what the Leader of the Opposition would like to know, you cannot put a figure to it. But this is an illustration where an amount, which might otherwise have been £4,000, has had to become £5,000 this year because of the increases in the level of wages.

HON G T RESTANO:

Item 27, Public Lighting £70,000. What element of wages is there?

HON DR R G VALARINO:

Public Lighting: the wages are in the region of 50%.

MR SPEAKER:

And floodlighting?

HON DR R G VALARINO:

Floodlighting covers Main Street, Catalan Bay, Our Lady of Lourdes Procession, the maintenance of floodlighting and installation. Most of it is wages because the actual equipment

has already been there for a long time and we just keep on using it as and when necessary. In fact I might say that this year Main Street looked better at Christmas than ever before.

HON M XIBERRAS:

Yes, indeed.

MR CHAIRMAN:

Right, we will then take a vote ...

HON M XIBERRAS:

Mr Chairman, I have some questions for the Minister. How many people are involved in respect of whom provision has been made in this part of this particular Head? The labour force.

HON DR R G VALARINO:

One hundred and sixty-eight.

HON M XIBERRAS:

The other thing: were these estimates for 1979/80 drawn up on the basis of last year's? For instance was it done on the supposition that people would continue to take, say, three weeks' sick leave.

HON DR R G VALARINO:

Yes, Sir.

Mr Chairman put the question on other charges and on a vote being taken the following Hon Members voted in favour:

The Hon I Abecasis  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon A P Montegriffo  
The Hon J B Perez  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon D Hull  
The Hon A Collings

The following Hon Members abstained:

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

The following Hon Members were absent from the Chamber:

The Hon J Bossano

The Hon Major F J Dellipiani  
The Hon H J Zammit

Special Expenditure

HON F J ISOLA:

I would like to ask a question on the last item: The Supplementary funds of Electricity by the Inter Services Generating Station. We vote supplementary funds and they were obviously not used, but I notice that it is still reserved. Can we know why?

HON DR R G VALARINO:

It is still a reserve vote because figures have not yet been finalised with the appropriate authorities.

HON MAJOR R J PELIZA:

Are we still using supplies from the Dockyard or are we not. And if we are have we made provision for this in the Estimates?

HON DR R G VALARINO:

Funnily enough, over the past month or six weeks we have been supplying the Dockyard because their engines have been out of commission.

HON M XIBERRAS:

Mr Chairman, I do not suppose I shall be able to ask this question! Could I ask what is the general level of overtime for the establishment and salaries? If the Minister has the answer available, or if he can provide it at a later stage.

HON DR R G VALARINO:

Non-industrials, or industrials?

HON M XIBERRAS:

Non-industrials.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, on the basis of a corresponding exercise carried out by the IRO the figures provided show that based on the month of January, £27,408 was the overtime for a salaried staff of 38.

HON G T RESTANO:

When the figure for the total payroll was given at 168, did that include the 38 salaried staff?

HON FINANCIAL & DEVELOPMENT SECRETARY:

No.

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

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

The following Hon Members abstained:

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

The following Hon Members were absent from the Chamber:

The Hon J Bossano  
The Hon H J Zammit

Head 4 was passed.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Is this the appropriate place, Mr Chairman, to move the amendment of Head 4 of the Schedule to the Bill? I have got to move an amendment of the total amount shown in the Schedule to the Bill under Head 4; which stands at £2,200,100 at the moment and it must be increased?

MR CHAIRMAN:

I would suggest that since there are going to be other amendments before we actually take the votes on the Schedule, we make the necessary amendments of the different heads at one time.

The Committee recessed at 1.10 pm.

The Committee resumed at 3.35 pm.

MR CHAIRMAN:

I understand that the Honourable and Gallant Major Dellipiani has a statement to make in connection with the information he promised to supply the House this morning.

HON MAJOR F J DELLIPIANI:

Mr Chairman, in answer to the Honourable Leader of the Opposition, Mr Xiberras, the ratio in Primary and Middle Schools, is roughly 20 to 1, and in Secondary Schools, it is 15.5 to 1. That is a bit more accurate. In relation to the maintenance grants, in accordance with the Educational Awards Regulations, 1974, which was amended on the 4th of April, 1978, the grant for the London area is £1,409, and for any other establishment in the United Kingdom £1,305.

MR CHAIRMAN:

Mr Clerk please call the next head and item.

HON M XIBERRAS:

Mr Chairman, I hope he takes into account the points which I made earlier in the debate on his Heads of Expenditure.

Head 5 - Fire Service - Personal Emoluments.

MR CHAIRMAN:

There is an amendment, I think, on Personal Emoluments.

HON DR R G VALARINO:

There has been a clerical error and on Subhead 5, instead of 4 Sub-Officers there should be 7 Sub-Officers.

MR CHAIRMAN:

That is 79-80, I imagine.

HON DR R G VALARINO:

That's right, Sir. On the 79-80 again, on Subhead 12, there should be 48 instead of 51 firemen. The total remains the same, Sir.

MR CHAIRMAN:

That is one amendment less we have to make.

HON MAJOR R J PELIZA:

I wonder if to avoid having to go question by question if the Minister could give a breakdown of how the fire service operates. How many shifts there are, or how they are manned, and how they operate. Having said that, also whether he could give me the basic pay of the firemen plus how much they got on overtime and the hours of their shift. So that we know how many days they have off during the week and how they operate. To know say if they have a night shift etc. If he could give me a general idea, it would help and I think would save time instead of having to ask question by question.

HON DR R G VALARINO:

Mr Chairman, it is a rather complicated question and it has many parts. First of all there are three shifts in the City Fire Brigade which cover the 24 hours in the day; secondly, the number of hours they work: they were on a 56-hour week, if I am not mistaken, conditioned to 48, but they are coming down to a 40-hour week from the 30th July.

HON MAJOR R J PELIZA:

Can he explain what that means.

MR CHAIRMAN:

No, order. We will get up and make questions otherwise we will never finish.

HON MAJOR R J PELIZA:

Very good. I just don't understand what, 56 hours, and conditioned to 48 means. I just don't know what it means.

HON DR R G VALARINO:

Well, you have been long enough in the House to know what that means.

HON MAJOR R J PELIZA:

Well, I don't know what it means. With all due respect. I don't know whether the Minister knows himself.

HON DR R G VALARINO:

It just means that the extra hours are hours of overtime.

MR CHAIRMAN:

Order. I have got to be careful. We must allow Ministers to give an answer to questions and then you can ask another one. Let us not speak while they are answering.

HON MAJOR R J PELIZA:

Mr Chairman, all I want to do is to clarify the position. They used to work 48 hours as a basic and they had 8 hours of overtime on top of that, which made it 56.

HON DR R G VALARINO:

Now, Sir, they are going to work a 48-hour week conditioned to a 42-hour week, which means for the Honourable Member's information, 6 hours of overtime.

Now, the salary of the firemen is on page 133 of the Estimates, Scale 70, which I hope the Honourable Member looks up. They work 3 shifts.

HON MAJOR R J PELIZA:

They work three shifts. They work 8 hours, then 16 off - and then 8 again. Is that right?

HON DR R G VALARINO:

They work 2 days on, 2 nights on, and 2 off.

HON MAJOR R J DELLIPIANI:

I spent more time with the Department. The shifts in fact were from 8-5 in the daytime, on 2 days; then 5-8 in the morning on another 2 days; and the other two days are off.

HON MAJOR R J PELIZA:

That's clear Mr Chairman, that is what I wanted to know. The decision as I see here was to increase the number to 82 for what purpose. Could he tell us why the establishment has risen from 67 to 82? Can he explain this?

HON DR R G VALARINO:

Well, in a way you are erroneously saying the numbers were increasing from 67 to 82. Really what has happened is that there has been an additional 3 Sub-officers, 1 Control Room Operator and 12 Firemen. This was done because the City Fire Brigade is analogued to the UK Local Authority, and at the last pay settlement in Gibraltar, Firemen in the United Kingdom were conditioned to a 48-hour week whilst Gibraltar firemen were conditioned to a 56-hour week, thus obtaining 8 hours per week fixed overtime. As from the 1st of April 1979, all Firemen in the United Kingdom will have their basic working week reduced to 42 hours without any reduction in pay. An increase of 22% on present rates has been agreed in the United Kingdom with effect from the 1st November, 1978. Therefore, the Government here have decided to increase the establishment in such a manner so that the men do less overtime. Now, the reasons for keeping to a 42-hour week with the old overtime is that if we did not follow this it would mean that the Firemen would receive an exceedingly large amount of money on overtime especially which would destroy the relativity between them and the senior fire grade. This is considered undesirable and even unacceptable.

The other alternative would be to come down to a 42-hour working week by the 1st July, 1979, but this would mean bringing down the salaries actually payable to quite a low figure which could cause hardship to the men as well as discontent. The other thing is that if we have this it would have meant an additional recruitment of 21 all at the same time which is entirely beyond the resources of the Brigade insofar as training is concerned.

HON MAJOR R J PELIZA:

Did the Minister make a study of the possibility of perhaps reducing the numbers in the Fire Brigade rather than increasing them by seeking cooperation with the other Fire Service in Gibraltar. Was a study of that made and was it found impossible?



HON DR R G VALARINO:

If we are talking about a possible merger with the Admiralty Fire Service, this is being discussed. It is in the early stages of discussion and it is impossible now to say at this very minute what it is going to come out of it.

HON MAJOR R J PELIZA:

I wasn't thinking of a merger at all. I was thinking more of coverage. For instance, we know that in England, what they have done is that they have not increased the number of firemen but have I think if possible spread the coverage in such a way that this is not necessary, and I was wondering whether something of that nature could not have been done in Gibraltar as well.

HON DR R G VALARINO:

I believe what has been done in UK is that there has been merger between the different departments and this is why the cover has been there, because the merger has taken place.

HON MAJOR R J PELIZA:

Well, not so much mergers as coverage from what I have seen anyway on television. What we are doing, with all due respect, is we are trying to assimilate our pay to that of the United Kingdom. If we just assimilate the pay and not the method of arriving there, we find ourselves with a huge bill that we will never be able to foot and, therefore, this is what I am saying, has sufficient consideration been given to this. Because otherwise I think we will find ourselves in deep waters. It seems that consideration has been given, if I understood the answer correctly, and that apparently the Minister couldn't find a suitable answer.

HON CHIEF MINISTER:

The difficulty about merging, which is a matter with which I have been dealing or rather I will put it this way, there are even difficulties about a merger proper in the sense that the Admiralty Fire Brigade have got special risks to cover which the Gibraltar Fire Brigade hasn't got. They have Dockyard risks to cover and, therefore, it is completely unacceptable from the preliminary discussions that have been held, it would be completely unacceptable to have any question of sending people from one place to the other as required. That is out of the question.

Even the merger is the subject of considerable difficulty. There have been discussions and discussions are going on. They were started some months ago and then it was given up because the Dockyard were not particularly interested owing to the question of command and so on. They had been taken up again, because they have the same problem. They have to assimilate the Fire Brigade to the same hours as in England, they have to

find the extra recruits for providing the reasonable element of overtime. Even if they are entitled to 42-hour week the men don't want the 56 hours, they do not want all that overtime.

Whether we are prepared to pay for it or not they do not want it if they are getting a reasonable salary at a reasonable number of hours. That question of merger was discussed lately, not more than about 10 days ago.

HON MAJOR R J PELIZA:

I am not talking about the merger, as I said before, but if there is some understanding at the moment, suppose there was a fire, a big fire in Gibraltar now, assistance in fighting which could come from the Dockyard, wouldn't they turn out to put it out?

HON CHIEF MINISTER:

Of course there is!

HON DR R G VALARINO:

If he had been here at the time he would have realised that this happens when the Hebe went up in flames the City Fire Brigade played a substantial part in controlling that fire.

The other thing I would like to remind him is that in the United Kingdom - obviously he is in UK more than I am - but in UK the 42-hour week which these firemen have instituted has also meant a 20% increase in establishment.

HON MAJOR R J PELIZA:

What I am saying is that definitely in the UK, from what I saw on a programme on television, basically what they have done is that instead of having say 3 stations covering one area they only have 2 now, in many instances, certainly around London. But that is not the point. What I am trying to say is that looking back at the records of fires in Gibraltar, are there many instances when the full Brigade has to be used and on the occasion where perhaps something had to be used has the Dockyard Fire Brigade come to the aid to avoid us having a huge bill to foot.

Has the Minister got a record of the number of fires, big fires which have required the use of the full Brigade as we know it today.

HON DR R G VALARINO:

Not many, thank God, but let me say that the City Fire Brigade are fully equipped, fully operational and thank God if anything should happen they would be there first hand. I would like to mention here what lately happened at Varyl Begg, where the Fire Brigade was there within two minutes and did a wonderful job. Now, if the Honourable Member opposite wants to reduce the Fire Brigade so that instead of taking 2 minutes they will take

half an hour to get there and the whole place will go up in flames, then I am quite happy to put this thing over.

HON MAJOR R J FELIZA:

I am not suggesting any such thing. What I am saying is whether with the same force that we have today, without any increases, we could not do more or less the same job as we are doing now always bearing in mind that if there is a big fire at which the full force is required at any particular time the Dockyard Fire Brigade would be happy to provide the necessary service.

MR CHAIRMAN:

Yes, the point has been made.

HON CHIEF MINISTER:

The shifts are made in accordance with the standing customs and you cannot trim the shifts, otherwise you don't get an operational Fire Brigade.

HON M XIBERRAS:

Could the Minister tell me what was the financial balance in the two alternatives which he has outlined to the House. Not what the men want, nor what the Government wants but on pure financial terms what was the cost of one scheme and what was the cost of the other scheme. The scheme of either taking on more people or increasing the number of overtime hours required by the City Fire Brigade.

HON DR R G VALARINO:

If we had stayed on the present establishment and paid 14 hours a week fixed overtime, the estimated cost would have been \$377,000 annually: that is \$62,000 over the amount in the Draft Estimates for 1979-80. That would have been then \$62,000. If we chose the other, which is the increase in the establishment and reduced working hours to 43 hours a week thereby paying only six hours fixed overtime per week, the estimated cost would be \$350,000 annually, which is \$35,000 over the amount in Draft Estimates for 1979-80.

HON M XIBERRAS:

Do I understand it is that in fact this alternative is the cheaper of the two?

HON DR R G VALARINO:

No, there is a third one. The third one is to go all the way down to 42 hours which would have meant a larger increase in the establishment and reduced to the 42-hour week with no fixed overtime. The estimated cost would have been \$326,000 annually which, is \$11,000 over the Draft Estimates for 1979-80.

HON M XIBERRAS:

I see, Mr Chairman. Perhaps the Honourable Member might have made a better case for himself if he started on that.

Mr Chairman, could the Honourable Member say whether into this computation has gone things like pensions and other costs. or is this just basic wage.

HON DR R G VALARINO:

Basic wages only.

HON M XIBERRAS:

Does the Honourable Member not consider it fair in providing such an answer to take into account such things as liabilities that would be entered into? And can the Government defend its position not only from the point of view that it is unacceptable to the men, but also that it would be beneficial to the taxpayer? In other words are they prepared to say that this is the cheapest of the options?

HON A J CANEPA:

I mentioned something yesterday, Mr Chairman, during the general debate which is relevant. Remember that I said about the loss of craftsmen from elsewhere, from other Government departments, perhaps into the Fire Service. How do we weigh that up. If you increase the establishment beyond 12, the cheapest alternative is to go down to 42 hours and employ even more men. That means you have got bigger liabilities in respect of pensions and gratuities at the end of the day, and the likely loss of craftsmen from elsewhere. So how do you compare that with working 56 hours, which the service may not be so efficiently because the men are having to put in more hours, but you have no greater liability for pensions, but more overtime. It is very very difficult to take all the factors into account.

MR CHAIRMAN:

We are not going to debate the merits each particular alternatives have under any circumstances. What we are doing is we are voting \$298,200 for salaries.

HON M XIBERRAS:

We are considering on this side of the House whether to vote on this.

MR CHAIRMAN:

Precisely.

HON M XIBERRAS:

And that is why we are trying to find out information Mr Chairman. In fact, Mr Chairman, my reservation arises from

the fact that now we have a cheaper solution which nevertheless involves an increase in the staff available. I am over-suspicious of this source of economy and, therefore, it must be looked at very carefully.

Could the Honourable Member say, in respect of the same head of Establishment, why it is that it is necessary to create 3 Sub-Officers in the place of 4 that existed last year, and increase the number of Firemen only from 39 to 48 rather than to 51. That is the correction, the amendment, the Honourable Member put to the House.

HON DR R G VALARINO:

We are increasing the Sub-Officers from 4 to 7 so that by promoting the 3 additional Sub-officers there will be one for each watch.

MR CHAIRMAN:

You have given the answer once already.

HON M XIBERRAS:

Staying with the Sub-officers for the moment, he said there were 3 watches: there are 2½ and 2½ Sub-officers per watch. Is it a question of leave? What does exist now?

HON DR R G VALARINO:

Three watches exist now.

HON M XIBERRAS:

Why is it necessary to increase the number in order to have a Sub-officer per watch.

HON DR R G VALARINO:

At the moment we have 4 Sub-officers and we are increasing them to 7. Due to the increase in the number of Firemen it is necessary now to increase the Sub-officers, the force in general, and produce an extra Sub-officer for fire prevention for each watch.

HON M XIBERRAS:

I see. So really the extra number of Firemen that are being recruited has nothing to do with the watches, and, therefore, proportion must be kept between the number of Sub-officers and the number of Firemen? There is one Sub-officer for every 7 Firemen?

HON DR R G VALARINO:

They work to a roster this is what I meant.

HON G T RESTANO:

Can this be clarified. If the Minister would say what the 3 shifts consist of, what each shift consists of. How many Sub-officers, how many Firemen and so on.

MR CHAIRMAN:

We are getting down to details which are not relevant to the Estimates as these are matters which can be clarified as a simple enquiry at a later stage. I am allowing another 5 minutes on this but no more under any circumstances.

HON M XIBERRAS:

I appreciate that, Mr Chairman, very much. I will try not to go into detailed examination of everything.

MR CHAIRMAN:

When you want to know the number of Firemen on a watch you can enquire.

HON M XIBERRAS:

Yes, Mr Chairman, but as a Fireman, as a Labourer and a Clerical Officer.

MR CHAIRMAN:

You are not talking about the earnings, but the actual composition of a watch.

HON M XIBERRAS:

Precisely. This is reflected in the Estimates at the end of the day.

HON DR R G VALARINO:

I am quite willing to give the details which the Honourable Member wishes. In each watch there is a Station Officer, 2 Sub-officers; 2 Leading Firemen; and 16 Firemen.

MR SPEAKER:

Let us take a vote. Those in favour, those against, carried.

Personal Emoluments - were agreed to.

Other Charges

HON MAJOR R J PELIZA:

I think Mr Chairman, the running of the Station and vehicles I think we touched on that last time. It has increased by another £3,000. I think last time we drew attention to this, we thought it was quite excessive £37,000. Now we have got another

£3,000. Can the Minister give an explanation?

MR CHAIRMAN:

We have an increase of £3,000.

HON DR R G VALARINO:

Subhead 3 covers for a lot of material. Electrical Generator; foam compound, hydraulic standing jaw; fire fighting hose, climbing equipment, radio equipment, extension ladders, manometers, breathing apparatus and a whole lot of things. We have got the maintenance of the fire hydrants there, we have got the running expenses of fire engines, we have the maintenance and running expenses of the fire station including the wages for part-time cleaners, for the two part time cleaners, we have got the clothing and equipment of 1979 and 1980 which will include the equipment ...

MR CHAIRMAN:

Yes, but you are being asked a simple question. To what do you attribute the £3,000 increase on this particular subhead.

HON DR R G VALARINO:

Increased costs on all these items, Sir. That's the answer.

HON MAJOR R J PELIZA:

On the question of vehicles, Mr Chairman, how much is actually spent on vehicles. He said the running of the Station and vehicles. I suppose it is petrol or diesel must go into that. Could he give me an idea how much they spend on that.

HON DR R G VALARINO:

If he refers to running expenses of Fire Engines, which is what the Honourable and Gallant Major Peliza means, the estimate for this is £8,000.

HON M XIBERRAS:

There was a point, I think it was last year, on the question of petrol, how much was used for petrol and there was a breakdown given. In fact at that particular time the sum seemed exorbitant. I would like to know what the fuel content of that vote is?

DR R G VALARINO:

The fuel content of that vote - remember it is 100% High octane gasoline - is in the region of £3,200.

HON M XIBERRAS:

Fire Precautions Government Premises. Subhead 8. Could the Member say what this is about. There is a decrease in fact of

£1,500 and yet in certain parts of Gibraltar we have, during the course of the past year, had certain trouble. For instance in the question of the Varyl Begg Estate. What is the decrease due to?

HON DR R G VALARINO:

The decrease is due to the fact that this year we thought we would have enough with £1,500 to cover these expenses. I am sure that the Opposition will be glad to hear that we have had a cut in our expenses.

HON M XIBERRAS:

Can he tell me, Mr Chairman, what has been left out. Is it fewer fire extinguishers. I don't know.

MR CHAIRMAN:

I don't think Ministers can be expected to tell this House whether fire extinguishers in one particular building owned by Government has been put down.

HON M XIBERRAS:

I was merely putting a proposition, Mr Chairman. What I wanted to know in fact, I thought the vote referred to Government premises, namely flats, and there has already been one incident in a Government flat.

MR CHAIRMAN:

No. It has been made completely and abundantly clear that it is Government premises and not dwellings.

HON M XIBERRAS:

The point, if I may say so, Mr Chairman, remains, and that is the Minister responsible for safety? Is the Fire Brigade affording adequate cover for all premises? For Government premises yes. I am asking him what has he left out this year. Is it the non replacement of equipment or what is it?

HON DR R G VALARINO:

We are only replacing equipment that is necessary to replace. We have got some dry fire extinguishers, CO<sub>2</sub> Extinguisher, means of escape notices, fire notices, and the refilling of the carbon dioxide extinguishers and spares. These add up to £1,500.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 6 Governor's Office - Personal Emoluments

HON F J BOLA:

There is only one person in this establishment, the Senior Messenger. There is no Junior Messenger just one Messenger, but I noticed that he gets a salary, he gets overtime, and he gets allowances. Or rather, am I right in thinking that if that person gets the salary, the overtime and the allowance, it totals \$5,400 a year, or \$123 per week. Is that correct?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, that is not correct. The salary and overtime are attached to the one post, Senior Messenger. The allowance is a Substitution Allowance which is payable to the Deputy Governor when acting as Governor.

Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 7 House of Assembly - Personal Emoluments.

MR CHAIRMAN:

May I say here that the overtime does not apply to the Speaker!

HON M XIBERRAS:

Mr Chairman, could I ask the Honourable and Learned the Chief Minister whether he has had any news from Mr Pring on the question of Members' salaries.

HON CHIEF MINISTER:

No, Sir.

MR CHAIRMAN:

Anyway, if I may perhaps stick my neck out I think Mr Pring will be reporting to the Speaker.

HON CHIEF MINISTER:

There was a point as to whom he should report to and I suggested he should report to the Speaker. He would ring us up quickly!

HON M XIBERRAS:

In that case, could I ask you the same question.

MR SPEAKER:

I think the Chief Minister has given the answer. The answer is no, most certainly.

HON M XIBERRAS:

Mr Chairman, I do not know whether to address this question to yourself or to the Honourable and Learned the Chief Minister.

MR CHAIRMAN:

I think to the Honourable the Chief Minister.

HON M XIBERRAS:

Is the Chief Minister in agreement that the new allowances for members, even though they would not be payable to members of this House, should nevertheless be announced in good time before the next election.

HON CHIEF MINISTER:

The whole intention of bringing Mr Pring to Gibraltar 18 months at least ahead of the normal time for an election is for him to have time, for the matter to be debated, for the recommendations to be studied, and for people to know well in advance of the elections what allowances they are going to get so that they can decide one way or the other whether it suits them or not to stand for election.

HON MAJOR R J PELIZA:

Mr Chairman, may I suggest that the decision should be taken before the next election.

HON CHIEF MINISTER:

Yes. It would be unfair to ask the next legislature to vote its own money.

Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 8 Housing - Personal Emoluments.

HON M XIBERRAS:

On Personal Emoluments. Could I ask in relation to the non-industrial staff what the level of overtime is in this department.

HON H J ZAMMITT:

Mr Chairman, the provision is for £10,000 this year, which is a reduction on last year's overtime.

HON M XIBERRAS:

Mr Speaker, I take it the Warden Structure will come under

debate.

Is the Warden and the four district wardens responsible for the whole of Government property in Gibraltar, in the sense of flat dwellings?

HON H J ZAMMITT:

Yes, Sir, they are.

Personal Emoluments were agreed to.

Other Charges.

HON G T RESTANO:

Mr Chairman, could I ask what is the wage element in Subhead 5, Is it broken down into overtime as well, I'd be grateful.

HON H J ZAMMITT:

Mr Chairman, Subhead 5 provides for one Assistant Caretaker, which is some £2,900, and then the electricity charges based on £3,000 a quarter is £14,000, which is the £17,000 provided.

HON G T RESTANO:

What is the wage element?

HON H J ZAMMITT:

There is only one wage element of £2,889.

HON G T RESTANO:

And no overtime?

HON H J ZAMMITT:

No, Sir, he is also on a six-day week, and gets an Efficiency Bonus, which is just £2.

HON G T RESTANO:

Mr Chairman, the same question on Subhead 6 Supervision Crown Properties.

HON H J ZAMMITT:

Mr Chairman, Subhead 6 concerns 7 Maintenance Wardens; 7 Assistant Wardens, which are the people I referred to earlier as being on a 40-hour week as industrials. So, therefore, there is very little overtime, if any, concerning them. Caretaker on a 5-day week, he may get a small amount of overtime, one driver and 16 labourers. These, of course, do get an element of overtime.

HON G T RESTANO:

I didn't really ask whether there was overtime or there wasn't overtime, I asked for figures. Can we have figures please?

HON H J ZAMMITT:

Yes, £6,000 overtime, Sir.

HON G T RESTANO:

So if there is £6,000 overtime, what is the wage element then, the basic wage element in that £102,000?

HON H J ZAMMITT:

I'm sorry, I don't quite understand the question.

HON G T RESTANO:

Is it all wages or is there anything else other than wages?

HON H J ZAMMITT:

Mr Chairman, I'm sorry. I had a piece of paper. I seem to be losing papers galore today. The breakdown of the £102,000 is £6,000 overtime and there are of course material to be taken into consideration, and then the remaining amount as I say ...

MR CHAIRMAN:

You are just being asked what is the element of wages in that figure?

HON H J ZAMMITT:

The element of wages exclusively?

MR CHAIRMAN:

Exclusive of Overtime. If you have not got it you could give it later.

HON H J ZAMMITT:

I did, Mr Chairman, I just cannot find it.

MR CHAIRMAN:

Well you could provide the information at a later date, I'm sure. Any other questions on the Head.

HON G T RESTANO:

The same question on Subhead 7, Maintenance of Government Housing, which is nearly a million pounds. I should like a breakdown there too.



MR CHAIRMAN:

Is the Minister with us? You are being asked what is the element of wages.

HON H J ZAMMITT:

Mr Chairman, I must apologise because I had the papers. Here we are. Head 7.

MR CHAIRMAN:

£948,000. We want the element of wages and overtime.

HON H J ZAMMITT:

All that I can say, Mr Chairman, is that they are employees of the Public Works Department, 248 men that are concerned with working in the maintenance of housing. But here I am afraid I cannot go further, or give details.

MR CHAIRMAN:

Might I ask. Is this direct labour from the Department.

HON H J ZAMMITT:

From the Public Works Department which of course we do not control.

MR CHAIRMAN:

Then that is the answer. That is a bill presented to you by the Public Works Department.

HON H J ZAMMITT:

That's right, Sir.

HON G T RESTANO:

If the Minister has no control over these 248 men how is it that nearly £1,000,000 for these men is recorded under his own vote? Does he have no control over them? He just pays them? Who's responsible then for them?

HON H J ZAMMITT:

Mr Chairman, this question has come up for the second year running. It is a matter of having, since we tried to fund housing costs, that we make provision for this particular amount. It is quite true to say that I don't control the labour or even know exactly who is working. The Public Works control it and as I said before we have absolutely no mistrust between departments. We are quite happy with the situation at present.

HON G T RESTANO:

Is the revised estimate for that head for 1978/79 £123,000 or £1,123,300.

MR CHAIRMAN:

It's £1,123,000.

HON G T RESTANO:

Can he explain how is it that the estimate for the year was in fact doubled by the Public Works Department. Has it done tremendous amount of work for him or what? Does he know? It seems to me an uncommonly large amount to exceed a vote by, isn't it, £800,000 odd.

HON M K FEATHERSTONE:

This is the actual cost of labour and material that are provided by the Public Works Department for the Housing Department. The reason why there was such a tremendous increase was that the back-pay to 1976 came in the year and of course all the work that had been done over those years had to be put against the actual vote. That is why you have this tremendous, or apparently tremendous increase.

HON G T RESTANO:

Well then, may I ask the Minister for Public Works what of the £948,000, is wages and what is overtime.

HON M K FEATHERSTONE:

The basic wage for approximately 320 men is £726,600. The estimated overtime is £120,600; the Efficiency Bonus is £22,500; the allowances, etc £9,000; the amount put aside for job price contract is £39,800; and materials used on a 75% to 25% ratio labour/materials basis is £300,000. I think you will find that that gives you a figure somewhere around £1,400,000, of which the amount that is thought to be done for housing is £948,000. The rest goes on other Government works.

HON G T RESTANO:

Mr Chairman, one thing surprises me. "The amount that is thought to be for housing." "thought". I mean these are figures, don't we have the accurate figures, doesn't the Government have the accurate figures?

HON M K FEATHERSTONE:

No, we do not have the accurate figures we cannot tell you for the year ahead how many requisitions we are going to get or what those requisitions are going to refer to exactly. We can only do it on past performance. We can only take an average. We might get fifty requisitions for roofs, which are very expen-

sive, or we might get fifty requisitions for changing a lock, which is very cheap. Therefore, we have to do it on an average basis, and therefore, we have to say what we think it is going to be. We cannot say exactly what it's going to be. This is estimating, this is not looking to what has actually happened.

HON M XIBERRAS:

Mr Chairman, the House will recall that last year, I believe it was last year, we voted against the Housing vote precisely because of this point. I would like very briefly to say that our objections are obviously the same this year, namely that the principle of Ministerial responsibility is in our view breached for pure matter of convenience. In other words the obstacle not being insuperable, to put this particular sum under the Public Works Department but including it in the Housing Fund for the purpose of calculating the cost of running the Fund.

For the purposes of this House it appears very much that it is the Minister for Public Works who knows what is being done with that money and not the Minister for Housing, in whose vote this money appears. Furthermore, the Housing Department has no expertise available to the Minister for Housing, who is technically responsible for this, to be able to judge whether the money is being well used, whether the jobs are being done, and whether tenants are being given a service. He has to rely on the Minister for Public Works.

I brought a motion to the House some time ago, in which I pointed out that there was very bad liaison between the Housing Department and the Public Works Department and I was told that a Ministerial Committee had been set up to discuss this matter. To my surprise I find that the vote is still, in what we consider to be the wrong place. It is a matter which affects Government tenants very, very closely. Therefore, on this occasion too we shall be voting against this particular vote.

HON H J ZAMMITT:

Mr Chairman, I said before, this is a matter that has been raised before, certainly last year. The only thing that the Honourable the Leader of the Opposition ought to realise is that if we were to have the expertise to control to our own satisfaction and not forgetting to lose sight that we are working as a Government to department between department, it would cost an enormous amount more because I would require at least a PTO I, and I'd require Surveyors ...

MR CHAIRMAN:

I do not wish to get involved in the principle as to how this particular vote should be run. That is a matter of principle which should have been touched on the Second Reading of the Bill. We have mentioned it to the extent that we can afford to do so when we are discussing the estimates item by item, but we must leave it there.

HON M XIBERRAS:

Mr Chairman, I appreciate that this goes into almost the importance of a general principle, the principle being that of Ministerial responsibility. We are not saying that no money should be spent on this, but that this money should be in another part of the estimates of expenditure.

Now, could I again ask the Government to reconsider this position. Mr Chairman, it is very difficult when it comes to the Second Reading of the Bill to be able to ...

MR CHAIRMAN:

With due respect to the Leader of the Opposition. It was evidently clear on the preparation of the estimates where this vote was and it could have been raised at its proper time, when the principles of the Bill was being discussed. I have allowed, and I think in fairness to me I have been liberal because we are in Committee, I have allowed the matter to be ventilated. What I am not going to allow to happen is that we should have a debate on the merits of it being in one or in the other.

HON M XIBERRAS:

Mr Chairman, the only thing is that we have to try to show in the House the reasons why we disagree with this.

Could I ask the Minister then for what reason, other than the fact that it is included in the Housing Fund, an expense in the Housing Fund, is this vote where it is? Is there any other reason for it? And would he not agree that if it were in the Public Works Department vote it could equally well be put in the Housing Fund. Is there any other reason?

MR CHAIRMAN:

We will then get into the position which I say we can not get into. I will allow you to give a short answer, which will be the end of the matter.

HON H J ZAMMITT:

Mr Chairman, Sir, I'll make it a very short answer. Of course it is for a very good reason. It is the Housing Manager who as the Controlling Officer can ask the Public Works Department to do something which is a Housing priority.

HON M XIBERRAS:

The Housing Manager, Mr Chairman, is as I understand it, a Clerical Officer who knows nothing about these matters. He knows absolutely nothing, with all due respect to the Minister about repairs and maintenance.

HON H J ZAMMITT:

He certainly knows the priority of the Housing Department.

HON M XIBERRAS:

He doesn't know enough to be able to judge whether the work is being done properly or is not being done properly.

MR CHAIRMAN:

We will leave it there now.

HON G T RESTANO:

Mr Chairman, may I ask. The revised estimate for that subhead was £1,123,000 and the estimate is now £948,000 which is a reduction of about £175,000. Can I know what the reason for this is? Why is there a decrease of £175,000. Is it that Government houses are not going to be maintained in the coming year?

HON H J ZAMMITT:

Mr Chairman, the Honourable Member must not forget there was a Pay Review and arrears during 1978/79.

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

The Hon A J Canepa  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon A P Montegriffo  
The Hon J B Perez  
The Hon A W Serfaty  
The Hon H J Zammitt  
The Hon D Hull  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon J Bossano  
The Hon Major R J Dellipiani  
The Hon Dr R G Valarino

Special Expenditure was agreed to.

Head 9 Income Tax Office - Personal Emoluments was agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

(1) Head 10 Judicial Court of Appeal. was agreed to.

(2) Supreme Court - Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

(3) Magistrates and Coroners Court - Personal Emoluments.

HON MAJOR R J PELIZA:

Mr Speaker, I see that this is a new post and in fact there was a new post in the other vote as well. In one case the post is Paper Keeper and in the other it is Senior Paper Keeper. Could someone explain to me what this is?

HON ATTORNEY GENERAL:

Mr Chairman, perhaps I can explain that. In the case of the Supreme Court it is an Usher/Messenger, in the case of the Magistrates' Court I am informed that the Senior Paper Keeper is in fact the Process Server. I think in either case let me summarise by saying that they are the men who attend to miscellaneous matters. This is substitution.

MR CHAIRMAN:

A new nomenclature.

Personal Emoluments - were agreed to.

Other Charges - were agreed to.

Head 11 Labour and Social Security - Personal Emoluments.

HON M XIBERRAS:

Mr Chairman, would the Honourable Member give the House some sort of indication of what has been done in this respect.

HON A J CANEPA:

I did this during the course of the debate, Mr Chairman. In the first part of my speech I dwelt at some length on the Construction Training Industry, and on other matters on Industrial training.

HON M XIBERRAS:

Perhaps I missed the Honourable Member's intervention in that respect. Was there any special scheme?

HON A J CANEPA:

I detailed that as well, yesterday.

HON M XIBERRAS:

Will he say whether there were one, two or three?

HON A J CANEPA:

More than three, appreciably more than three.

HON M XIBERRAS:

I see. And the Industrial Training Board has met regularly?

HON A J CANEPA:

No. It doesn't exist, Mr Chairman. It still has not been reconstituted. We are awaiting nominations.

Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 12 - Lands & Surveys - Personal Emoluments.

HON P J ISOLA:

Could I ask if the Government is satisfied that the Lands & Survey Office is properly staffed and equipped to deal expeditiously with the Development Programme which rises to its peak in 1979/80?

HON A W SERFATY:

The Department has undergone a staff inspection under which the number of Clerical Officers have been reduced from 6 to 4. But I think on the whole that there has been a great improvement in the working of that Department.

HON M XIBERRAS:

Mr Chairman, how many of the personnel there - page 46 - have to do with the Development Programme?

HON A W SERFATY:

None, really, not with the Development Programme as such, except serving the Development and Planning Commission, but that has nothing to do really with the Development Programme.

Personal Emoluments were agreed to.

Other Charges.

HON M XIBERRAS:

Mr Chairman, there is an unfortunate, disastrous and distasteful state of affairs prevailing at the Cemetery whereby by private

contract people have been paying something in the region of £70, at the last count and this was apparently settled after some to do. If I were to die Mr Chairman, God forbid not yet, at least not until the budget is over, I don't know whether I would receive favourable treatment in that area, but could I ask whether whoever is responsible for the Gravediggers, Mr Chairman, could I in fact ask whoever is responsible for this part of the operation - I think it is the Honourable Mr Serfaty - whether there is a set method of payment for dealing with vaults and so forth, or is it still done by private treaty? Are people in rather dire circumstances asked to pay quite hefty sums of money to see that their relatives and so forth receive burial?

HON A W SERFATY:

I am trying to find out how much of the £30,000 would ...

HON CHIEF MINISTER:

They are not following the vein of my colleagues. I have a recollection that after the complaint made by the Honourable Member, the Planning Secretary, who is virtually in charge of the Cemetery, did take up the matter. Certainly I have heard of some of the abuses to which the Honourable Member referred at the time, I have not heard of any since but it doesn't mean that there may not have been, but I think that the matter is certainly not so acute by now. But I am prepared to look into it because there is nobody responsible.

HON M XIBERRAS:

I heard that there had been some sort of agreement between the Union that represents these men and management was attempted but failed.

I think there was an attempted agreement between the Union and management but in fact failed. That is the last I heard of it. I have not heard of any exorbitant amounts being charged as of late, but often in these cases those affected do not want to take the matter up openly. I think it is a small but very important aspect.

HON CHIEF MINISTER:

I have just heard something which the Honourable Member has brought up that seems to mean that the thing is not settled. My colleague has just told me - he doesn't want to mention it himself - of an experience which warrants my looking into the matter. And I say my looking into the matter because there is nobody else responsible and I must assume responsibility as Chief Minister to see that it is done.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 13 Law Officers - Personal Emoluments were agreed to.

Other Charges.

HON G T RESTANO:

I do not know whether this is the correct place to ask this particular question, but I remember that we were told in this House that the Government was taking the landlord of 197/201 Main Street to Court for having ...

MR CHAIRMAN:

It most certainly is not the right time to ask.

HON G T RESTANO:

We were told it was going to be done in January, that they would be taken to Court in January.

MR CHAIRMAN:

Whether they have been taken to Court I don't think will affect this vote.

HON G T RESTANO:

Well, I just wanted to get confirmation whether in fact the Landlord of that particular tenement had yet been taken to court or not?

HON ATTORNEY GENERAL:

Mr Chairman, I am happy to answer that query, if I may. I don't think it was said that the Government would take the landlord to court. I think what was said was that the Government would take all the necessary action, having first allowed the private parties involved to try and restore it themselves. The position is that I cannot say at this stage that the Government has taken the landlord to Court but the Government is taking action. That is as much as I am able to say at this stage.

HON G T RESTANO:

Could I ask what that action is?

HON ATTORNEY GENERAL:

Mr Chairman, I was not really prepared for this. I will simply say that the matter is being pursued.

MR CHAIRMAN:

You can ask under any vote. This is a specific question about a specific case which is not relevant to the Estimates.

HON G T RESTANO:

I think since we are considering the Head pertaining to the Law Officers and we ...

MR CHAIRMAN:

One mustn't assume that just because we are voting personal emoluments for the Law Officers and his staff that you are entitled to ask any question you feel, because otherwise we could be here for a long time.

HON G T RESTANO:

That is why I am asking whether this is under this vote. I am asking advice under which vote I can ask the question, Sir.

MR CHAIRMAN:

None of the votes will allow you to ask such a question. I think I have been liberal enough to allow you to ask questions to the extent that you have got a general answer. You could ask a question at the next House, perhaps but not in this meeting.

Personal Emoluments were agreed to.

Special Expenditure was agreed to.

Head 14 Medical and Public Health - Personal Emoluments

HON M XIBERRAS:

One approaches this vote, Mr Chairman, with certain amount of trepidation because I remember that after voting certain amounts at budget time, half way through the year we get substantial increases in the vote. He always gets a good reception. Mrs Thatcher had better take note of this. The Opposition is out to make cuts in the services which are essential to the well being of the people of Gibraltar. But Mr Chairman, nevertheless, we have to be prudent and we have to examine the estimates, even though I am sure my colleagues and myself will vote in favour of the items here.

The level of overtime in the Medical Department was mentioned by an earlier speaker on the Government side. Could the Honourable Member give us an indication of what this level of overtime, necessary as it may be, is.

HON A P MONTEGRIFFO:

I will first deal with Personal Emoluments and the level of overtime. The level of overtime has prior to parity been roughly £50,000. In Personal Emoluments there are no revised figures, it is not the custom to produce revised figures, but the revised figures after parity comes to £99,000, which is what we are provided this year.

The Honourable Member must appreciate that we are a 5-day week department but that we have to cover a 7-day week. In addition the Porters are working a 37-hour 5-day week but have also a 7-day cover commitment. Not only is there an element of overtime during the normal working week, but there is also roster over-

time for Saturdays and Sundays. Then you have got to pay for the Dispensary to open: the X-Ray Department also get substantial overtime when the Consultant Radiologist visits every six weeks. They work very hard throughout the weekend and they work until about midnight. I must admit, however, that since the matter of overtime generally was raised and individual cases were examined by the Industrial Relations Officer 3 or 4 cases have been highlighted which I consider myself to be disturbing. I wouldn't like to mention names but they are being investigated. It would perhaps save £2-3,000. The overtime is mainly divided amongst 370 persons. The total number of staff is 395 out of which 26 are not entitled to overtime. So 269 non-industrials are entitled to overtime.

It must also be remembered that with the shortages of staff we have got to pay overtime to other staff. I wish we were able to recruit all the staff that we need and then perhaps there would be less overtime paid out. Let me tell the House that because we have taken overtime into account we have not made the full provision for money under personal emoluments for the full staff. But it is just one vote and we can draw on the overtime to pay for salaries of these people.

HON P J ISOLA:

Is it different people who get overtime and allowances or is it the same people. I notice that there is an amount for "Allowance". Is that for a specific kind of overtime?

HON A P MONTEGRIFFO:

No. If a nurse works in a Geriatric Ward she gets an allowance; if she goes to KGV, there is an allowance; if she is doing a VD Clinic she gets an allowance for that; and there are different kinds of allowances.

Personal Emoluments were agreed to.

HON P J ISOLA:

Does the Minister know when the Geriatric Ward, the Stagnetto Ward, will be opened?

MR CHAIRMAN:

Let's call Other Charges and then we can do that.

Other Charges.

HON A P MONTEGRIFFO:

I did say in my speech that if we were to recruit, and we are likely to get some people coming out of the School by the end of this month, by the end of May, I think I did say, there is a possibility that at least the Stagnetto Ward will be opened by the end of May. I am not giving a firm commitment. It depends on whether we recruit staff and the people in School make the grade: then it could be done. All I have been able to do at the

moment is to provide segregation at the KGV.

I am afraid I cannot give a commitment. Until I get the staff it is impossible to open. I did say yesterday, I think I mentioned, there were 20 staff vacancies.

HON G T RESTANO:

The total requirement of staff in the establishment is 395. Is it that at present there are 375 and we are 20 short there?

HON A P MONTEGRIFFO:

Yes, in that particular figure.

HON G T RESTANO:

Will that mean that the estimates are likely to come down. For example the Minister has said that he hopes, he is not certain, he will have enough staff to open the Stagnetto Ward by the end of May but certainly give no commitment for the Children's Ward. How much staff does he expect to recruit by the end of May, and how much more staff is required to open the Children's Ward.

HON A P MONTEGRIFFO:

I said that if we were able to recruit some staff now, because remember that the staff we recruit will have to go into school, and therefore you cannot let them loose in a ward. If we are lucky it may be if we get the right type of people and they get through their examinations it may well be that the Children's Ward can also be opened, say in June. I do not want to make any commitments so that I am not accused - I would rather be accused of being a fool than of being a liar.

HON G T RESTANO:

How many would he require to open the Children's Ward and how many does he still require to open the Geriatric Ward, the Stagnetto Ward?

HON A P MONTEGRIFFO:

I would say about 26 for both wards more or less.

Other Charges were agreed to.

Special Expenditure.

HON G T RESTANO:

What does this new equipment refer to?

HON A P MONTEGRIFFO:

I was expecting that question and I brought down the list for the first time this year. Such items as for example auto-claves, Unisee Alarm Systems, a Counter system for the labora-



tory and things like that.

Special Expenditure was agreed to.

Head 15 Police - Personal Emoluments was agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 16 - Port - Personal Emoluments were agreed to.

Other Charges.

HON G T RESTANO:

May I have some figures on subhead (8) in respect of £35,500.

HON A W SERFATY:

Quite a number of items, and I will read through the details. Latrine Attendants, for example; Water Cleansers; Overtime; Productivity Allowance; cleaning materials, overalls, rubber boots etc; clearing of berths; a token figure; oil pollution; fenders; gangways; lifebuoys, including shutters; wires; stabilisation; repairs and surveys of moles done by the Department of Environment; minor repairs to old moles, also a token sum of £100. Revenue walls, hosing etc; fire hoses, transport and removal of scrap; heavy loads of broken fendering debris etc; making and painting of notice boards and designation of parking areas; and equipment for the water.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 17 Post Office Savings Bank and Philatelic Bureau.  
(1) Post Office and Savings Bank - Personal Emoluments.

HON MAJOR R J PELIZA:

Mr Chairman, on the question of the express letters. In the meantime you may give me a ruling on this. Whether they are rated now under personal emoluments or whether it should come under conveyance of mails, which is subhead (5); contribution to the International Bureau; which ever you say, Mr Chairman, but I thought perhaps ...

MR CHAIRMAN:

Let us see what you have to say first and then I will decide.

HON MAJOR R J PELIZA:

The point which I raised before and we got to the stage where

you suggested that it would be ...

HON CHIEF MINISTER:

Mr Chairman, can we leave the Post Office for the moment and deal with something else. Things were going so fast that the Minister thought we would not reach this stage and he is not in the House.

MR CHAIRMAN:

There is no reason why we shouldn't jump ahead. We shall then call Head 18.

Head 18 - Prison - Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

MR CHAIRMAN:

I am sure that there are going to be a fair amount of questions on Public Works. It is ten minutes past 5 o'clock so perhaps we should recess now for tea. When we come back we will go back to Post Office and then go on to Public Works. So we will have a recess now for tea.

The Committee recessed at 5.10 pm.

The Committee resumed at 5.50 pm.

MR CHAIRMAN:

Mr Clerk, will you call Head 17 Post Office.

Head 17 - Post Office Savings Bank and Philatelic Bureau.  
(1) Post Office and Savings Bank.

HON MAJOR R J PELIZA:

I wonder, whether as I said before, I should ask the question on the Express letters at this stage or later, perhaps under Item 5 or Item 10, but it is entirely up to you, Mr Chairman.

MR CHAIRMAN:

One could safely say that there is no specific subheads on other charges dealing with this one. I think perhaps definitely under Personal Emoluments people would be paid to carry out this particular service, and you could ask generally without getting into specifics.

HON MAJOR R J PELIZA:

What really worries me, Mr Chairman, is - I think I have had an answer from the Minister already but I could not pursue it at the time because it was more on the details than the principle as you ruled. What I was worried is, and certainly I am not

going to be the person who would do that, but if some dissatisfied individual, particularly abroad, were to write to the Postal Union on this question what would be the position here of the Government here, what would they say, knowing as they do now from the record of the House that we haven't got an incoming express letter service. Certainly out-going I think there is no problem but any incoming express letter I think could cause embarrassment if that were to happen. What would the Minister do?

HON I ABERCASSIS:

Sir, there is no indication that anybody is going to write to the Postal Union because they haven't written to the Director of Postal Services. I said last night, Sir, that there were no complaints at all recorded in the Post Office. I understand, and I appreciate that the Honourable and Gallant Member may be upset because one of his letters may have gone astray, but the fact remains not a single complaint has been received in the Post Office, Sir.

HON MAJOR R J PELIZA:

First of all I have no personal complaint. I haven't received that kind of mail myself. I wasn't thinking of myself. I am thinking of an individual abroad who according to the present situation is supposed to be able to send a letter by Express Mail to Gibraltar when in fact there is no Express letter delivered in Gibraltar and he is paying extra for the services. It is not a question of whether we have received a complaint or not. The fact is that we seem to be taking money under false pretences and I think that is a wrong situation for a Government to be in, particularly knowing that the situation is such. In my view the answer is to say to the Postal Union that we have no incoming Express Letter Service.

HON I ABERCASSIS:

Sir, the convention says that we deliver the letters as soon as possible and that is what we do. Now, I appreciate that this "as soon as possible" may not be as "sooner" as the Honourable Member would want. I have said before, and I repeat it now, that with letters addressed to P O Boxes, the holder is contacted over the telephone and informed that the letter is in his box. If it is possible, if it is physically possible at all, we will try and contact those individuals who appear in the telephone directory and whose name and initials and address coincide with that in the letter. We may also try and call them up. But I can assure the Honourable Member and the House, Sir, that we do everything possible considering the very small number of letters.

Last night I gave details and in some instances there are no letters at all in one day, two, three, four and five. That, with all due respect, doesn't warrant the employment of a person exclusively for that. The Opposition has been telling us all the time that we are over-employing, that we are getting

more and more people into the Government service and here we are in a situation where we think that we should save as much man-power as possible and they think differently and try to persuade us to get yet another man to deliver 3 or 4 letters per day.

I am afraid the Government is not prepared to do that. We shall try to improve the service, I shall come back to the House when we try to improve it, but the answer to the suggestion to employ a man exclusively for that is as it was last year when I answered question No 206.

MR CHAIRMAN:

Right, so be it, I am afraid we are not going to get any further on this.

HON MAJOR R J PELIZA:

Mr Chairman, I agree. Obviously I am not satisfied with the answer. May I say something, in fact congratulating the Minister on reducing his establishment. I think he has done very well, in fact perhaps one of the few where this has been done, from 54 to 50 and from 67 to 62. That to me is productivity unless those bodies are hidden somewhere else. But I don't think they are. But I really congratulate the Minister on that.

Personal Emoluments were agreed to.

Other Charges.

HON MAJOR R J PELIZA:

Mr Chairman, this is one of those departments where we seem to be making profit. That again is very good. When we talk on the principles of the revenue raising matters I may have something to say about this, but at this stage what I would like to know is how is it that the Philatelic Bureau was doing so well in 1977-78. They did extremely well. Then in 1978-79 we have £500,000 as an estimate of revenue and then to £375,000 I just wonder whether this ...

MR CHAIRMAN:

Explanations have been given both by the Financial and Development Secretary when he moved the Second Reading of the Bill and by the Minister when he contributed to the Second Reading.

HON MAJOR R J PELIZA:

Well, then perhaps bearing in mind that I am very interested to hear something about that ...

MR CHAIRMAN:

Well, you have heard on two occasions already. Explanations have been given both by the Financial and Development Secretary and by the Minister.

HON MAJOR R J PELIZA:

I am sorry if I am trying to get the Minister to repeat himself.

HON I ABECASIS:

Sir, I said last night that the sales of philatelic stamps was not as good as the previous years as we have anticipated because the windfall of over £900,000 was due to the Coronation Issue, the Jubilee Issue, the Definitive Issues, and I said that this year we had done £375,000 which it was more or less what we expected but not as good as the previous year.

Presumably in 1981/82, when we go with another definitive the thing would go perhaps over £1m. At least the Director of Postal Services is already organising a party to celebrate the £1m mark.

HON M XIBERRAS:

I would like to say something but I can't quite pin it down to any particular item.

MR CHAIRMAN:

On other charges?

HON M XIBERRAS:

Where is the Philatelic Bureau housed?

HON I ABECASIS:

Leon House, Sir, in Secretary's Lane.

HON M XIBERRAS:

Is this place owned by the Government, or do we pay a rent? And if so what rent and under which Head does it appear?

HON I ABECASIS:

Sir, at the bottom of Head 18, Item 9 we said Rents of Offices - £3,000.

HON M XIBERRAS:

So we are in fact paying £3,000 a year for the Philatelic Bureau to be housed in Leon House?

HON I ABECASIS:

Yes, Sir.

HON M XIBERRAS:

What are the premises like, I haven't been there I must confess.

HON I ABECASIS:

It is a new building, Sir, a very ample building, and has all the facilities.

HON M XIBERRAS:

I know that this is done in other parts of the Government Service where the Government started hiring these premises. I was wondering whether the Minister feels, bearing in mind that this particular part of the Government is making a profit, whether it would not be worthwhile moving to a rather more permanent arrangement, rather than pay the quite substantial amount of £3,000 a year in rent?

Why doesn't the Government put the Philatelic Bureau in a place it owns itself rather than pay £3,000 which is quite a considerable amount?

HON I ABECASIS:

Sir, before we moved into Leon House we were looking all over the place for suitable premises. We thought of moving into Library Street, where the Consumer Protection Unit I think is, but that was not suitable. We have something in mind which it is too early to talk about. I have already spotted a place which is owned by the Government which I would like to be converted into a Philatelic Bureau, but it is too early at this stage to talk about these things.

HON M XIBERRAS:

Is the Minister convinced that £3,000 is a worthwhile proposition for the Government and will he not agree that as soon as possible a place should be found which is owned by the Government.

HON I ABECASIS:

Of course I would agree that we should move as soon as possible to a place owned by the Government, obviously.

HON M XIBERRAS:

And the first question?

HON I ABECASIS:

Is it a suitable place? Yes.

HON M XIBERRAS:

Is it a worthwhile proposition at £3,000?

HON I ABECASIS:

Well, I don't know, Sir. I am not a valuator to answer technical things. I am happy because it is a very large,

perhaps as big as the Chamber of the House, very ample and with all the requirements, but as I said, I would love to have the Philatelic Bureau in a building belonging to the Government and save the \$3,000, I can assure the House that we shall do that as soon as a building comes to us.

HON M XIBERRAS:

Thank you very much.

HON CHIEF MINISTER:

Mr Chairman, in this connection the Income Tax, Head 9, passed without comments and there again provision is made for rent for premises in exactly the same building. It will be recalled that there were many complaints about the place where the income tax was being collected: there was no privacy, and we had to rent offices until we have our own. We have a plan for our own. Under Head 9, Rent of Offices, Subhead 4 \$7,300. It is inevitable if we want to give a service, and these are services that produce money. We have a plan for offices but for obvious reasons we have not been able to do it in time.

HON M XIBERRAS:

I see in the Improvement and Development Fund Mr Chairman where I think the St Jago's was earmarked some years ago for this but because of Government non-performance Mr Chairman, we find ourselves in this position.

HON G T RESTANO:

On the rental for the Philatelic Bureau. I notice that Maintenance of Offices, although it is a small amount ...

MR CHAIRMAN:

We have not quite got to that. I have allowed the Honourable Leader of the Opposition to finish because he started it, but this is now just on Post Office and Savings Bank. Let us go through them. Perhaps we can take a vote on Other Charges.

Other Charges were agreed to.

(2) Philatelic Bureau - Personal Emoluments were agreed.

Other Charges.

HON G T RESTANO:

Although, as I say, it is only a small amount, \$1,000 for Maintenance of Offices, I notice that the explanation given is "higher cost of maintenance and service charges payable to the Landlord". Although it is a small charge the increase seems to be quite a large one, from \$400 to \$1,000. What is the explanation for this 150% increase. It seems to be out of line with other sort of increases.

HON I ABECASIS:

I don't know but I assume the landlord has increased his charges in the same way as the Government is increasing rent, rates, etc, etc.

HON G T RESTANO:

I am sure there would be further cries from this side of the House if the increases were 150% because we are not satisfied with 50% increases! But was there no provision when the rents of these premises were first paid, was there no contract for the lease, and for maintenance? Was this increase of 150% included in that contract?

HON I ABECASIS:

The answer is, I don't know, Sir.

HON CHIEF MINISTER:

This is for the service charges in connection with the lease. The stairs cleaning, the lighting and everything that a building of this nature warrants. No doubt like other places like Sunnyside and so on. There is no counter-part of saying that the tenants run the service, yet it is the landlord who runs the service. No doubt he has found the charges that he was making low and has put them up. But it saves the Government the provision of cleaning other than inside the office.

HON G T RESTANO:

Nevertheless, would the Chief Minister not agree that a 150% increase seems to be a very large increase in one go. And as I asked before was there any provision in the contract?

HON CHIEF MINISTER:

I know there is a contract for a fixed period, but I don't know that there is any provision for that. It would be very difficult without looking at the contract. No doubt if they have made it and it has been passed - the Auditor would pick it up if it was not properly charged.

HON G T RESTANO:

Perhaps the Minister could find out and let me know.

HON CHIEF MINISTER:

Yes, Sir.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 19 Public Works - Personal Emoluments

HON P J ISOLA:

Can the Minister give an explanation of the administrative changes which there seem to have been in the Administration part of the department. I notice that comparing with the Approved Estimates 78-79, for example, there were 3 Time-Keeping Clerks - they do not seem to be there any longer. This is just an example, 3 Senior Clerical Officers and 9 ordinary Clerical Officers last year, and on this establishment it shows 15 clerical officers for 78-79. There are 11 now. I also noticed that whereas last year in the Approved Estimates there was a section, Development, consisting of a Civil Engineer and 5 Clerks of Works, that doesn't seem to appear in the new one, unless they have been replaced by the Section of Modernisation and Development Programme, which now has 19 staff. Could the Minister please help us by outlining the changes there have been in the structure of the department, as far as personal emoluments are concerned, because there seem to be differences from last year. Could he identify these differences and tell us why they have taken place.

HON M K FEATHERSTONE:

Sir, as I mentioned during my intervention in the debate there was a restructuring of the department after the staff inspection. This is why it will be noted that in certain instances people have moved from what appears to be one place to another. The Honourable Mr Peter Isola mentioned some who are now under the Modernisation and Development Programme and were in a different place last year. The main overall difference is that the Modernisation and Development Programme has been strengthened by the addition of some extra persons who we have been asking for and who the staff inspector accepted were necessary. I would comment that this structure is still subject to a request by the Public Works Department for a further reorganisation which we hope will come about shortly.

HON P J ISOLA:

It is still a bit confusing, Mr Chairman, because under Modernisation and Development Programme the establishment for 78-79 is shown as 10 officers and yet in the Approved Estimates under Development, there are only 6. Where have they come from?

MR CHAIRMAN:

Where do you get those six, I am not with you.

HON P J ISOLA:

In the Approved Estimates 78-79, under Development, there are one Civil Engineer and 5 Clerks of Works; in the Modernisation and Development Programme Section, here, we find that in the establishment 78-79 there were two (2) PTO I, one (1) PTO III, 2 PTO IV and 5 Clerks of Works. So I don't know. How does that occur? In the 1978 Estimates they weren't there.

HON M K FEATHERSTONE:

I think part of the reasoning is that they were previously classified under the Architects and Drawing Office. For example, it will be noted there were 10 PTO IV and there are only four this year.

MR CHAIRMAN:

Where is that?

HON M K FEATHERSTONE:

The Architects and Drawing Office. Items 23, 24, 25, 26, 27 and 28. They have split up into the actual work of the Public Works Department for itself, and the actual work for the Modernisation and Development Programme. So there have been the shifting of the two into two separate departments.

MR CHAIRMAN:

Does that answer your question?

HON P J ISOLA:

Yes, Sir. The supernumerary staff, which are all new this year, that is 8, 10, 14, again are fairly high powered people, what are they going to do?

HON M K FEATHERSTONE:

Well, Sir, they are not all new this year. It was the result of the staff inspection which tried to categorise areas of the Public Works Department. For example, under Maintenance you will see that there were 4 PTO I's and now there is only one. The remaining one moved over into the supernumerary staff. The same can be seen with the Civil Engineer, PTO I. There were two now there is only one, and the other one is in the supernumerary staff. I think that if the figures are looked at carefully you will find that people have moved out from one department and have been classified supernumerary.

The Trainee Technician last year came under Temporary Assistance, and they are so classified this year, but the Graduate Engineers last year were under a special head on their own, Graduates; this year they have been actually put into the salaried staff.

HON P J ISOLA:

What are the supernumerary staff? Why have they been put under there? And what is going to be their sort of job description? What are they going to do? What is it intended that they are going to do?

HON M K FEATHERSTONE:

They are available both to the Development Programme and to the Public Works as required. Sometimes they are working for one, sometimes they are working for the other. They weren't actually specified in one definite department.

HON P J ISOLA:

I notice the establishment is increased once again, I mentioned this in the general debate, twelve bodies. Can he tell us the cost of the increase in the establishment.

HON M K FEATHERSTONE:

I cannot tell you offhand. I can find out. But I mean this could be worked out if the Honourable Member wishes to take four people on scale 9 one person on scale 26. They wouldn't be exactly equated because as he would know there would be savings in other places.

HON P J ISOLA:

The general picture is that of 142 in the establishment for 78-79, for 79-80 it is 154. So there are 12 more bodies.

HON M K FEATHERSTONE:

Yes, the extras, for example, are in the Development and Modernisation Programme, where it can be seen that there were two PTO Is there are now 5; where there were no PTO IIs there are now four; where there was one PTO III there are now three; and there is also one Tracer.

The staff that are classified as supernumerary were those people who were on the staff and were not accepted by the staff inspector in 1977, but were later accepted by him as needed for the Development Programme.

HON P J ISOLA:

Yes, but surely there is an additional cost involved. Can he tell me what that figure is? It must have been estimated, this additional cost.

MR CHAIRMAN:

You wish to know what the extra 12 bodies is costing, is that right?

HON P J ISOLA:

Yes, so that next year I can ask ...

HON M K FEATHERSTONE:

It is rather hard because we do not have this available, though they can be ascertained, the relative figure for this year because in the Revised Estimates you have all the back money going back to 1976. But if you are really insistent on it I can get my staff to work it out and give you a figure in writing in due course, so that I will be able to ask your question next year.

HON P J ISOLA:

I just want to see, Mr Chairman because last year when we were doing this we were told that we now had the staff for the Development Programme. This year we are told that more staff is

required for the Development Programme, even though last year we apparently had it all. All I want to know really is how much this additional staff is going to cost us so that we can then judge performance next year.

HON M K FEATHERSTONE:

I don't think we stated last year that we had the staff for the Development Programme. We stated that we were closer to getting what we wanted.

HON P J ISOLA:

Could the Minister indicate the page in the Hansard Report.

HON M K FEATHERSTONE:

215. "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 will ensure that project approval and carrying out of works will be speeded up". We never said we had enough, we said there was a great improvement.

HON P J ISOLA:

Is the Minister quoting that passage to illustrate the department is ...

HON M K FEATHERSTONE:

Yes, I am.

HON P J ISOLA:

Mr Chairman, I can just express surprise at the way he has interpreted the Chief Minister. I remember it very differently the Chief Minister saying with great satisfaction that improvement he had got and that it should accelerate the carrying out of works. But that did not occur. Did it?

HON CHIEF MINISTER:

Yes.

MR CHAIRMAN:

Right, we are going back to the general debate. Right. Public Works - Personal Emoluments.

HON M XIBERRAS:

Mr Chairman, may I ask a general question. I gather that the level of overtime for PTOs I, II, III and IV, is quite substantial. Could the Minister give us an indication of what the level of overtime is.

HON M K FEATHERSTONE:

The level of overtime basically refers to PTOs III, IV and the gentlemen known as Works Supervisors.



These gentlemen, when the industrials are working overtime, also have to work overtime with them and in some instances they are working on the different shift jobs which are essential overtime as such, such as the Distillers, the Refuse Destructor, the Garage on various occasions, and therefore, their overtime is geared to the overtime of the industrials. We hope that this year the overtime - its about 25% of the basic wages - the amount of overtime may be reduced.

HON M XIBERRAS:

Would the Honourable Member care to give an indication of what that figure might be and the number of bodies, which I could count up, involves.

HON M K FEATHERSTONE:

The number of persons involved?

MR CHAIRMAN:

This should be simple, by just adding the numbers.

HON M XIBERRAS:

Yes, I know, Mr Chairman, but by reference to what would the Minister calculate overtime? Whether it is PTO I, II, III?

HON M K FEATHERSTONE:

No, PTO III, PTO IV and Work Supervisors.

HON M XIBERRAS:

I can certainly count up, if the Committee will bear with me, I could certainly count up the numbers.

HON M K FEATHERSTONE:

I'm informed its around 58 to 60 people.

HON M XIBERRAS:

And could the Hon Member given an indication of the cost of the salaries of 58 people in these grades?

HON M K FEATHERSTONE:

£56,000 a year.

HON M XIBERRAS:

The Minister of Labour mentioned that in the Construction Training Centre some courses on Middle Management were taking place, intensive courses on Middle Management. I don't know whether he is in a position to answer the question or whether it is the Minister for Public Works but generally is the level of Middle Management supervision adequate at the present moment?

HON M K FEATHERSTONE:

Yes, we think it is reasonably adequate. Yes. Obviously if improvements can be made we will try to do so.

HON M XIBERRAS:

Mr Chairman, could the Honourable Member say whether the people just beyond PTO III, PTO II and PTO I attend courses as well?

HON M K FEATHERSTONE:

No, Sir, they don't.

HON M XIBERRAS:

Mr Chairman, when the Minister speaks of Government's desire to reduce the level of overtime in the grades mentioned, does he mean that this should be done by Ministerial action, in other words the Minister for Public Works, or is this a matter which will come under the aegis of the Minister for Labour in the Committee that was mentioned?

HON M K FEATHERSTONE:

It would probably follow a decision by the Council of Ministers, generally, that overtime may be reduced possibly after the pay review in July.

HON M XIBERRAS:

After the pay review in July?

HON M K FEATHERSTONE:

Yes, so as to create the minimum hardship to the actual employees.

HON M XIBERRAS:

I see. Mr Chairman, could I go on to - I don't know whether I should in fact mention this or make the different points in respect of the establishment of salaries, or whether I should go on to the same division under "Other Charges". Well I think there are some which are not included in any others in fact, the Modernisation and Development.

MR CHAIRMAN:

Even then I think this is the exception, isn't it, and then will be others.

HON M XIBERRAS:

Well, could I in fact raise the point ...

MR CHAIRMAN:

Let's take a vote on Public Works.

HON M XIBERRAS:

One minute, Mr Chairman, the total wage bill in fact for this sector....

MR CHAIRMAN:

The total wage bill would be a total of the salaries, overtime and allowances.

HON M XIBERRAS:

That's £768,300.

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

The Hon I Abecasis  
The Hon A J Canepa  
The Hon Major F J Dellipiani  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon J B Perez  
The Hon A W Serfaty  
The Hon D Pull  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon J Bossano  
The Hon A F Montegriffo  
The Hon Dr R G Valarino  
The Hon H J Zammit

#### Other Charges.

HON G T RESTANO:

General Office Expenses of £7,200 and Office Furniture, £3,000, seems to be a large amount, and much larger in proportion than other Departments. Can the Minister say why these two figures are so high?

HON M K FEATHERSTONE:

Well, the General Office Expenses cover a Handyman Cleaner, £2,782; Charwomen, £7,800; Cleaning Material, £600. This gives a total of £11,182. Of that 2/5th are paid by the Department of Labour and Social Security, the PWD pay 3/5th. Our 3/5th is £6,710. You can say that the majority of the £7,200 goes in wages and keeping the building clean and looked after. The balance is made up of incidental expenses and postage.

The office furniture, this is the furniture which is allowed both for offices and for depots, and the £3,000 we consider is rather a moderate figure.

MR CHAIRMAN:

Any other matters on Other Charges?

HON M XIBERRAS:

I don't know if we are following the order or not, but could I ask the Minister if he has any comments to offer on Unallocated Stores?

HON M K FEATHERSTONE:

Sir, this is one of my hobby horses, I'm happy to repeat exactly, if not word for word, the gist of what I stated in my actual speech. We have up to now been putting a token figure of £100. This has obviously been unrealistic. Inflation is running at between 15% and 20% and if we have stores worth £600,000 or so and they turn over even once a year, we need at least £90,000 to £100,000 to be able to replenish those stores. At the same time we are also increasing the number of stores held, partly due to new housing developments which bring new items that we have to keep in stock, and partly so that we can cut down on local purchases. I will give once again the illustration I gave before: we can purchase a battery for £70 but if we buy it locally it is £140. We, therefore, think it is worth investing the money, even at the higher rates of interest today, and saving in the long run.

HON M XIBERRAS:

In other words the policy is to ...

HON M K FEATHERSTONE:

The same policy we have followed all the time. The only thing is that for some unknown reasons we got into this rut of putting £100 token and we didn't face up to the reality of the situation.

HON G T RESTANO:

Isn't there a limit to the amount of stores that the Department can hold?

HON M K FEATHERSTONE:

There is a limit, but we have asked for that limit to be increased. It has neither been increased nor has the increase been denied. We are still asking and once again we feel that the realistic figure of the stores is somewhere around £6,000/£7,000, and liable to increase each year.

HON G T RESTANO:

Can the Minister say what amount he is entitled to hold in stores

under the current regulation?

HON M K FEATHERSTONE:

Well, you know it only too well if you look up the Auditor's report. I think it's £250,000. But in actual fact at the moment it's much closer to £700,000 than to £250,000.

HON G T RESTANO:

Does the Minister think it is good government to exceed what you are authorised to hold?

HON M K FEATHERSTONE:

We have made our requests on several occasions for the amount to be increased considerably.

HON G T RESTANO:

And meanwhile the Minister flouts the regulation, is that it?

HON M K FEATHERSTONE:

We do not flout the regulations. The situation is that one must continue ordering. Stores, one cannot come to a standstill and, say in 6 months we'll have no stores, until somebody makes his mind up to increase the amount of the figures we think is more justified.

HON G T RESTANO:

So the Department ignores the regulations?

HON M K FEATHERSTONE:

I have said they don't ignore the regulations, we perhaps turn a blind eye.

HON G T RESTANO:

Is this not referred to in the Principal Auditor's report. So the situation continues?

HON M K FEATHERSTONE:

The situation continues and perhaps gets worse each year. If the report is looked at, I'm not sure if its comment on the amount of the stores, but they have increased from some £200,000 in 1972 to £600,000 in 1978.

HON G T RESTANO:

Does the Minister not think it is highly undesirable that his Department should flout regulations in this respect, and that it does so with impunity. Will that not encourage them to flout other regulations?

HON M K FEATHERSTONE:

No, Sir, I think this is the exception which perhaps proves the rule. We hope that the figure will be put to a realistic value as soon as possible.

HON M XIBERRAS:

I'm no expert as my Honourable and Learned colleague on these matters, certainly not on the Principal Auditor's report, bearing in mind his position in the Public Accounts Committee, but could the Honourable Member explain who "they" are who have to put the matter to rights? He says "we have asked", and "they have to put the matters to rights".

HON M K FEATHERSTONE:

Yes, Sir, the Financial Secretary. I would comment that if we had left the stores of £250,000 we would today be unable to do any repairs in many areas. We wouldn't be able to do any repairs at all on Varyl Begg Estate.

HON M XIBERRAS:

So this requires amendment in the view of the Minister.

HON M K FEATHERSTONE:

What requires amendment?

HON M XIBERRAS:

Is the position now going to be as bad as it was before?

MR CHAIRMAN:

No, he said it quite clearly.

HON M K FEATHERSTONE:

Our view is that the amount that should be permitted to be held in stores should be increased to £700,000, at least, and possibly by the end of 1979 to a higher figure still.

HON G T RESTANO:

Is it not the view of the Department that regulations are made to be observed?

MR CHAIRMAN:

Yes, but we must not pursue the matter any further.

HON M K FEATHERSTONE:

Although regulations are there to be observed, are you to say that to observe the regulations the whole of the machinery of the Public Works Department is to come to a standstill? If

you want the whole of the machinery to come to a standstill that may be another question.

MR CHAIRMAN:

We are going to leave it at that, the position has been clarified.

HON M XIBERRAS:

Mr Chairman, I'm sure the function of the Principal Auditor, which we are not going to debate I am sure, is in fact to ensure that proper control of the expenditure money, after the events, as it were. Since the Minister has mentioned that in fact such an irregular situation has existed over a period of time, surely it is up to the Government, that has collective responsibility on these matters we are often reminded, to put the situation to right. How can the Minister stand up and expect us to approve a vote when he is telling us in the same breath that he is ignoring and flouting the regulations?

MR CHAIRMAN:

No, I think the Minister has not said that. I think the Minister has said that if the efficient running of the Department is going to be affected by this particular regulation he has no doubt as to the way things should be done. Until such time as he gets his authority he will continue to bring this vote to the House.

HON M XIBERRAS:

Why hasn't the authority been given, Mr Chairman. There are other Members on the Government bench perhaps they could explain.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, this is to a certain extent, though not entirely, a technical matter, because the policy of an unallocated store is, broadly speaking, that allowing for inflation, the value of issues made in the course of only one year, should be broadly the same as the value of purchases. In other words you maintain an even value of stores holding. Now this used to be a fairly simple and straightforward operation until inflation really began to bite a couple of years ago. There is not much doubt, and I have very considerable sympathy for my friend and colleague the Minister in this one, but there are one or two snags about authorising a difference of value between issues and purchases every year, because theoretically that means that annually you are increasing constantly the value of the total stores held. Moreover, as the Principal Auditor comments in his latest report, page 39, Mr Chairman, "the value of stock held on 31st March, 1976, was said by the Director for Public Works to be in the region of \$615,000 but this figure incidentally has not yet been verified by Audit partly due to the fact that no tabular summary for 1977/78, which effectively is in stores balance sheet, has been submitted to me for verification". This,

Mr Chairman, is one of the reasons why my Department has been loath to authorise an increase in the store holding, which is what effectively would have to be done in order to establish the exact position.

Having said that, Mr Chairman, with the greatest respect to your Chair and yourself, may I suggest that a probing of this matter is more appropriate to the Public Accounts Committee than in our present stage.

MR CHAIRMAN:

It may be so but it is still the prerogative of the House to discuss it if they wish to do so, and to that extent I have no power to prevent it.

HON M XIBERRAS:

May I say, Mr Chairman, I have full confidence in the Public Accounts Committee going into this matter, and especially on my colleague, the Chairman, & Mr Restano, who will sit on that Committee. What I want to draw attention to is the fact of a Minister rising and making the statement he has made in the House in respect of this year's Estimates of Expenditure, which is quite a different matter since the Public Accounts Committee will not go into these accounts until much later.

MR CHAIRMAN:

This is as far as we are going to get on this one.

HON M XIBERRAS:

Mr Chairman, why is it that the matter has not been resolved. Apparently there is a technicality ...

MR CHAIRMAN:

I think the Honourable the Financial and Development Secretary has given a reason.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, I'd like to amplify that too. You will notice that in fact in relation to what we are looking at the present moment, to some extent there has been a compromise from the old fashioned rigid position where a purely token figure was made to a much more substantial amount which is the recognition on the part of the Treasury that the Minister for Public Works does indeed have at any rate a prima facie case, in view of what the Minister has said, the rate of inflation; the expanding and the need to store more stores in order to keep pace in demands. At the same time, however, before the whole matter is settled, the Treasury will hope to receive in relation to previous years because this is not the first time that this has happened, guidance in the form of either advice or even direction from the Public Accounts Committee when it reports. And this would be an essential follow-up from any

report which the Public Accounts Committee made in relation to the accounts of the previous year where precisely the same situation has arisen. This is merely an extension of what has been going on for three or four years.

HON M K FEATHERSTONE:

Mr Chairman, I feel quite sure that the Public Accounts Committee will look into this, especially the Honourable Mr Restano, who from his own business activities must know that his stocks are liable, because of inflation to increase from year to year.

HON P J ISOLA:

I appreciate the functions of the Public Accounts Committee and I am not really directing my intentions to that at the moment. What is worrying me is that as we know this is a massive department. When you take the Public Works Department, as the Honourable Mr Featherstone said earlier on in his address on the Budget, is £5m. In actual fact we know that it is a lot more because in Housing there is another £1m there. It is a massive department, spending a massive amount of money. One gets the feeling of lack of control. This is worrying me.

Now, Mr Chairman, under the Unallocated Stores the limits under which the Department operate unallocated stores, which was set, in September 1974, was £1m. Now, it appears from the Auditors Report that on the 31 March 1978 - not the 31 March 1979, over a year ago, they had as much as £615,000 in unallocated stores. Now, one is worried about that vast amount of money in unallocated stores, one is worried about questions of security, questions of whether stores have been purchased that are no longer in use, and that sort of situation. I imagine - I don't know whether this is correct or not - but I imagine that one of the reasons for setting a limit as to the amount of unallocated stores that the department can hold is precisely to prevent any sort of thing going wrong or unnecessary buying and so forth. This is the point I was really trying to make as far as the estimates is concerned, because obviously all members of the House are concerned that the Department should not be overstocked - that costs money any way. This is the worrying thing. Inflation, I am sure, from 1974, when it was £2m, had not gone up that much to justify £615,000 today. Certainly not in the Index of Retail Prices or wherever it was. From 74 to 78 is about 100%. Quite a lot but that does not make it £2m. One is concerned at the apparent lack of control in deciding, that is what I am really worried about.

HON M K FEATHERSTONE:

I fully agree, I fully endorse what the Honourable Mr Peter Isola said. In fact I myself have given my department strict instructions, first that the security of the stores must be the highest possible, and I think it is pretty secure; secondly that the amount held in stock of any item must be kept rigidly under control so that there is no over ordering and so that we do not have money invested on goods that are

lying idle; and thirdly that the redundant item, the items which are no longer required should be sold off and removed from our stock at the earliest opportunity.

We are keeping a very rigid control on the stores, but I would comment that the Accounts Department of the stores is pretty heavily strained and we do find certain difficulties in producing the tabular figures that are required by the Auditor in time for his actual verification. I think these are being done and should be produced pretty quickly.

HON CHIEF MINISTER:

The figure of £5m which the Minister mentioned does include the figure in the Housing. The total figure in his vote is £3,700,000.

HON M XIBERRAS:

Training of Apprentices. Subhead 8. The increase of £39,300. Could the Minister say something about the training of apprentices. The Honourable Minister for Labour has already had something to say about it.

HON M K FEATHERSTONE:

The main increase is that the Dockyard, which was charging us approximately £2,500 per apprentice, is now charging us something around the figure of £4,000. That is the main reason for the increase but it is something outside our control.

HON M XIBERRAS:

Mr Chairman, the Honourable Member will recall that when the Honourable Mr Mackay was here I used to ask these questions regularly. I said in fact that some of the money that was being paid to the Dockyard must have gone towards capital cost of the Apprentice Training Centre. Now, when will the apprentices start being trained by such a training centre.

HON A J CANEPA:

He must not go away with the impression that all our apprentices now at the Dockyard are going to go to Landport. Electrical trades I mentioned, for instance. We anticipate we may be in a position to do this in late 1980. We are aiming perhaps at the intake that will come in late 1980. That is our aim. We may not be able to make it in 1980. If we do not have the necessary staff it might have to be put back a year. So this is what we are hoping. The Honourable Member mentioned the question of overheads and so on. Well, the Financial Secretary at my instigation has been in correspondence with the Finance Officer of the Dockyard, but it is extremely difficult to pin them down on cost.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Quite a lot of correspondence has been going on and so far I

have got no information to give the House because I haven't been able to get the information out of the Finance Officer. Not the information that I want. The breakdown which the my Honourable Friend is most interested in - and so am I - I have so far not been able to get. I have nothing to tell the House on that.

HON M XIBERRAS:

But does not the Honourable the Financial and Development Secretary and the Minister for Labour not agree that this is a most unusual circumstance, bearing in mind that negotiations have been taking place with the Dockyard since the time of the Honourable Mr Mackay, and the House has expressed views on this. Would not Honourable Members opposite not agree that it is rather high handed to present such an increased bill to the Gibraltar Government, bearing in mind the connections there has been between the Department of Public Works and the Apprentices Training Centre in the Dockyard for so many years, and would Honourable Members not agree that this is a matter more urgent than just for letters. Could they not go themselves there and seek this information before agreeing to pay, which is what we are doing if we approve these estimates.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, I would like to correct that, Mr Chairman. There is no actual agreement that because we vote this money it is necessarily paid out. I decide whether or not monies will be paid out and if I put a stopper on it it is not paid. So that is a course of action which is open to me. I have full legal powers to check any amount of money which this House may appropriate for a purpose, but the actual payment, I have powers, I think I can say this, that unless the information which I am seeking on behalf of myself and my friends is not forthcoming, then I may indeed have to use those powers.

HON M XIBERRAS:

I stand corrected, Mr Speaker on the accuracy of my statement, but would the Financial and Development Secretary not agree that a token reduction in this vote would certainly convey the message to the Apprentices Training Centre in the Dockyard that the House is most disapproving of these increases in the circumstances described by the Government, and if no satisfactory solution of the matter can be reached then the Government could come for supplementary expenditure, rather than committing itself in a sense morally to making the payment by appropriating the funds in the House.

HON A J CANEPA:

Mr Chairman, I do not know if the token reduction in the vote is the answer, but I certainly think that we ought to convey the sentiments of the House, perhaps extract of the Hansard, to the relevant gentlemen.

HON M XIBERRAS:

Bearing in mind, Mr Chairman that this seems to have had no effect, because the Honourable Mr Mackay always came armed with very accurate figures on this particular issue, if they were got from the Dockyard before the estimates of expenditure were considered in the House, and has done no good, apparently. Therefore I suggest a further step, which is a token reduction, with the agreement of the Government, in this vote.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I think we had better be quite certain of our facts, and I don't have them with me, but the point that is worrying the Honourable Mr Canepa and myself is the breakdown of the charge for overheads. There are other items which are listed, I don't have them here but I can produce them to the House, but it is that item called "overheads" with a block figure against it, which is what is concerning me, not the other charges.

HON M XIBERRAS:

If the Honourable Member consults the Hansard of past meetings he would see that it was precisely what I have called "capital costs" that was worrying me over many years. Surely my objection is not so much that it may be necessary to pay, a justified pay, but that we should be asking the House to pay without the Financial and Development Secretary being satisfied on a matter which has been at issue for quite some time. Now, this is the point.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, I merely intervene because we were beginning to talk rather generally about costs of training and I wanted to make it quite clear that it was the "overhead" element in those other costs, because I can produce I know the details of all the various items, including this one block which one is trying to break open.

HON M XIBERRAS:

Mr Chairman could I then move a token reduction of £500 in this vote, and ask the Government to support it.

HON CHIEF MINISTER:

I don't think that that would do us much good now, because in fact the Financial and Development Secretary has said that he has got powers to stop the payment whether it is voted or not, and that he intends to give a little longer to do so. And to sort of direct ourselves not to pay when in fact the Financial Secretary has the power not to pay, and has heard the feelings of this House, would seem to me to be a useless exercise. If we were exercising the power to pay out ourselves on something on which there is concern and there is no power to stop it, I would agree. I agree with the sentiments behind the move



but I do not think it is going to do us any more good than the statement of the Financial Secretary that he proposes to take firm action on the basis on which he has expressed himself.

That is why I will request the Leader of the Opposition not to pursue this. We are very grateful for his support and it will be used to the full extent. I think we would look rather foolish in reducing our own vote before we have decided to take the other steps that are open to us.

I would ask him to reconsider the matter in the light of this undertaking and let the Financial and Development Secretary report to the House in a couple of meetings' time.

HON M XIBERRAS:

Mr Chairman, since the Opposition tends to vote against the whole of the vote in this section it matters little what we say, but I think the sentiments have been clearly express. I am grateful for the commitment that the House will be informed of the situation in two or three meetings' time.

HON MAJOR R J PELIZA:

Item No 11 Mr Chairman. Mileage allowances, £4,000. It is £1,400 more than last year and in any case could he explain what this is.

HON M K FEATHERSTONE:

That is the allowance which is given to PTOs and other officers of the department to use their own private cars to go from one place to another. They are allowed a certain mileage allowance for petrol, fair wear and tear etc.

HON MAJOR R J PELIZA:

Mr Chairman, could the Minister say how many people are involved?

HON M K FEATHERSTONE:

I will ask my advisers. Some 20-odd people.

HON M XIBERRAS:

Is this issued as a lump sum of £200?

HON M K FEATHERSTONE:

No, they have to make a return every month. In fact they have to say where they go to. There is a tabular form of mileage from place to place. It is all added up, computed, and then paid month by month.

HON MAJOR R J PELIZA:

There is no doubt, Mr Chairman, that if in effect those men

were using the cars provided by the department it would be more costly.

HON M K FEATHERSTONE:

If the cars were provided by the department we would be asking for about £800 per car.

HON G T RESTANO:

And then the department would of course not have log books to see where their vehicles go.

HON M XIBERRAS:

Could I just go back quickly to Lighterage and Handling Charges. What are those? Is that a token provision or actual provision?

HON M K FEATHERSTONE:

That is more or less a token provision. It is based on more or less on the actual charges that we are paying.

HON M XIBERRAS:

And what are those for?

HON M K FEATHERSTONE:

For goods received. It was hidden before in the actual Unallocated Stores.

HON M XIBERRAS:

It couldn't be the extent of importation of the department.

HON M K FEATHERSTONE:

That is the cost of importation.

HON M XIBERRAS:

It will not be for the full extent, surely, this sum of £3,000?

HON M K FEATHERSTONE:

That is the lighterage and landing.

HON M XIBERRAS:

Not the freight?

HON M K FEATHERSTONE:

No, not the freight.

HON M XIBERRAS:

Why is it necessary to take this particular one out. Does it

go back to the Auditor's Report. You are not taking freight out of it.

HON M K FEATHERSTONE:

Sometimes, your stores come CIF so you wouldn't know the freight figures, anyway.

HON M XIBERRAS:

Ah, I see.

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

The Hon A J Canepa  
The Hon Major F J Dellipiani  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon J B Perez  
The Hon A W Serfaty  
The Hon D Hull  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon J Bossano  
The Hon A P Montegriffo  
The Hon Dr R G Valarino  
The Hon H J Zammit

Head 19 was passed.

Head 20 - Public Works Annually Recurrent

MR CHAIRMAN:

I have instructed the Clerk to call each particular Sub-head.

(1) Beaches

HON J B PEREZ:

Mr Chairman, I would like to know if in this particular vote he has made any provision for anti-pollution measures in the beaches.

HON M K FEATHERSTONE:

Yes, Sir, we provide a figure every year - this year it is

£3,000 - for the cleaning of oil: we sometimes get a small amount of pollution especially at Camp Bay and Little Bay, and we have had in the past bull-dozers down there; we have used a quantity of detergent; and I think we put in last year something like £2,500. This year we put in £3,000 for it.

HON J B PEREZ:

Can I ask also the Minister what was the expense incurred by his department in connection with the incident of the Grey Hunter, and what steps have been taken to recuperate this expense.

HON M K FEATHERSTONE:

Sir, the cost to my department of the Grey Hunter was between £2,000 to £3,000. I believe the Fire Brigade was considerably more. We have passed a list of our expenses to the Attorney-General who I understand has taken some legal action and perhaps my friend the Attorney-General might like to make a statement for your edification.

MR CHAIRMAN:

I think there is reference on page 13 of the Revenue. Subhead 14. I think it is £52,000.

HON ATTORNEY GENERAL:

There was a question asked, Mr Chairman, and perhaps I can give the answer, now. The position as far as the Grey Hunter is concerned, is that a writ has been issued. Strictly speaking this is sub judice but I can say that there have been negotiations carried out with the other parties involved and it is expected that this will be settled to the satisfaction of the Government.

HON M K FEATHERSTONE:

Now, Sir, I will come to the Honourable Mr Restano's question. During the summer season the average cost of labour is £87,630. During the peak period and fine week-ends and public holidays in winter, there is also another £2,848. During the balance of the year, because even during the winter we have to keep the beaches somewhat under control, there is a sum of £11,076. All these are basic wages. The overtime is £2,060, and the Efficiency Bonus is £3,106. That gives a total wage bill of £106,000.

HON M XIBERRAS:

Mr Chairman, I'd like to ask the Minister about dumping. I noticed, for instance, last weekend quite a lot of debris and odds and ends in the sea. I'm told that there was dumping into the sea on a very great scale. Can the Minister say whether permission was sought from his Department or from the Police, to his knowledge, because such dumping obviously goes against the purpose of this vote?

HON M K FEATHERSTONE:

The situation to which the Honourable Member is referring is dumping by the FWD itself when for some specific reason, such as the necessity to effect repairs because of breakdowns, the Refuse Destructor is out of action. Obviously we get rubbish every single day, we have an area in the Refuse Destructor site where we can put rubbish, but once that gets full, it is necessary that we have to get rid of the rubbish somewhere. We do ourselves dump at Dead Man's Hole on those occasions when it is absolutely essential. We did have a period, two or three weeks ago, in which we were dumping because the grab that hoists up the refuse into the Refuse Destructor had broken down and needed repair over a period of approximately one week.

HON M XIBERRAS:

Mr Chairman, does the Minister not agree that this is a most undesirable thing, bearing in mind that it coincided with the advent of good weather. In fact the beaches, for the first time this year, were quite, for instance, Camp Bay, where I was at the particular time, was quite full of rubbish and it makes a very bad impression and I'm wondering whether in fact the Minister could not have speeded up the repair of the grab, or were spares not available, because it does make a very bad impression, and it is bad for us, the people of Gibraltar.

HON M K FEATHERSTONE:

We do try to speed up the repair as much as possible and we do try to keep as many spares as possible, but, of course, there are times when it is just impossible to have a spare for each and every item. We ourselves are very loath to dump and we do ensure that the amounts of refuse we keep in the actual Hoppers in the Refuse Destructor site are as full as possible. Apart from dumping the refuse onto an area somewhere else, the only possibility we have is to put it in the sea, regrettable as it is.

HON MAJOR R J PELIZA:

Isn't there a barge that we could borrow from the Dockyard and then dump the refuse into the Straits. Couldn't that be used?

HON M K FEATHERSTONE:

I'm afraid a lot of this refuse tends to float and even if we were to go to the pretty heavy expense of taking it out into the Straits it might still float back into us.

THE HON MAJOR R J PELIZA:

I thought there was some notion as to the currents and perhaps we could choose the time when to drop that so that there would be little likelihood of it coming to the beach. Couldn't that be a better method, certainly on occasions when we are expecting local inhabitants particularly tourists to use the beaches.

HON M K FEATHERSTONE:

We can look into that, Sir, but I would comment that when we do dump at Dead Mans Hole, we do try to do it at a time when the tide is liable to cart the stuff away. Sometimes it just does not happen.

The destructor was actually out of action for two weeks. The cause was the burning out of the brake motor which took well over a week to rewind and repair.

HON MAJOR R J FELIZA:

The brake motor?

HON M K FEATHERSTONE:

The grab brake motor. It took two weeks to rewind.

HON M XIBERRAS:

Is not that a lengthy period?

HON M K FEATHERSTONE:

I think they worked pretty hard on it. It is not an easy task rewinding, sometimes we take seven or eight weeks to rewind.

HON M XIBERRAS:

Would the Minister not consider, in fact, that he should have some alternative?

HON M K FEATHERSTONE:

I think the alternative is to have a second Refuse Destructor.

HON MAJOR R J FELIZA:

Is that motor not likely to go again? Wouldn't it be a good idea, in fact, to have a spare motor handy?

HON M K FEATHERSTONE:

I think we are ordering a spare.

HON M XIBERRAS:

Mr Chairman, I'd like to ask the Minister one more question. He has given my Honourable Friend Mr Restano a breakdown of wages at different times of the year. It does seem to me that over the Easter holiday a lot of people go to the beach, especially if the weather is good. It is the unofficial start, if I may say, to the bathing season for many people and the beaches, Sandy Bay, for instance, which is normally exceptionally clean, very clean, I would say during the summer, was full of rubbish, broken bottles and so forth. How many men were supposed to be employed on the beach say at around Easter time

this year?

MR CHAIRMAN:

If the information is not available it will come in due course, I am sure.

HON M XIBERRAS:

It just seems to me that there was nobody around but there is a bill. This is the point.

HON M K FEATHERSTONE:

I understand the beach was cleaned before Easter, but rubbish flowed in, actually probably from the dumping at Dead Man's Hole.

HON M XIBERRAS:

I'm talking of way up on the beach, broken beer bottles, at least a dozen of them in various areas; cardboard boxes; no bins around. The beach was quite populated at the time and children running around and so forth. Does the Minister know of such a situation?

HON M K FEATHERSTONE:

We gave instructions that the beaches should be clean, if that one wasn't clean I will enquire into it.

HON M XIBERRAS:

I thank the Honourable Member because by comparison in another beach in Gibraltar I saw quite a number of people in attendance at the same time.

HON M K FEATHERSTONE:

Yes, I would mention that at Camp Bay and Little Bay we did fill up the pools, there had been a suggestion in the newspaper for that effect.

HON M XIBERRAS:

And would the Minister, finally, Mr Chairman, consider extending the official bathing season to about Easter time, or even just for a period of the week during the holiday?

HON M K FEATHERSTONE:

If you do that you'll have to vote for another £10,000 to £15,000.

HON M XIBERRAS:

If the Minister was more efficient he might not need that vote.

MP CHAIRMAN:

Order.

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

The Hon A J Canepa  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon A W Serfaty  
The Hon H J Zammitt  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon J Bossano  
The Hon Major F J Dellipiani  
The Hon A P Montegriffo  
The Hon J B Perez  
The Hon Dr R G Valarino  
The Hon D Hull

## (2) Buildings

HON P J ISOLA:

Can the Minister say what is the programme for painting of Crown Properties, the cost and what are the Properties that are going to be painted? Has he got an idea?

HON M K FEATHERSTONE:

I haven't got the programme in my head. It can be worked out. I know that one of the properties that is down for painting are the Tower Blocks which are going to be painted with flint-coat, as I have already stated before. Which the other properties are I'm not fully aware at the moment.

HON P J ISOLA:

The Tower Blocks, surely, comes under the other maintenance and painting vote in the Housing Head where there are £948,000 for maintenance and painting of Government Housing. This vote apparently is for Crown Properties not Government Housing.

HON M K FEATHERSTONE:

As I say I don't know offhand which Crown Properties are going to be painted. I do know the one that will be painted will be the Secretariat.

HON P J ISOLA:

It is interesting, Mr Chairman. If it is not available it's not available. Does he have an idea, for example, how much will it cost to paint the Secretariat?

HON M K FEATHERSTONE:

Part of it is being done, the other part has got to be done.

HON P J ISOLA:

Can the Minister tell us how much the first part, what has been done, the first part, has cost?

HON M K FEATHERSTONE:

Yes, I think the first part, which was the Honourable Financial Secretary commented to as the part you can't see, included Line Wall Road, the part around the back, and I think it was \$4,000.

HON P J ISOLA:

There seems to be plenty of spare cash in this vote, Mr Chairman, £443,000. Isn't there a programme?

HON M K FEATHERSTONE:

There is a programme.

HON P J ISOLA:

The Minister has not got it with him?

HON M K FEATHERSTONE:

No, I haven't got it with me.

HON G T RESTANO:

May we have the wage breakdown of the £243,000?

HON M K FEATHERSTONE:

With great respect, I gave that breakdown already when we were talking about the Housing vote. If you want it again, it is £726,600. I think you've got these figures already.

HON G T RESTANO.

The figures I took down were that part which was in the Housing vote.

HON M K FEATHERSTONE:

No, I said the total figure was divided between the Housing and for this Maintenance of Crown Properties. I gave you the total figure. I don't have a breakdown of exactly how much goes on

Housing and exactly how much goes on the other, I've got the global figures and then we share the two out, proportionately.

HON M XIBERRAS:

Mr Chairman, I'd like to ask, the Honourable Mr Serfaty who is Minister for Economic Development made a statement on the second reading of the Bill about his view of a term contract. In his view, would a term contract of maintenance include the painting of property?

HON A W SERFATY:

It should to a certain extent because in property repairs there may be some painting jobs to do also. There might be.

HON M XIBERRAS:

Mr Chairman, may I ask the Minister for Public Works how many people are involved in the painting of properties? I used to know, I think it was 26 at one time.

HON M K FEATHERSTONE:

I am afraid I am not exactly sure how many painters we have, I think it is around 30 to 35 people.

HON M XIBERRAS:

Thirty to thirty-five. Could I advise the Minister that I intend to ask him the degree of self efficiency of Gibraltarian labour in his Department as a whole, so perhaps figures could be prepared for the end of this particular Head.

HON M K FEATHERSTONE:

The actual number of painters, by the way, I am advised is approximately 40. The question of self efficiency ...

HON M XIBERRAS:

He can leave that till later and give me an overall figure.

HON M K FEATHERSTONE:

I have the answer here if you wish it. We have approximately 450 Gibraltarians and about 450 Moroccans and other non-Gibraltarians.

HON M XIBERRAS:

And is this figure for labourers - since he has cared to answer the question now - for labourers or for tradesmen. Has he got that sort of information?

HON M K FEATHERSTONE:

That includes craftsmen and skilled labourers and labourers.

HON M XIBERRAS:

Yes, but could he say if the majority is unskilled or skilled.

HON M K FEATHERSTONE:

The majority are unskilled, but some Moroccans are craftsmen.

HON P J ISOLA:

Mr Chairman, could I ask the Minister, has the maintenance and painting of Crown Properties in Housing and in other Crown Properties come to over £1m, is it too much to ask the Minister, if he could circulate to Members the details of that so that we can get an idea of what that money actually will bring to us, what properties will be painted for that money? We don't need it now, but I think when you are considering that over £1m are going to be spent on maintenance and painting of Crown Properties, it would enable Honourable Members to assess, for example, productivity in his Department if we could have an idea of the properties that it is intended to paint and maintain out of this £1m-odd.

HON M K FEATHERSTONE:

£1m is of course not all spent on painting. I would extend an invitation to the Honourable Peter Isola and any other Members of his side of the House that would like to come with me one day to our main maintenance depot where they could inspect the actual dockets and books of requisitions and get an idea of the magnitude of the maintenance work we do undertake. I think they are floundering around considerably in the dark when they talk of £1 million and what are we getting for it etc, when they have no idea of the magnitude of the job that we do have to face. I would extend this invitation to them so that they should come and see for themselves exactly the amount of work that we are coping with, and I hope they will take up this opportunity. I am willing to give them in due time a list of various places that we are going to paint etc, especially with bigger jobs like painting the Hospital or what have you of the Crown Properties, but I don't think I can make a list out of each and every requisition for maintenance. I think that would be best served if they could see for themselves on the ground, and I hope they will take up this invitation.

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

The Hon A J Canepa  
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 A Collings



The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon J Bossano  
The Hon Major F J Dellipiani  
The Hon J B Perez  
The Hon D Hull

(3) Emergency Service and Stores.

HON M XIBERRAS:

Mr Chairman, from what I've seen of the operation of the Emergency Service it appears to be a good service. It is a pity we can't vote in favour of this and vote against for the rest. I think generally we can say kind words about it because I think that in general they do a good job. They are on the job quickly and so on.

Could the Honourable Member give us an idea of the rate of work? How many jobs does the Section do in average every day?

HON M K FEATHERSTONE:

I think they are probably doing an average of about 10 to 15 jobs per week.

HON M XIBERRAS:

Ten to fifteen jobs a week. And how many people are involved?

HON M K FEATHERSTONE:

There is one electrician, one plumber, one skilled labourer, one driver and one night watchman, five people.

HON G T RESTANO:

Could we have the labour breakdown?

MR CHAIRMAN:

You have just been given it.

HON M K FEATHERSTONE:

These people, the electrician, plumber, driver, skilled labourer, have a basic wage of £207 per week; the Night-Watchman, £62 per week. Since they work on a 7-day basis they are geared to 94 hours work when the basic week is 40 hours. So that if you care

to multiply the £207 by 52 you get around £10,000 for the basic wage and about £12,000 for the extra shift wage.

HON M XIBERRAS:

Are the operational stores included in the breakdown given by the Minister?

HON M K FEATHERSTONE:

No, Sir.

HON M XIBERRAS:

No. Then could I ask the Hon Minister for the labour content of the £37,400? Number of people involved and overtime.

HON M K FEATHERSTONE:

Eleven people involved. Basic wage plus Efficiency Bonus is £26,730; the overtime is £6,019; and there is a charwoman at £1,664.

HON M XIBERRAS:

What is basically the work of the operation of stores, is it keeping the stores open, say, over the weekend and things like that?

HON M K FEATHERSTONE:

No, basically, they do not keep the stores open at weekends. The Emergency Gang have stores of their own for most of the jobs they need to deal with. These people work the normal 40-hour week with a small measure of overtime.

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

The Hon A J Canepa  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon A P Montegriffo  
The Hon A W Serfaty  
Mr Hon Dr R G Valarino  
The Hon H J Zammitt  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon J Bossano  
The Hon Major R J Dellipiani

The Hon J B Perez  
The Hon D Hull

MR CHAIRMAN:

Perhaps this would be a reasonable place to recess until tomorrow at 10.30 am.

HON M XIBERRAS:

Mr Chairman, might I suggest, since we are going to ask the same question about labour content breakdown and so forth, that perhaps the Minister might wish to provide these in writing beforehand and we would not have to go into every single vote in the same manner.

MR CHAIRMAN:

That is a matter for the Minister.

HON M K FEATHERSTONE:

Mr Chairman, I shall be quite happy to continue to read them out to him.

MR CHAIRMAN:

Well, we will then recess ...

The Committee recessed at 7.25 pm FRIDAY THE 20TH APRIL, 1979.

The Committee resumed at 10.45 am.

MR CHAIRMAN:

Well, I think it is the right time, early in the morning to start on gardens!

(4) Gardens.

HON M XIBERRAS:

Mr Chairman, I do not know whether the question needs to be asked, but if it does, could the Minister give a breakdown of basic wages, cost of overtime and wages content generally and allowances.

HON M K FEATHERSTONE:

Gardens break up into three different areas. Under the normal gardening work the amount of wages is £67,150; against that there is £5,080 overtime; £2,880 Efficiency Bonus. At the same time this section looks after the Upper Rock and there the wages come to £16,517 and the overtime is £2,267. The third one is for the fire breaks in the Upper Rock, where they do not work full time, and the wages come to £2,796, there is £75 danger money and £720 Efficiency Bonus, but no overtime.

HON M XIBERRAS:

I thank the Minister for that information, could he tell us how many people are involved here?

HON M K FEATHERSTONE:

In the ordinary gardening group there are thirty-five men, in the Upper Rock area there are eight people and for the fire breaks there are eight men employed on a temporary basis. They are full-time men but they work only part-time on the Upper Rock.

HON M XIBERRAS:

Mr Chairman, am I right in saying that the Gibraltar Government now has full responsibility for the Upper Rock?

HON M K FEATHERSTONE:

I would not like to say "full responsibility", but we have the responsibility for the fire breaks; we have the responsibility for the roads that are used by the normal traffic of Gibraltar, but those roads which go into areas which are not open to the normal traffic of Gibraltar are not our responsibility.

HON M XIBERRAS:

And the pumping stations located in the Upper Rock come under a different vote?

HON M K FEATHERSTONE:

The pumping stations in the Upper Rock belong to the Ministry of Defence.

HON MAJOR R J PELIZA:

Mr Chairman, I think the Minister made a remark about sick pay ...

HON M K FEATHERSTONE:

Mr Chairman, may I crave your indulgence, we have a second section - I find on turning the page, - which are six persons who are in charge of the playgrounds. Their wages are £12,434 with overtime at £1,007 and £600 Efficiency Bonus.

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

The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon A P Montegriffo  
The Hon A W Serfaty  
The Hon H J Zammitt  
The Hon D Hull  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon J Bossano  
The Hon A J Canepa  
The Hon Major R J Dellipiani  
The Hon P J Isola  
The Hon J B Perez  
The Hon Dr R G Valarino

(5) General.

MR CHAIRMAN:

Thank you. You had a question?

HON MAJOR R J PELIZA:

On item 7, I think the Minister made the remark when we discussed the amount of sick pay which is £220,000.

HON M K FEATHERSTONE:

Sick leave works out altogether to approximately £98,000. When I gave the information before the amount was for leave and public holidays and was £219,400. Sick pay is £98,000.

HON MAJOR R J PELIZA:

Could the Minister explain, overall, is it similar to what we heard about the Electricity Department where practically every man took his full three weeks' sick leave? Is that the situation or is it worse?

HON M K FEATHERSTONE:

We estimate that 225 Moroccans take around two weeks sick leave and 125 around six weeks sick leave. As for the Gibraltarians 225 take about one week sick leave and 225 take about one and a half weeks.

HON MAJOR R J PELIZA:

On the question of the certificates, I take it that in these instances they have to produce medical certificates?

HON M K FEATHERSTONE:

Yes, they bring certificates, but of course these certificates in many instances are from Moroccan doctors. I do not think I need say more.

HON MAJOR R J PELIZA:

Is there anything the Government can do to reduce this amount of apparently unjustified sick leave?

HON M K FEATHERSTONE:

Well, as I said we are going to take a rather tougher policy on these people who are regularly taking this full amount and some of them may face dismissal.

HON G T RESTANO:

May I ask what are the revised leave conditions that are the explanation for sick pay.

HON M K FEATHERSTONE:

On the pay review the leave conditions for the normal worker is three weeks plus of course the normal public holidays. I think the three weeks come in after 2 to 3 years service.

HON G T RESTANO:

Can we have the breakdown on items 6, 8 and 9. Can we have a breakdown for wages and overtime.

HON M K FEATHERSTONE:

Subhead 6, Rock Safety Measures, there are no specific wages involved since this is the actual capital cost of the works. The works are done by other gangs, so the wages are already counted up somewhere else. Subhead 8, which is protective clothing, again, of course, there are no wages as such, and Subhead 9, which is Purchase of Small Plant, once again there are no wages.

HON M XIBERRAS:

In speaking about the Electricity Department the Minister for Labour said, and the Minister for Public Works repeated the same sentiment, that the Government intended to take a tougher policy on this matter.

I am talking about the apparent policy of the Government to take action on the matter of sick pay and I think overtime. This was mentioned by the Minister for Labour and the Minister for Public Works. Could I ask the Minister for Public Works whether his estimates for this year take account of this policy which the Government has announced, or have the estimates been drawn on the basis of last year's performance.

HON M K FEATHERSTONE:

No, it has not been taken into account yet because obviously until one scrutinises very carefully every instance one cannot really put it into one's estimates, so it has been based on last year's figures.

HON M XIBERRAS:

Would the Minister not consider it fair, in view of the size of his Department, which was established in money terms at about \$5m, that he should make a comprehensive statement to the House as to how he intends to tackle the problem.

HON M K FEATHERSTONE:

This can be made in the future when we have completed our studies. I will bear that in mind.

HON M XIBERRAS:

The other comment of the Minister for Labour in referring to the Electricity Department, was, I think it was in respect of sick leave and overtime, that the Electricity Department was quite good compared to other departments, in this respect. Was it the Public Works Department that the Minister for Labour was referring to?

HON A J CANEPA:

Mr Chairman, the information which the Minister for Public Works has given with respect to a number of Moroccans who take as much as six weeks of sick leave underlines what I was saying. That is really what I was referring to.

HON M XIBERRAS:

I think one must be understanding of the position of Moroccans here, because their families are not with them and so forth, but in one case there is one set of arguments for people being absent from work and in another case for being absent from work and being paid for being sick. That is I think where a distinction should be drawn. I do not know whether the matters have gone from bad to worse over the years, whether there has been a deterioration of the situation, but I would be glad to hear from the Minister whether this is so?

MR CHAIRMAN:

We are not going to discuss the whole matter of the principle involved because that is another thing.

HON M XIBERRAS:

The problem is that we have an item of \$300,000 for leave and sick pay for workmen and I thought this was a good place in which to air some of the more general points such as this, in respect of this particular Department which is the largest Department in the Government in expenditure. I was hoping to get the Minister for Public Works to say whether there has been a deterioration to this effect in respect of sick leave.

HON M K FEATHERSTONE:

As I said we are monitoring this very carefully. We have had instances of people who have been away, especially after they

got their back pay last year, for periods of 8 to 12 weeks, of which six weeks are unpaid leave. You can obviously see that they have taken their full quota of sick leave which makes it look to some extent that it is rather a put-up job.

HON M XIBERRAS:

But my question is, has there been a deterioration?

HON M K FEATHERSTONE:

No, I should say that it is roughly much the same as last year.

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

The Hon I Abecasis  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon A F Montegriffo  
The Hon A W Serfaty  
The Hon H J Zammit  
The Hon D Hull  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon J Bossano  
The Hon Major F J Dellipiani  
The Hon P J Isola  
The Hon J B Perez  
The Hon Dr R G Valarino

#### (6) Highways

HON M K FEATHERSTONE:

Before I am asked I will start to give some of the figures. This is a complicated subhead and it is broken up into several areas. The Catalan Bay depot, which operates the asphalt plant, crushers etc, the wages are \$17,318; the Efficiency Bonus is \$1,720; and the overtime \$2,003. The main resurfacing gangs, the wages work out to \$29,470; the Efficiency Bonus is \$1,260; and the overtime is \$4,003. The trench reinstatement gang, the wages work out to \$12,027; the Efficiency Bonus is \$540; and overtime \$2,136. I might add one point here, I am actually giving incorrect figures with regard to the Efficiency Bonus. I am giving the Efficiency Bonus at the old rate but it has been increased in the last 2/3 weeks since the preparation of these Estimates, it will be higher by approximately 30%.

The number of people in the Catalan Bay Depot are 7, in the main resurfacing gang 14, in the trench reinstatement gang 6. There is then the maintenance of open spaces, steps, walls, ramps, street name plates and bus shelters, this is 15 people, with a total wage of £34,643; Efficiency Bonus £1,440; and overtime £4,925.

The Catalan Bay Depot operating group in the pre-cast concrete yard and the carpenter's shop etc are 11 people. Total wages £24,064; Efficiency Bonus £990; Overtime £4,006. And there is a small group called the minor improvements group: there are 5 people involved, wages £11,279; Efficiency Bonus £450; overtime £1,878.

HON M XIBERRAS:

I thank the Minister for that information, Mr Chairman. Could I ask him, or the Minister for Economic Development, whether in the view of the Government any kind of Term Contract provision would apply to roads?

HON A W SHEPPATY:

We are really talking of the backlog of heavy maintenance.

HON M XIBERRAS:

Not of roads. Now, is the Minister satisfied that the work force that he has which has taken on certain works - notably last year the Viaduct - will that be sufficient to keep up with the needs?

HON M K FEATHERSTONE:

Yes, Sir. The amount of money provided can easily be spent by the road gang. I would just mention, that I've been advised that the Efficiency Bonus increase is 75%, not 30% as I said.

HON M XIBERRAS:

The Minister has said that it is sufficient to keep up with the needs. I mention this, Mr Chairman, because my colleague Major Peliza in fact made a point about this, and in view of the extra number of motor cars we have on the roads, I think it is a point to bear in mind. Is the Minister satisfied with the state of repair of the roads, or does he agree with my Honourable Friend that a number of roads are in bad state of repair?

HON M K FEATHERSTONE:

There are a number of roads whose state is not as good as we would like them to be and obviously if we had more money we could spend it on the roads. The labour force could cope with it.

HON M XIBERRAS:

Mr Chairman, is the Minister satisfied with the output of this

particular section?

HON M K FEATHERSTONE:

Yes, the output is quite good in fact. This is one of the areas where we are doing JFC's.

HON M XIBERRAS:

Mr Chairman, doesn't the Minister agree that a diversion of funds to this particular area, given greater efficiency in other areas, might be desirable.

HON M K FEATHERSTONE:

Yes, I think that's not an understatement. I think that's quite a fair statement.

HON MAJOR R J PELIZA:

Will the Minister take into account at least the entrance to our town, Main Street, which is in a terrible state, particularly for pedestrians. Has he ever walked around the area and seen the number of pot holes, the dangers on the pavement, the wear of the curb. In fact, I think it's a danger for people walking about. Could he look into this and make a start along the town because not only will it make it safer for the people who are walking on the road, but it would make it more attractive than it is right now.

HON M K FEATHERSTONE:

I think, Main Street in general is one of the areas down for dealing with this year.

HON M XIBERRAS:

Has the Minister mentioned any other major areas. We used to have questions on what was needed to be done. At one time there was a general programme of work. What are the major areas and could the Minister give an indication of what is going to be done this year?

HON M K FEATHERSTONE:

I haven't got those figures at my fingertips, but I can find them out for you.

HON M XIBERRAS:

I would be very grateful to the Minister. Could he mention off-hand, though, whether there is any major stretch, for instance the Viaduct, the approaches to Varyl Begg, that was done recently. Could the Minister mention any major area of road resurfacing or repair?

HON M K FEATHERSTONE:

Well, I think the major area that we have down to do is the

improvement to Main Street, especially the pavements, which I understand are in a bad condition. There are certain facets of the job which we are finding extreme difficulty in coping with. One of them is the carrying out of the actual job of chipping away at the curb stones. We are finding a lot of difficulty in being able to find somebody to do that. That is a very skilled job although it doesn't look like it. We are hoping to deal with Main Street this season.

HON M XIBERRAS:

That appears to be the major area. Mr Chairman, is the plan envisaged for Main Street, simple resurfacing or is there going to be enhancement as has been advocated by a good sector of the community?

HON M K FEATHERSTONE:

I think it will be mainly resurfacing and redoing of the pavements where they need it. We have one scheme for an improvement around the Supreme Court area, but I don't think that will be covered this year.

HON M XIBERRAS:

Mr Chairman, has the Minister, because this was an idea that was some time ago by the Main Street Traders Association, I think it was, of contributions by Main Street Traders so as to make Main Street a particularly attractive area. I don't know whether this was in the City Plan or not but it seems to me that ...

MR CHAIRMAN:

Your question is, is there a scheme whereby owners will contribute to the cost of the works.

HON M XIBERRAS:

I am also expressing an interest that it should be in fact enhanced, Mr Chairman, because in many towns, especially the sort of places which have a tourist industry, the Main Street is in fact enhanced, the main walk is enhanced, in such a way that the tourists who use that particular area find it pleasing.

HON M K FEATHERSTONE:

We have had no approaches either from the Chamber of Commerce or the Main Street Traders' Association, which I believe is defunct at the moment or at least in suspended animation, but should either of these two bodies approach us we are very happy to look at it, and if we can co-operate with them we shall.

HON MAJOR R J FELIZA:

Mr Chairman, why do they not take the initiative and make the approach themselves.

HON M K FEATHERSTONE:

Well, if taking the initiative means going around all the traders and saying, "Come on boys, pay up" you may probably get a certain reaction against it in which they would say that this was the Government's job. I would prefer the initiative to come from them, in which they said, "you are doing a reasonable job, we would like it to be better and we are willing to put our hands in our pockets to pay for it".

HON M XIBERRAS:

There is, Mr Chairman, the question of rates that are being paid in fact by this particular sector of the Community. There has been as I understand it a substantial increase in rates and I was wondering whether since at this particular stage the Government is envisaging a resurfacing this might not be a good time to enhance this.

HON M K FEATHERSTONE:

I think the amounts of rates paid by business premises has not been increased unless the actual specific rents of the premises have increased, otherwise they are still paying the same rates. The big rates increase applied mainly to domestic accommodations where the rent had gone up.

HON M XIBERRAS:

I've heard of a number of cases which on revaluation the rates have increased substantially.

HON M K FEATHERSTONE:

Yes, there has been some revaluation but this is usually because the actual rent of the property has gone up.

HON M XIBERRAS:

Would the Minister in any case consider in fact enhancing?

HON M K FEATHERSTONE:

We are willing to consider it, yes, but as I said before if the Chamber of Commerce were to make an approach to us I think that would be preferable.

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

The Hon I Abecasis  
The Hon A J Canepa  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon A P Montegriffo  
The Hon A W Serfaty



The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon J Bossano  
The Hon Major F J Dellipiani  
The Hon J B Perez  
The Hon Dr R G Valarino  
The Hon H J Zammitt  
The Hon D Hull  
The Hon A Collings

(7) Mechanical.

HON M K FEATHERSTONE:

This again breaks up into various areas Sir. We have in the PWD Workshop at Queensway 49 people employed for a total of £108,334; the Efficiency Bonus £4,410; the Overtime £24,000. Certain allowances are paid in this area and these come to £4,578.

Then there is a second section which includes all the drivers etc. There are 64 persons employed in this section and their wages come to £145,799; the Efficiency Bonus is £5,760; Overtime is £33,000; and the Allowances come to £4,366. Now, these people actually do work for other departments and so we actually get a certain amount of money which comes back. This is estimated to be somewhere in the region of £30,000. So that is an offset.

HON M XIBERRAS:

Could the Minister answer two general questions. One is, what is the chain of command in this particular section? Who is responsible for the sending out of lorries to the various parts where work is being carried out? That is the first question.

HON M K FEATHERSTONE:

There is a PTO I, a Mechanical Engineer, in charge of the whole setup, then there is a PTO II actually on site. Also PTO IIIs and PTO IVs, and the chain of command naturally spreads down. Obviously the requirements of lorries comes in from various sources. The maintenance people may make application for the use of lorries. Some of the lorries are the normal refuse lorries which you see going around town collecting refuse. It comes under various Heads.

HON M XIBERRAS:

Mr Chairman, if I recall in the House it was elicited that there was some difficulty about who was responsible for getting a lorry

to a particular place on time. Whether it was in fact the PTO I in charge of the Mechanical Section, or whether in fact it was the person who had requisitioned the lorry for the day, and this led to great delays in the arrival of the lorries, great quarrels as I understand between the two person involved.

HON M K FEATHERSTONE:

I don't deny that that has happened. Some of the difficulty is that we don't have sufficient lorries of our own and when we are short of a lorry we have to get one of the lorries from the contractors from whom we are hiring them. Sometimes they send us a lorry which is not satisfactory and it has then to be sent back. It may not be satisfactory insofar that perhaps it is too wide to go in the area where it has got to go, something like that. Of course the maintenance people who may be waiting for the lorry don't appreciate that the Garage Section, who first take delivery of the lorry, have said that that lorry was not suitable, and they have got to go back and get another one. We are doing our utmost to streamline procedures so that this doesn't occur and it should be far better at the end of this year when we bring in lorries of our own and we get rid, we hope, of the need to hire any lorries at all.

HON M XIBERRAS:

Mr Chairman, taking a hypothetical case, if a lorry were to take an hour to get from one point to another, who is responsible for that happening? Is it the man in charge of the Mechanical Section or is it that once the lorry leaves the depot it is up to the person who has requisitioned the lorry to see to it that it is there on time, or report the matter if it is not?

HON M K FEATHERSTONE:

I would say that it is the person who has requisitioned the lorry that sees that it gets where it has to get to with reasonable expediency.

HON M XIBERRAS:

Mr Chairman, the other question is in fact the size of the fleet. How many lorries do we have? The Minister mentioned that the Government was going to acquire a number of lorries because of the cost of private hire.

MR SPEAKER:

You want to know just now the number of lorries?

HON M K FEATHERSTONE:

I'm afraid I haven't got this here. I do have these figures, but I haven't got them here. I know some of the fleet is rather old and that it is being replaced at the moment. I'm told altogether that it's about 70 vehicles. These vehicles will range between heavy lorries, specialised lorries such as those used for refuse collection, vans, tipper trucks, all sorts.

HON M XIBERRAS:

Mr Chairman, one sees great numbers of Public Works vehicles around and this is a good thing, I think the mechanisation, provided the lorries and the vehicles are used efficiently. Now could I ask what control ...

MR CHAIRMAN:

No. I've got to draw the line somewhere. Ministers are responsible for the policy and the general running of their departments. I think it is getting to the stage where Ministers are expected to answer questions as to how the particular Sections of their departments are being run. I think it is unfair to ask this information of Ministers and we are getting down to bare details which I don't think is right.

HON M XIBERRAS:

Mr Chairman, I appreciate that it is only because of the sums involved that getting down to these things is important.

MR CHAIRMAN:

I'm not suggesting that they are not important.

HON M XIBERRAS:

I think it was the Chief Minister who said that there was ample opportunity in this House to question the ...

HON M K FEATHERSTONE

I think that is a difficult one to answer just like that. I know that the cost of operation of a lorry that we hire is about £38 a day and we are hoping to cut that by about 40% once we have our own lorries so I should assume that they are costing £20 to £25 a day.

HON P J ISOLA:

Are any records kept of the use of the lorries and where they go and things like that?

HON M K FEATHERSTONE:

Yes, Sir.

#### (7) Mechanical

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

The Hon A J Canepa  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon J B Perez  
The Hon A P Montegriffo

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon Major F J Dellipiani  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon D Hull  
The Hon A Collings  
The Hon J Bossano

#### (8) Pumping

HON M XIBERRAS:

Mr Speaker, does the pumping station at Victoria Stadium come under this vote?

HON M K FEATHERSTONE:

No, Sir, that is a sewage pumping station and these are the sanitary and fresh water pumping stations.

HON M XIBERRAS:

At one stage, Mr Speaker, there was an idea of a gradual, with wastage ...

MR CHAIRMAN:

I don't think anyone would doubt that ...

HON M XIBERRAS:

In fact, what I am saying, Mr Chairman is that the issues at stake are issues of some detail, and if the City Council had been in existence these matters would have been ventilated there.

MR CHAIRMAN:

These matters, I imagine, will be really relevant in the Public Accounts Committee.

HON M XIBERRAS:

Mr Chairman, the problem about this is that the Public Accounts Committee looks at things after the event. We are looking at the estimates now.

MR CHAIRMAN:

Yes, but there is a limit as to the information that Ministers can be expected to give in the House of Assembly and I have no doubt that I am saying what I am saying now I'm saying to the right thing. We are getting down to the breakdown of the actual working of sections of departments.

HON M XIBERRAS:

Mr Chairman, could I ask the Minister, in view of the fact that he is going to ask the House to vote sums for increasing the fleet, what is in fact the cost of operation of lorries on average, generally?

MR SPEAKER:

Most certainly.

HON M XIBERRAS:

who  
With people leaving the Public Works Department work in this particular area of gradually replacing manual control of the pumps by automatic control. I think there was an exercise on this back in 1971. Is this the policy of the Minister, that on wastage, without firing anybody, without dismissing anybody, to replacing the manual operation of pumps by automatic operation.

HON M K FEATHERSTONE:

Yes Sir, this is being done all the time. In fact, under another Head, or I think under the I&D Fund, where we come to something known as the Rationalisation of the North Front Wells, this is being done all the time. The type of pump being fitted are types that are automatic in starting and this will cut down the labour force. This is an on-going policy, but it takes a long time to actually put it into full effect.

HON M XIBERRAS:

Mr Chairman, could the Minister comment on the size of the increase there, the approved estimates of £128,100. That was to rise to £180,400, and now the increase being asked of the House is of £154,200.

HON M K FEATHERSTONE:

Yes, the increase is partly due to the increase in wages owing to the introduction of parity, but there is also a very considerable increase in the electrical consumption. Electricity went up quite heavily last year and this is one of the other reasons for the high increase.

At Hesses' we have four people working altogether. These people are on a shift system and the figures that I have had given to me are based on the actual cost of the shift. Since they are working approximately 100% overtime, if you divide

495.

the figure in two you will find that you are getting half of it for the normal wage and half of it for overtime. It is a shift system, essential overtime, which we cannot cut down.

These operators get £13,185 and their Efficiency Bonus is £416.

At Ragged Staff the same applies. We have shifts, we have two operators and they come to £10,125. At Europa Road we have four operators and they come to £19,905; at Varyl Begg we do not have any operators, this is one of the areas where we have got the automatic pumps; and at Haynes' Cave we have one operator who costs us £4,591.

HON M XIBERRAS:

The last question on this vote, Mr Chairman. Is the strength of the machinery big enough to draw the water up, because there used to be substantial interference with Varyl Begg when water was being pumped at a particular time. At certain particular times I think it was impossible to get enough power to raise the water up.

HON M K FEATHERSTONE:

Actually in Varyl Begg we have not got what we consider adequate pumping capacity and we are providing in the I&D Fund this year for another pump for Varyl Begg.

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

The Hon A J Canepa  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon A P Montecriffo  
The Hon J B Perez  
The Hon A Collings

The following Hon Members voted against:

The Hon P J Isola  
The Hon Major R J Feliza  
The Hon G T Restano  
The Hon M Xiberras

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon Major F J Dellipiani  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammitt  
The Hon D Hull  
The Hon J Bossano

(9) Sanitation

496.

HON M K FEATHERSTONE:

We have again two Plant Operators who are paid on a shift system and they get £10,207. They are in charge of all the pumps in all the various areas. This sanitation pumping is what we would call sewage pumping. Most of the pumps are automatic and they cover places like Both Worlds, Catalan Bay, Devil's Tower, Western Beach, the Victoria Stadium, Bayside, Orange Bastion, Fish Market Road, Waterport, Varyl Begg and King's Bastion. 90% of the pumps are automatic and the two pump operators only have to check up and see that everything is keeping in proper order.

HON M XIBERRAS:

With respect to the pump at Victoria Stadium, is that now automatic?

HON M K FEATHERSTONE:

Yes, the new one that is being put in will be automatic. In fact, I think the job is proceeding at the moment. The tender was out some four months' ago and the work is being done.

HON M XIBERRAS:

Would the Minister remind the Chief Minister that he has not made available yet the results of the enquiry on the Stadium?

HON M K FEATHERSTONE:

I presume the Hon Chief Minister has heard that as well as I have.

HON G T RESTANO:

The breakdown figures that have been given at £10,200, does that cover all the items under sanitation?

The only figure is £10,200?

HON M K FEATHERSTONE:

Yes, the two Plant Operators employed.

HON G T RESTANO:

What is the balance of the vote?

HON M K FEATHERSTONE:

There are £14,800-odd spent on electricity; £500 on diesel fuel; spare parts some £12,000; the mechanical and electrical maintenance, the upkeep of the stations, and the maintenance team come to some £30,000.

HON M XIBERRAS:

Mr Chairman, I would like to know about the lorries that collect old furniture. Do they come under this vote or under the maintenance vote?

HON M K FEATHERSTONE:

They come under the cleaning of highways vote. Item 13.

We have 48 men employed and their basic wage is £121,502; overtime is £34,944. This is an area, of course, where we have to clean on Saturdays and Sunday mornings so their level of overtime is higher. There is another special overtime of £7,800 and these are the men actually working on the Sunday mornings, and they get an obnoxious allowance of £1,344.

HON P J ISOLA:

As a matter of interest, how long does it take to get to a drain that is stenching. I shall give an example. There is a drain in Main Street, outside the Calpe Pharmacy, which has been open and shut about three times in the last year, but in between it smells very heavily. When that sort of thing happens how quickly is it repaired, because I have had personal experience of smelling it on my way up and on my way back and on my way up again and on my way back. What sort of system is in existence to ensure these drains are speedily repaired because they do represent, I think, a hazard to health apart from the unpleasantness.

HON M K FEATHERSTONE:

We are jumping a little bit because that would come under item 17, the upkeep of sewers and drains.

MR CHAIRMAN:

We are dealing with the general subhead, Sanitation, which includes subheads 13, 14, 15, 16 and 17.

HON M K FEATHERSTONE:

Yes, Sir, but I thought we would go through them one by one, since I am being asked for the wages of each and every section.

MR CHAIRMAN:

Well, let's then be clear on one thing. Will you give the wages element on all these subheads.

HON M K FEATHERSTONE:

With the greatest respect, Sir, I would prefer it if we took it item by item since that is the way I have them here. Otherwise it is going to be extremely complicated.

MR CHAIRMAN:

Well, fair enough.

HON M K FEATHERSTONE:

I have just finished the wages on item 13, the cleaning of highways - I shall come to the Hon Mr Peter Isola's question later - the next one is the collection of refuse. This one employs 35 people, their total wage on a normal basis is £83,000; their overtime is £53,000. They are on a special shift system. They have allowances of £2,400.

HON M XIBERRAS:

The Minister mentioned shift system. I imagine these are the refuse lorries that go round collecting, this is what we are dealing with under this particular item.

HON M K FEATHERSTONE:

No, the ones that go round collecting come under the cleaning of highways. That refuse is actually deposited in the highway and it is the cleaning of highways that covers that.

HON M XIBERRAS:

So what does this vote appertain to?

HON M K FEATHERSTONE:

This is the collection of refuse from the houses, where people leave their dustbins outside the house, and the general refuse collections made every morning.

HON M XIBERRAS:

This is what I meant, these are the lorries that go around in the morning. Is there any other time at which lorries could go round? The Minister mentioned the shift system. Are we paying for collections early in the morning, or say up till midday or 10 or 11 o'clock, or are we paying for collection of refuse at different times of the day?

HON M K FEATHERSTONE:

They are on a "task" system. I think they start about 6am or 6.30am and their job is to finish as rapidly as possible and they normally finish somewhere around midday. They work seven days a week, of course.

We now go to Item 15, which is disposal of refuse. Here we have 11 men employed. These people are also on a shift system and their wages work out to £53,000.

Toilets and Tarik Bath, there are 15 attendants whose wages come to a total of £40,000. The Tarik Bath, which I would comment we intend to close down some time this year, it is

completely uneconomical, at the moment has two persons at a wage of £7,000.

We shall be building extra showers at the Market Place to make up for the baths that will not be available at Tarik Baths. We only took around £500 last year in the Tarik Baths and to spend £7,000 on keeping it open to take £500 is hardly economical.

HON M XIBERRAS:

There are two persons involved, yet the figure in the vote is £24,500, on an Approved Estimate of £45,500, that is about double.

HON M K FEATHERSTONE:

These refer to the other toilets in town. There are other ladies employed. Now we come to the upkeep of sewers and drains.

I will provide first the amount of wages. We have five groups in this, the normal Sewer Cleaning who work at daytime, their wages are £17,100, with some £3,000 of overtime. We have a second group who do the Desilting of Sewers, these are engaged on night work and their wages come to £12,800. We have New Works, Reconstruction of Gulleys and Plant, and the work in Orange Bastion, and this consists of 24 people, their wages come to £50,900 with approximately £0,000 of overtime. The fourth group which is the Maintenance of Sewers and Drains in New Estates that have been taken over by the Sewer Section, there are eight people employed and their wages are £10,500 and £2,700 of overtime, and we have the last group who are men working on Desilting the Main Sewer, which is a job which had not been done for some fifty years and we have been working on for the last three years, there are six men working on this, their wages come to £10,200 and they get a 25% bonus for working in deep sewers which is some £2,000.

On the question of the Hon Peter Isola, normally these are repaired fairly quickly. I think the one that the Hon Member is mentioning is outside 231 Main Street and apparently there has been some delay in establishing the responsibility whether it was the landlord or the PWD. Investigations show that both are partly responsible. I think one of the faults, I have seen it myself, is that there is a small drain actually in the pavement and the water leaks out of there and it is very smelly indeed. Work has now started, in fact in the last two days they have been working on it, but I believe the difficulty was to apportion the blame as to who actually had to deal with it.

HON P J ISOLA:

Mr Chairman, could I suggest to the Minister in a case of this nature where there is great discomfiture to the public that surely the proper way to deal with it is that the Department should repair it and then if the landlord or some adjoining owner is responsible then take him to court rather than just leave it there and let everybody suffer the consequences whilst

an argument goes on. I would have thought on questions of health, I think, this is really similar almost to the other case of the building being in a state of collapse. I would have thought that in cases like that where there is danger to health or danger to the public of any shape, the proper thing to do is to do the work yourselves, the Government has the expertise, then to take the owner to court and show and prove that it was the owner's responsibility, rather than leave it there not done and argue it out with an individual and let everybody else suffer in the meanwhile. Can the Minister look into that side of the matter?

HON M K FEATHERSTONE:

I think that is done in extreme cases, Sir, but I am sure the Hon Member from his own experience will know that there must be dozens of cases, especially with the Public Health Department, in which they make claims against landlords, one might take it to the full conclusion, as the Hon Member says, and get the Public Works to do all these nuisance notices themselves, and then have hundreds of court cases. I do not think that would be conducive to getting it done.

Normally one manages to convince the landlord to get these jobs done quickly. I think we might, if we did it ourselves and then took the landlord to court, get a counter claim that had the landlord done it himself he would have done it more cheaply and we have put our nose in and it has become more expensive and he is not prepared to pay.

HON P J ISOLA:

But I would have thought that if a landlord is given notice to do it, that it is his responsibility and he does not do it, I would have thought that the Public Works Department would have no problem in collecting the money from the landlord if it was true that the landlord was responsible.

HON M K FEATHERSTONE:

I said that in this instance we were trying to find out whether it was the landlord or whether it was the Public Works Department.

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

The Hon A J Canepa  
The Hon M K Featherstone  
The Hon A P Montegriffo  
The Hon A W Serfaty  
The Hon J B Perez  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon Major F J Dellipiani  
The Hon Sir Joshua Hassan  
The Hon Dr R G Valarino  
The Hon H J Zammitt  
The Hon D Hull  
The Hon J Bossano

# (10) Water Supply - Salt Water

HON M K FEATHERSTONE:

Just on a point of interest, I hope this voting against does not mean to say that the Opposition would like the Public Works to stop all its services as from tomorrow, because if we had no money voted we would not be able to do anything and then the town would be in a mess.

Salt water distribution, Sir. Maintenance and repair of Mains: 26 people employed, total wage £79,740 and there are £4,526 on wages shared with another department; half a storeman, half a plumber on night duty; and a half a plumber on weekend duty. We share the salt water with the potable water. Overtime is around £13,000.

HON M XIBERRAS:

Mr Chairman, could we have the cost of production of water by various means?

MR CHAIRMAN:

No, we are talking about salt water exclusively now.

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

The Hon A J Canepa  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon J B Perez  
The Hon H J Zammitt  
The Hon A Collings

The following Hon Members voted against:

The Hon P J Isola  
The Hon G T Restano  
The Hon M Xiberras

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon Major F J Dellipiani



The Hon A P Montegriffo  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon D Hull  
The Hon Major R J Peliza  
The Hon J Bossano

(11) Water Supply - Potable Water

HON M K FEATHERSTONE:

Potable water, Sir, we have 15 people, £32,976, and then this half storeman, half plumber etc etc, again £4,526; overtime is approximately £5,400. Then in the Peter Shop we have 12 people, their wages work out to £28,249, their overtime is £4,706.

HON M XIBERRAS:

Mr Chairman, may we have the comparative cost of production of water by various means.

HON M K FEATHERSTONE:

When we take the cost of production of water there are two parts of the actual cost; there is the actual operating cost which covers fuels, chemical, electrical power, spares services and materials, labour and a percentage of the waterworks charges, and we call these the operating costs. Then, of course, you have the hidden costs, which cover interest, capital charges, non-industrial staff overheads, non-technical staff overheads, pensions and gratuities and the distribution costs which have a labour section in the materials.

The rainfall, the operating costs are 25p per ton and the total costs are 62p per ton.

The North Face Distiller operating costs were, when this was prepared, £2.14p per ton and total costs £2.92 per ton. This, of course, goes up very considerably because there is a reasonable amount of capital charges. The VTE Distiller, operating costs £2.77 per ton, total costs £3.82 per ton.

The North Front wells, operating costs, 39p per ton, total costs 76p per ton. An importation £1.60 per ton operating costs, total costs £2.17.

I have mentioned the North Face Distiller and the VTE Distiller and I would comment now that since there has been notification of an increased price of oil as from the middle of April they are going up by approximately 5p more per ton and we are going to face an increased cost of some, as far as we know this year £60,000, but as far as we estimate, since we understand that further oil prices are in the offing, perhaps £100,000 extra that will have to be provided some time during the year if we continue distilling to obtain water. This is why I mentioned earlier on that we are looking very carefully into the question of whether we continue distilling with this £3.82 per ton distiller, the VTE type, or whether we go to increased importation.

503.

HON M XIBERRAS:

Mr Chairman, I understood, we had a statement from Col Poare who was the Minister's predecessor at one time, that the VTE Distiller in fact produced 300,000 gallons to the 200,000 gallons produced by North Front. To what is owed the deterioration.

Mr Chairman, could I ask the Minister about the wastage of water. Again quoting Col Poare some 37% was acceptable at the time, not unusual, and during Council days something like 11% was the norm. Could the Minister put a figure on what is the wastage rate in water now and what wastage rate would be fine acceptable?

MR CHAIRMAN:

It is a figure we are being asked about, not the principle as to whether the wastage rate is high or low.

HON M XIBERRAS:

No, no, I want both things.

HON M K FEATHERSTONE:

The nearest figures that I can give are from the Auditor's Report for the year 1977/78, and I think he worked it out at 20%. In City Council days it was not as low as 11%, it was often 16% to 18%, which used to give rise to considerable quizzing from the then Councillor Mr William Isola, who used to ask a lot of questions about it.

Obviously, Sir, we would like this figure to be as low as possible, but we have it from expert advice with Water Authorities in England and Europe that the more extensive one's water network the greater the ratio of losses goes up.

We had an article only the other day which commented that in certain areas even a 50% loss would be acceptable. As far as we are concerned we are trying to hold it down to the lowest figure possible. I think the 28% figure has been one of the lowest we have had in the last few years, so this perhaps is the result of our efforts in trying to keep it as low as we possibly can.

HON M XIBERRAS:

The Minister must be aware of correspondence with Mr F Gonzalez, who used to be employed by the Council now no longer so, there has been some public reference, I think he will find that the figure he quoted there was 11%.

The relevance of this is that in Council days apparently there was a great deal of efficiency in this particular matter.

504.

HON M K FEATHERSTONE:

As I said, in Council days it was lower, it might have been one year 11%, but I remember other cases in which it was as high as 18%, but we were then dealing with the supply of some 3,000 meters we are now dealing with a supply of some 8,000 or 9,000 meters.

HON MAJOR R J PELIZA:

Yes, but in view of this very, very high cost of water here, and the tendency is that this cost will rise even more steeply, isn't it worth putting more money into making sure that this leakage does not take place. Isn't it a good investment, rather than import more water, to try and stop those leakages.

HON M K FEATHERSTONE:

I quite agree with the Hon Major Peliza and that is why you will see in the Improvement and Development Fund we are spending a considerable amount of money in renewing water mains and meters this year, as we have been doing over the last 2 or 3 years.

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

The Hon A J Canepa  
The Hon Major F J Dellipiani  
The Hon M K Featherstone  
The Hon Sir Joshua Nassar  
The Hon J B Perez  
The Hon H J Zammit  
The Hon D Hull  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon A P Montegriffo  
The Hon A W Serfaty  
The Hon Dr R A Valarino  
The Hon J Bossano

#### Head 21 Recreation and Sport - Personal Emoluments

HON H J ZAMMIT:

Mr Chairman, we have six non-industrials at the Stadium, consisting of the Sports Manager, Sports Officer, one Clerical Assistant and three Sports Supervisors. The total salary comes to £23,534, there are the £5,000 overtime and weekend working, including public holidays; allowances to the Supervisors on the shift disturbance and the Sports Officer allowance in lieu of

overtime; and temporary staff comes to £3,500. The pay supplement not included in salaries is £1,565, making a grand total of £33,599, hence the £33,600.

Personal emoluments were agreed to.

#### Other Charges

HON M XIBERRAS:

I would like to ask a number of questions on this. The main one is on the structural alterations to implement the membership scheme.

MR CHAIRMAN:

That is Special Expenditure. We are on Other Charges.

HON P J ISOLA:

Is anybody being paid out of the item Staff Wages who is not actually working at the Stadium?

HON H J ZAMMIT:

No, Sir.

Other Charges were agreed to.

#### Special Expenditure

HON M XIBERRAS:

Could I ask now Mr Chairman on the structural alterations to implement the membership scheme, token provision £100. The Minister has been toying around with this idea for quite some time. I think for myself I can say I am not in principle opposed to this scheme but am asking him to consult all the Sporting Associations on the matter; and that if participants at the Stadium are going to be asked to contribute they should become almost shareholders of the Stadium and, therefore, they are entitled to some sort of say in the administration of the stadium.

The Minister said he was going ahead with this revenue-raising matter, I think it is a very serious matter affecting a lot of people and could the Minister give us an indication on these two points I have mentioned.

HON H J ZAMMIT:

Mr Chairman, definitely it is correct to say that we intend to start the membership scheme at the Stadium. I very much doubt if members of the Sandpits Lawn Tennis Club are shareholders of Sandpits Club or members of USOC become shareholders of USOC. The question of voting or having some say in the running of the Stadium will of course come through the representatives elected by the various organisations to sit on a committee to be called the Sports Committee, the Sports Advisory Committee, Control

Committee, Victoria Stadium Committee, whatever, and therefore they will be contributing through that committee towards the general management of the Stadium, but let the Hon the Leader of the Opposition not get away with the idea that Government intends to give up management of the stadium to the various Associations.

HON. M. XIBERRAS:

But does the Minister not agree that there is a need for greater participation in the running, the use to which the Stadium is put, once people are charged to come in.

HON. H. J. ZAMMITT:

Mr Chairman, needless to say I have not received any complaints from users of the Stadium that they are not getting a fair crack at the whip. I have not so far because every single association, and I say associations without taking into account the non-competitive games that go on at the Stadium will, of course, require and would desire much more facilities in the way of allocations than we are able to provide. Put, of course, we have the Stadium open from 9am to 11pm and one cannot fit in more allocations than one does. I think we would all like to squeeze more out of the lemon but I am afraid it will run dry, we will have to have a fair equilibrium as best we can.

HON. M. XIBERRAS:

The Minister is, of course, not accurate when he says he has not received complaints because he has received complaints, I certainly know from the particular sports I have been involved in that he has received complaints about that. The Minister is not accurate in saying that.

HON. H. J. ZAMMITT:

I think it is unfair to say that we have received complaints. What I think I had stated in my address is to say that every single association would want more allocations but we just cannot do it. If that is a complaint then of course it is a general complaint of every single association wanting extended facilities, and that cannot be done.

HON. M. XIBERRAS:

I do not think the Minister should shrug off the whole thing but never mind. I think it is a fact that there have been complaints about the use of particular days in the morning. Could the Minister answer my other point, and that is, will he consult the sporting associations before the implementation of the scheme?

HON. H. J. ZAMMITT:

Mr Chairman, I answered this question last year. We have consulted the Sports Associations but I consider it unfair that unless one was able, as we are now, to give definite assurances of what is going to be done, the time will come when we will have to sit at a table with the various associations using the Stadium. But let

assure the Honourable Member opposite that the Sports Advisory Committee as was set up at the time was certainly consulted and at that particular meeting we had no reactions to the contrary.

MR CHAIRMAN:

Basically you are being asked a simple question, are you prepared to consult?

HON. H. J. ZAMMITT:

Certainly, Sir.

HON. M. XIBERRAS:

What I mean is the scheme has apparently changed over the time. There have been some aspects of change. When the Minister is firm on a particular scheme will he then consult the users of the Stadium?

HON. H. J. ZAMMITT:

I intend to do that, Sir, even before I implement the scheme.

HON. M. XIBERRAS:

Will the Minister also make available to the Opposition copies of the scheme when it is firm before it is implemented?

HON. H. J. ZAMMITT:

Yes.

HON. M. XIBERRAS:

Contributions to sporting societies, Mr Chairman. The actual expenditure in 1978/79 was £13,300, the Approved Estimates was £10,000, there has been no increase here.

HON. H. J. ZAMMITT:

Yes, Mr Chairman, the £3,300 was a supplementary I was able to obtain because a commitment for rowing of an international standard fell upon us after we had distributed most of the money. We also had the Commonwealth Games Basketball which was sprung on us unexpectedly and, therefore, the £3,300 had to be sought to be able to cater for these two particular events.

There has been no increase in the £10,000 because if the membership scheme was in fact to get into operation by September or October, it will mean that the share to Government in that collection would obviously inflate that figure.

HON. M. XIBERRAS:

I was coming to that, the share which Government takes out of particular sports. There are certain things, boxing etc. where income is coming in and the Government takes something in the region of 25%, I believe. Is the Minister giving consideration, in view of the efforts that are being made to raise money by particular sports, to reviewing those particular arrangements to

encourage the sport?

HON H J ZAMMITT:

Yes, Mr Chairman, if there was a membership scheme in operation the 25% may not be charged. And I say may not be charged because there are certain conditions and regulations covering ...

MR CHAIRMAN:

You are being asked a simple question. If you get an income from a particular sport are you prepared to use that income for the particular sport from which you have obtained it?

HON H J ZAMMITT:

No, Sir.

HON M XIBERRAS:

I was wondering whether the Minister, at the moment, say the boxing, the Government takes so much of the percentage, would he be prepared to review that figure in view of the efforts being made by the particular people, for instance the boxing.

HON H J ZAMMITT:

I think the Leader of the Opposition is referring to the amount of people that have been attending boxing and therefore a certain amount of money has been coming through, both to the Association and 25% to the Government. What the Hon Leader of the Opposition must remember is that barring boxing the 25% collected at the Stadium is virtually negligible because there is only one sport, as far as I can recall, that charges admission, and that is the football, and we all know very well that there is a crowd if there are six people there.

However, as I said, if the membership scheme gets into full swing, then there may well not be a charge of 25%. And may I say that the money does not go to the Stadium, it goes into general revenue.

HON M XIBERRAS:

Very important this point, Mr Chairman, because since it is only the boxing that makes some money they are the only people who suffer substantially from the deduction of 25%.

HON H J ZAMMITT:

Mr Chairman, I am quite appalled, because if you pay a large 25% it means that you are collecting a very large 75%!

HON M XIBERRAS:

Yes, but other sports are being heavily subsidised, this is the point.

HON H J ZAMMITT:

So is boxing, Mr Chairman.

Special Expenditure was agreed.

Head 22. Secretariat - Personal Emoluments.

HON MAJOR R J PELIZA:

Item 11, I see that the post of Senior Assistant Secretary, has been abolished. By whom has it been replaced?

HON CHIEF MINISTER:

That is included in the statement I made on the 26 June on the reallocation of duties having regard to Establishment.

No longer is there a post of Senior Assistant Secretary. The new post is that of Head of General Division which is the equivalent of the Senior Assistant Secretary. The SAS also used to assist the Establishment Officer. There is now an Establishment Section. The whole set-up in the Secretariat has been reorganised, as I said in my statement of 26 June, and it is still in the process of being recruited.

I go there every day and I can assure you that the places have not yet all been properly set out. It is a very long process because it has to be done in a way that will get the maximum responsibility at the reasonable executive level so that everything has not got to clog up at the top as used to be the case before.

HON MAJOR R J PELIZA:

So this post has now been abolished completely and it has been taken over by a new post which is the Head of General Division.

HON P J ISOLA:

The Industrial Relations division. I notice that there are, apart from IRO, two fairly senior officers also in that department. Can I ask how far does that Division control Heads of Departments, because sitting in the Public Accounts Committee I did come across the occasional Head of a Department who seemed to take his instructions in matters relating to staff problems from the IRO, which seemed to me to be rather odd. How far is this department entitled to advise, rather strongly, Heads of Departments, and how far is the Government expecting a Head of a Department to do exactly what he is told by the Industrial Relations Officer?

HON CHIEF MINISTER:

My understanding of the situation is that what they do is they investigate all matters connected with industrial relations, some of which have sometimes got heavy political implications naturally, and it is not until that department has thoroughly gone into the matter that the Head of the Department eventually

is briefed. It is on that that the Head of the Department acts on his own initiative. No Head of a Department has delegated any responsibility in respect of his post except that if it is a matter which has been investigated by the Industrial Relations Division they take into account the results of meetings with Union officials, and tentative agreements that have been reached without commitment and they are put out to the Head of a Department. I cannot see any Head of a Department giving up his rights at all about it.

HON A J CANEPA:

In fact, Mr Chairman, there is more to it than that, because previously the Establishment Officer only had overall responsibility in respect of general conditions of civil servants, of non-industrials only. Now the Establishment Officer also has such general responsibility in respect of industrials and, therefore, if directions have to be given, it would be by the Establishment Officer and the position of the Industrial Relations Officer, therefore, insofar as negotiations with the Union is concerned, is that he would rely on the Establishment Division to prepare a brief for him to tell him what should be his attitude, what line he should adopt to claims.

In other words, the Industrial Relations Officer is now more of a negotiator and he is expected to receive his instructions and the policy from the Establishment Officer.

HON P J ISOLA:

I notice he is on the same grade as the Establishment Officer. Is the Establishment Officer therefore in a position to instruct the Industrial Relations Officer? Who is the superior of the Industrial Relations Officer?

HON A J CANEPA:

The superior is the Deputy Governor, obviously.

HON P J ISOLA:

Not the Administrative Secretary?

HON A J CANEPA:

The Administrative Secretary has also got an overall responsibility in respect of all matters involving industrial relations, because obviously the Administrative Secretary has to work to the Chief Minister and very often claims may have a political element to them. In that sense either the Chief Minister, myself or Council of Ministers as a whole, would have matters brought to their notice for decision.

HON P J ISOLA:

So, is the position then that the Heads of Department get their advice or instructions from the Industrial Relations Officer who in turn has had it, if it is a political issue, from Ministers, or if not a political issue from the Establishment Officer or the

Deputy Governor. Is that the position?

HON A J CANEPA:

I think instructions is rather too strong a word to use, advice certainly. I think Heads of Department have a duty to consider very seriously the advice which the Industrial Relations Officer gives because their decisions can have obviously serious implications in industrial relations matters.

HON P J ISOLA:

Yes, but I must tell the Minister that one gets a decided impression from Heads of Department especially large Departments, and I can quote one - the PWD - and I believe there are others, where it is quite clear that they appear to be hamstrung by instructions. Is it in practice, from what one hears, that the Head of Department takes his instructions on matters like these from the Industrial Relations Officer.

HON A J CANEPA:

No, I must explain, Mr Chairman. The new structure was only implemented 6 or 7 months ago and, therefore the Industrial Relations Officer was probably carrying out a lot of functions with respect to Heads of Department which in the last six months or so have been taken over by the Establishment Officer.

For instance, let me give an example to illustrate. Let us say that the Government takes a decision, as it did, to cut overtime for industrials employed on non-essential work in the PWD from 16 hours to 5 hours. Properly these instructions should be communicated to the Heads of Departments by the Establishment Officer. It could well be that last year, because the new structure had not been introduced yet, the Industrial Relations Officer may have issued a circular to Heads of Departments on the matter. But in future what will happen is that it will be quite properly the Establishment Officer who should investigate, advise the Government and issue the instructions because we do not want the Industrial Relations Officer to be involved, particularly because these matters could prejudice his good relations with the Unions and it is a pity that that should be the case.

HON P J ISOLA:

That is how it was done in a particular case.

I am glad for that because I do not think that a Head of Department should take instructions from the Industrial Relations Officer because he is the Controlling Officer and responsible to the House for the proper administration of his Department. Why is it thought necessary to have a Senior Executive Officer and a Higher Executive Officer in that Division. Is the workload very big in that division?

HON A J CANEPA:

Extremely big. In fact over the last year or so the Industrial Relations Officer himself was involved in very top level matters involving pay policy at the highest level, and that meant that the day-to-day claims which we receive on day-to-day matters, in respect of individuals, could not be processed. The Industrial Relations Officer could not deal with that. So the Senior Executive Officer is in fact an Assistant Industrial Relations Officer. Bearing in mind that the Industrial Relations Officer is an expatriate you might also even consider that the Assistant is by way of an under-study, so that when the time comes eventually to Gibraltarise that post you have somebody there with some experience, perhaps, to take over. So the Senior Executive Officer is an Assistant Industrial Relations Officer and he deals with more relatively day-to-day, mundane, claims! Then you have a Higher Executive Officer, what used to be known as a Titular, the Executive Officers were the people who in old days were the Chief Clerks, the Supervisory Officers and so on.

HON P J ISOLA:

One last question, Mr Chairman, on the Secretariat. Supernumerary staff. A Senior Executive Officer. How does he fit in to the Secretariat. It seems a bit odd to have a Senior Executive Officer loose?

HON A J CANEPA:

This is the former Clerk of Gibraltar Council and Council of Ministers who is now on a year's leave of absence studying in the UK to pass his Bar exams.

HON J BOSSALLO:

Could I ask the Honourable Member as regards the relationship between the Establishment Section and the Industrial Relations section, does he not think that there is a need to make absolutely clear to Unions and Staff Associations precisely who they are to negotiate with. Sometimes it appears that claims that are requiring an answer are spending a lot of time to-ing and fro-ing between the two Sections.

HON A J CANEPA:

Yes, I agree. These are part of the teething troubles of the implementation of the new structure. For instance, staff inspection matters. The Establishment Officer, by and large, is negotiating and it is Establishment who are doing that. Yes, I agree and I very much hope that once the new promotions have all been put into effect - there are still a large number of Executive Officers to be transferred - I hope that things will begin to find their proper level and that these teething troubles will be ironed out.

I can tell the Honourable Member that Ministers will be expecting results in the not too distant future because a lot of extra bodies have been injected there and we want to see the thing working efficiently.

HON MAJOR R J FELIZA:

Isn't it perhaps that we have two masters when there should be one, the Industrial Relations Officer and the Establishment Officer. They were all one Division and then they branched out of there. Wouldn't it be better for one man to speak for all and not this coming and going.

MR CHAIRMAN:

We are now getting into matters of policy.

HON MAJOR R J FELIZA:

But, Mr Chairman we could do away with one. Instead of having two higher paid officers, having one higher paid officer and then we might save some money and time.

HON ATTORNEY GENERAL:

Mr Chairman, I wonder if I might have the opportunity to correct a misunderstanding which may have been given. Reverting to the question of the Senior Assistant Secretary, my Hon Friend opposite I think asked whether in fact the post had been abolished. I do not think that it was said on this side that it had been abolished but I would just like to make it clear, speaking at the level of interpretation, what has happened is that although the Establishment Officer and the Head of General Division posts were established, I would correct any misunderstanding to the effect that it follows from that that there was an abolition in the legal sense of the word. The point I am making is that I would not like it to be thought that at the time these two new posts were created it followed that there was a legal abolition of the other post.

HON A J CANEPA:

The point that the Hon and Gallant Major Feliza made about the thing working more cheaply and so on. The new structure has been implemented after a very in-depth study by the Staff Inspector on the matter, whose function is not only to recommend on restructuring but on the most adequate manning levels. It is not the function of the Staff Inspector to inject more bodies who are going to be doing nothing. The correct manning level is important so as not to have more people than what you have to have. So since he has recommended on the structure to be introduced I think the Staff Inspector himself was satisfied that there was no duplication in respect of the functions of Establishment and Industrial Relations, very definite functions.

Personal Emoluments were agreed to.

Other Charges

HON G T RUSTANO:

May I know what the £7,500 on Transport and Travel goes towards?



HON ATTORNEY GENERAL:

Mr Chairman, that is for the maintenance and operation of the three vehicles which this Department maintains in Gibraltar and costs associated with them. It does not include overseas travel, holiday passages etc.

Other Charges were agreed to.

Special Expenditure were agreed to.

Head 23 Telephone Service - Personal Emoluments

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

The Hon I Abecasis  
The Hon J Bossano  
The Hon A J Canepa  
The Hon Major F J Dellipiani  
The Hon M K Featherstone  
The Hon Sir Joshua Fassan  
The Hon A F Montegriffo  
The Hon J B Perez  
The Hon Dr R G Valarino  
The Hon D Hull  
The Hon A Collings

The following Hon Members voted against:

The Hon P J Isola  
The Hon Major R J Feliza  
The Hon G T Restano  
The Hon M Xiberras

The following Hon Members were absent from the Chamber:

The Hon A W Serfaty  
The Hon H J Zammitt

Other Charges

HON M XIBERRAS:

Could we have a breakdown on all the subheads.

HON DR R G VALARINO:

Subhead 2, General Office Expenses, £600. That covers general office expenses, technical publications and incidental expenses. No wages.

Subhead 3, Maintenance and Running of Vehicles. This is all entirely wages, which is £9,390; two drivers and one fitter, Efficiency Bonus; Work and Maintenance. Apart from that we have got a fuel maintenance, the fuel which is £1,300, the maintenance which is repairs £2,120, making it a total of £3,420, sundries £390, making a total of £13,200.

Subhead 4, Public Utility Costs. No wages there.

Subhead 5, Maintenance and Repair of Exchanges. All wages. Four industrials £9,736, Efficiency Bonus £422; weekend maintenance £880, which is £11,040. Materials making a total of £15,800.

Subhead 6, Maintenance and Extension of Lines. These are 58 industrials, all wages, no overtime, Efficiency Bonus and allowances and miscellaneous.

There is inclusion of £6,500 overtime which is basically the faults repair service, which is counted as overtime, but it is not overtime in the true sense of the word.

HON M XIBERRAS:

I do not understand that, Mr Chairman. Could the Minister explain further what this means: that it is not overtime in the true sense of the word.

HON DR R G VALARINO:

The £3,500 is for the faults repair service. It depends on the number of faults which occur after a certain time. These are obviously done as overtime and are included in the fault repair service, £3,500.

MR CHAIRMAN:

Are you clear on that one. The maintenance and extension of lines itself carries no overtime, what carries overtime is breakdowns out of hours and that is the element that has been given to you.

HON M XIBERRAS:

The persons involved in fact do get overtime when necessary but not under this particular ...

MR CHAIRMAN:

Precisely.

Training of Apprentices, any element of wages in that one?

HON DR R G VALARINO:

The wages that we have to pay for the training of apprentices, Sir.

MR CHAIRMAN:

Any overtime?

HON DR R G VALARINO:

Thank God, no, Sir.

HON P J ISOLA:

This Department is spending close on £2m. Why is it that it takes so long to send out the bills?

HON DR R G VALARINO:

That is no concern of my Department, it is the Billing Department.

HON P J ISOLA:

I am asking the question that this Department spends a lot of money and why does it take so long to send the bills out from this Department.

HON DR R G VALARINO:

Mr Chairman, I again repeat my answer, and as the Hon Member should well know, the Billing Department is not my Department. He has been here long enough to know the answer to that one.

MR CHAIRMAN:

Yes, but to the extent that information is available to your Department, because your Department must make the information available to the Billing Department before they send the bills out, to that extent I think an answer should be given.

HON DR R G VALARINO:

The information is available as soon as ready. As to the question of when the Billing Department sends the bill out this is up to the Billing Department.

MR CHAIRMAN:

But you are being specifically asked whether there is any delay suffered by your Department in passing on the information to the Billing Department?

HON DR R G VALARINO:

There is no delay, Sir. It is up to the Accountant-General's Department to send the bills out.

HON P J ISOLA:

Mr Chairman, can I ask the Minister, can the Accountant-General send bills out for telephones if he has not got the information from his own Department? How frequently does his Department send information for billing to the Treasury, or wherever it is the Billing Department is, because the Minister will forgive my ignorance, Mr Chairman, if the Minister answers, "the Billing Department", how am I to know where that Department is. There could be a Billing Department in the Public Works Department, there could be a Billing Department in every department of Government. The Minister I think could take a little more care

and have more consideration for members opposite when answering questions instead of dealing with it in the rather rough way, if I may say so, that he is doing.

HON DR R G VALARINO:

We send the bills as soon as possible on a daily basis. Apart from that it is up to the Accountant-General's Department to send the bills out.

HON P J ISOLA:

Is the Minister then saying that the amount due on Trunk Calls is passed over every day to the Accountant-General's Department. Is that the position?

HON DR R G VALARINO:

I have said this before and I will say it again. They are passed on daily.

HON P J ISOLA:

Then somebody else on the Government benches can tell Honourable Members on this side why it is that in a Department that spends £2m a year, it takes so long to send bills out to the public for the service the department gives them?

I am not asking the Minister for Municipal Services, I am asking that side of the House.

HON CHIEF MINISTER:

I do not want to repeat what my colleague has said, he has not been here long enough, but I have been here long enough to tell the Honourable Member who has been here long enough who knows that the bills cannot be sent out unless the bills are made and that there have been troubles and problems in the Billing Department, in the Machine Room etc. That is a matter I think the Honourable Member could raise when we deal with the Treasury because this is where the FDS, I think is in a better position to say.

HON P J ISOLA:

I do not see why it cannot be given now. But anyway it seems to me very odd that we get the electricity and water bills, we get the rates bill, but we do not get the telephone bill!

HON A J CANEPA:

I think the Honourable Member will find that in respect of people who use the domestic telephone mainly within Gibraltar, those who do not make very frequent calls abroad, I think the Honourable Member will find that they do get the telephone bill fairly regularly. Where you have business etc, where the bills are much more complicated, this is where they are perhaps delayed.

HON P J ISOLA:

Mr Chairman, the point I am making is that it is precisely there

that the revenue can be collected, because they are bigger bills. We get our telephone bills increased, the Government charges more, and everything else because they have not received the money, and the reason it has not received it is that it has not sent bills.

MR CHAIRMAN:

Well, I think we have got to the stage where we are not going to get much further. Let us wait till we get to the Treasury vote where perhaps we may get an answer.

HON DR R G VALARINO:

If I could give an answer to that. I am sure the Honourable Member knows that the bills are sent quarterly.

HON P J ISOLA:

Mr Chairman, I am surprised now that the Minister knows when they are sent. It was nothing to do with him, it was the Billing Department. Let me tell the Minister that two quarters have gone by and a great number of people have not received their bills.

HON CHIEF MINISTER:

I have today received a bill - which I shall not pay - because it is in respect of the telephone I use in the Secretariat. I know the reason, the reason is because there are three trunk calls which were official calls, I have got the record. Anyhow, 19th April is the date on the post-mark the account is for the first quarter.

MR CHAIRMAN:

The trunk call part of it is for what quarter?

HON CHIEF MINISTER:

Trunk call bills are always one quarter behind. In fact the bill in this case is for calls made in December.

I know one gets worried when you have a lot of telephone calls but ...

HON M XIBERRAS:

Mr Chairman, the Minister had a television interview not so very long ago and I wonder whether some of the points that were raised in that interview are relevant to this or to another vote. I should add first of all the replacement of lines. The Minister said in the interview that some 60% of the lines needed replacing. Is that under the Improvement and Development Fund?

HON DR R G VALARINO:

That is under the Improvement and Development Fund.

HON M XIBERRAS:

Mr Chairman, on the question of the outdoor staff, the Minister said that there was some difficulty in recruitment on outdoor staff, and I would ask him perhaps under item c, or under any other item which is relevant, whether the staff situation is likely to improve in the near future so that the service can be better.

HON DR R G VALARINO:

In my original statement to the House I said that the whole question of training industrialists would be under review.

HON M XIBERRAS:

The Government is going to ask for an increase in the rate of telephones and I would like to know now, Mr Chairman, in relation to these Estimates, what improvement can be achieved.

MR CHAIRMAN:

I think you are entitled to ask whether any of this expenditure under Other Charges is related to improvements, no more.

HON M XIBERRAS:

Well, Mr Chairman, in improvements, in staff available and also to the lines under the Improvement and Development Fund.

HON DR R G VALARINO:

I do not honestly know what the Honourable Member is getting at?

MR CHAIRMAN:

He is asking you whether under any other charges there is any item which relates to improvement.

HON DR R G VALARINO:

To improvements, none at all, Sir.

HON M XIBERRAS:

Nothing for the improvement of the staff either?

My colleagues and I will have another valid reason for voting against the telephone increases. We cannot just have the Minister saying that there is a bad situation there and not vote money for improvement.

HON DR R G VALARINO:

The improvement of the running of the services, and improving those parts of the service which are not up to scratch.

HON M XIBERRAS:

That is what I am asking.

HON DR R G VALARINO:

That is maintenance, but that is not here, Sir. That is under the Improvement and Development Fund.

HON G T RESTANO:

What is the increase of £72,200 going to be used for?

HON DR R G VALARINO:

Maintenance and extension of lines.

MR CHAIRMAN:

You are being asked where does the increase go to the £72,200 increase?

HON DR R G VALARINO:

This is the biennial review cost and the increased cost of wages.

HON MAJOR R J FELIZA:

Mr Chairman could the Minister say the date for the new telephone directory.

MR CHAIRMAN:

It has been given already, it will be June 1979.

HON M XIBERRAS:

I am sorry but I am not satisfied on this point. The Minister says that some of the difficulties in his Department in relation to giving a service to subscribers was the fact that he could not recruit adequate or enough staff. I am asking the Minister to give a service, and I am asking him to give a service for the money which is going to be voted.

In relation to this particular vote I am asking the Minister whether provision is going to be made for adequate manning of his Department?

HON DR R G VALARINO:

The manning of the department includes a lot of people, it includes the industrials, non-industrials, and I wish the Honourable Member would ask a pertinent question as to whether we would improve the industrials or the non-industrials?

MR CHAIRMAN:

You are being asked a simple question, have you got enough

establishment in your department to give the service that is required. It is as simple as that.

HON DR R G VALARINO:

If the Honourable Member wants to find out how many we are understaffed by, we are understaffed by ten people on the industrial section.

HON M XIBERRAS:

In view of that is the Hon Minister making provision there, under item 6, for six less people or is he hoping to recruit during the year and is provision for these six extra people been included there?

HON DR R G VALARINO:

There is provision to recruit them and the whole training of industrials is under review. There is provision to recruit a number of people.

MR CHAIRMAN:

The vote provides for these extra bodies.

HON M XIBERRAS:

It is not a very hopeful situation, Mr Chairman.

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

The Hon I Abecasis  
The Hon J Borsano  
The Hon A J Canepa  
The Hon Major R J Dellipiani  
The Hon M K Featherstone  
The Hon Sir Joshua Hassan  
The Hon A W Serfaty  
The Hon J B Lerez  
The Hon Dr R G Valarino  
The Hon D Hull  
The Hon A Collings

The following Hon Members voted against:

The Hon P J Isola  
The Hon Major R J Feliza  
The Hon G T Restano  
The Hon M Xiberras

The following Hon Members were absent from the Chamber:

The Hon A P Monterrifo  
The Hon F J Vammitt

Special Expenditure

HON G T RESTANO:

Is this figure of \$9,700 offset by any revenue received from advertising in the directory?

HON DR R G VALARINO:

It is partly offset, yes.

HON G T RESTANO:

Does the Minister know by how much?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable Member would care to look at the appropriate fund account he can see it.

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

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

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon A F Montegriffo  
The Hon H J Zammit

Head 23 was passed.

Head 24 Tourist Office - Main Office - Personal Emoluments

HON I ABECASIS:

Mr Chairman, before we go into the tourist vote may I please be allowed to answer a question raised yesterday by the Hon Mr Restano on Head 17, the Post Office Philatelic Bureau, Item 3, Maintenance of Offices.

I have looked into the contracts. We as the tenant are responsible for the maintenance. Accounts are produced properly audited and therefore the Philatelic Bureau has to pay their share as one of the tenants in the block.

Personal Emoluments were agreed to.

Other Charges

HON MAJOR R J PELIZA:

On item 3, I do not know how much time the Minister spends in the United Kingdom but I suppose obviously he gets it out of this vote. Could the Minister say if he has allowed for him to spend more time in the United Kingdom, where the main market of our tourism is, and where he could, perhaps be being present there, improve very considerably the sales of tourism. I think, as I tried to say the other day, a shopkeeper if possible tries to be at the counter and not somewhere else and I would suggest to the Minister to be there more than here.

HON I ABECASIS:

Sir, I go to Britain as often as I can and I am always criticised by the Opposition that I go away from Gibraltar, but I do take advantage of my trips of the Commonwealth Parliamentary Association, as I will next week, when we shall be going to the Regional Conference in the Isle of Man. On the way I am stopping at Jersey and at Guernsey to promote tourism. So I take advantage every time I go to Britain for either Post Office or the Commonwealth Parliamentary Association to promote tourism.

HON MAJOR R J PELIZA:

But my suggestion was more than just casual visits like that, he should be more permanently stationed there, stay longer there, where the market is. I think that the main source of tourism for Gibraltar comes from the United Kingdom, it is our main market. We have the opportunity of having a very good office there, couldn't the Minister make it a point of spending much more time there?

HON CHIEF MINISTER:

I never see the Honourable and Gallant Member selling frigidaire, or anything else, in ACMODA, he is a Director.

HON MAJOR R J PELIZA:

Mr Chairman, if I could I certainly would. I would say that there is no substitute for the person himself dealing direct with the public. I make it a point when I am here to do that.

HON I ABECASIS:

During my speech yesterday I said I had been to the Midlands, and to the South West of Britain. Perhaps I should explain what I mean by the Midlands and South West.

MR CHAIRMAN:

You subscribe to the idea of spending as much time as possible in the United Kingdom?

HON I ABECASIS:

I do, Sir. I have been to Exeter, Plymouth, Southampton.

HON P J ISOLA:

How much is the Department spending on advertising in Morocco and for cruise liners? Is that in here as well? What is being done by Government to try and avail themselves of the obvious revenue possibility from Moroccan tourists and visitors.

HON I ABECASIS:

For Morocco alone we have earmarked the sum of £1,600, Sir.

HON P J ISOLA:

Out of the £135,000?

HON I ABECASIS:

That is correct.

HON P J ISOLA:

Has the Minister paid any visits to Morocco during the year under review?

HON I ABECASIS:

So far no, Sir. I have been considering going to Casablanca and Rabat with the Director but I have not found the opportune moment. Because of things happening in Morocco I did not think it was the appropriate moment for me to go to Morocco when the Moroccans were worried about other internal matters.

HON P J ISOLA:

It occurs to me, Mr Chairman, will the Minister make some substantial effort in that direction because the Financial and Development Secretary in both his Budget statements this year and last year did talk of the heavy spending that seems to be done by Moroccan tourists in Gibraltar.

HON I ABECASIS:

Yes, Sir, and I reiterate that. I have not been for the reasons I have just stated, but my director goes every month and in summer he goes twice a month. I am fully aware of what is going on. But I personally wanted to accompany him to Casablanca and Rabat but I have not been able to do so because of the reasons I just said a moment ago.

HON P J ISOLA:

The question of £10,000 for servicing the airfield after hours. I know this is in connection with the flights that arrive in Gibraltar in the middle of the night, but will the Minister keep very much in mind the desirability of aircraft coming in during the day. Will he try and avoid the danger of aircraft or tour operators that send planes during the day being tempted

to come at night because they can make more money. That is thoroughly inconvenient both for tourists and for ordinary people in Gibraltar. If the scheduled airline should decide to do the same thing, because it is cheaper, will he bear that in mind?

HON I ABECASIS:

Yes, I will.

HON M KIBERRAS:

What is subhead 14 all about?

HON I ABECASIS:

The Miss Gibraltar Show, Angling Competitions. Deep sea and pier fishing, Piazza Concert, concerts in the Cave, and the Miss Gibraltar Show which of course costs us £8,500.

Other Charges were agreed to.

Special Expenditure was agreed to.

(2) London Office - Personal Emoluments were agreed to

Other Charges were agreed to.

Special Expenditure

HON J ROSSANO:

Could I ask the Financial and Development Secretary whether in fact any attempt has been made to study the revenue that is produced for the Government by the expenditure of £367,000 in promoting tourism. Has anybody sat down to find out whether at the end of the year we are actually making a net loss or a net profit on the whole operation?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Mr Chairman, but one hopes that this is the kind of information which will eventually be available statistically and factually out of an in-put out-put study. But the answer to the Hon Member's question is no.

Special Expenditure was agreed to.

Head 25, Trading Standards and Consumer Protection - Personal Emoluments was agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 26, Treasury

HON P J ISOLA:

There is provision for a Computer Manager. Have we got one at



the moment?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, we have.

HON M XIBERRAS:

Arrangements are alright now for the manning of the computer and associated services?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I believe there are still some snags, Mr Chairman.

Personal Emoluments were agreed to.

Other Charges

HON P J ISOLA:

Is the Financial and Development Secretary satisfied with the way bills go out from his Department. Can he tell us why there seems to be delay in respect of telephone bills?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I was not aware that there were delays. We have had a lot of talk in this House as the Honourable and Learned Members knows only too well over the delay of billings. It is my understanding that we have effected some improvement and I was not aware that there was any, shall we say, inordinate delay in relation to telephone bills as opposed to the others. If there is I will certainly look into it.

HON P J ISOLA:

When is it expected that bills for electricity and water should go out is it expected that they will go out the following month regularly now?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The aim is certainly to get the bills out as soon as possible after the date on which the meters have been read. I am the first to admit that sometimes there is too long a gap. Where there is and it is brought to my attention, I certainly look into it, and as I said, I think we have improved matters in relation to water and electricity very considerably, and I promise to do the same thing for the Honourable and Learned Member over telephone bills. But as was brought out earlier, if the information on which the bill has to be based does not come through, then there is not very much that the Billing Section can do. But I will certainly look into it.

HON P J ISOLA:

I thank the Financial and Development Secretary for this. He might enquire into this because according to the Minister he

sends the Billing Section the information every day.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The Hon and Learned Member can mark my words well, I will look into that.

Other Charges were agreed to.

HON M XIBERRAS:

On the question of contributions to the Gibraltar Broadcasting Corporation, on which we have already had exchanges in the House, I'd like to get some clear cut answers from the Chief Minister as regards the Government's attitude to the matters that were raised then, before deciding how we shall vote on this.

The first is, by when does he envisage that he will be able to bring to this House a Bill to amend the Broadcasting Ordinance?

HON CHIEF MINISTER:

I am not aware that there is any need to amend the Gibraltar Broadcasting Corporation Ordinance. The Board of the Corporation, which is a very hard working, if I may say so, and conscientious Board, has not made any representations. The fact that the Managing Agents have left the field I don't think makes any difference to the responsibilities of the Corporation as it is. The directions by the Governing Council are revised every year and have occasionally been the subject of consultations by the Deputy Governor, I believe, with the Leader of the Opposition. I am not aware that there is any need to amend the Gibraltar Broadcasting Corporation Ordinance. I see that the Gibraltar Broadcasting Corporation has made an application recently under the Trade Licensing Ordinance to be able to sell goods which I think are related to the kind of promotions and method of obtaining revenue by the selling of materials related to series and so on, particularly with children and so on, and I am not aware that it is necessary to amend the GBC Ordinance.

However, if the Honourable Member draws to my attention any particular part of the Ordinance which requires amendment as a result of anything of which he knows of, and of which I am not aware, I will certainly be prepared to look at it. I think the main model on which we must draw for the Corporation must be the British Broadcasting Corporation. To make the Corporation independent from any Government. To make the Corporation work in a proper way and of course the result is a matter of course which when we vote monies in subventions we are prepared to give supplies.

The cost of going colour of course is much higher than one had expected. We had to purchase a property. I think it was a good purchase, and apart from the fact that the property itself

would be our own and a decent place from which to run a decent service with expensive first class equipment which has been acquired and made able to work in better conditions, it has had the added advantage of providing us with, I think, three or four very handsome quarters - which have been paid for separately - to the Government which will mean so many less quarters to be let furnished to persons here on short terms or all the more quarters for officers who are on the waiting list.

That that is the position with regard to the Gibraltar Broadcasting Corporation, I do not know what amendments the Honourable Members has in mind but I shall certainly look with great interest at any aspect of it which he thinks time has made it necessary to review.

HON M XIBERRAS:

Mr Chairman, the question of the Board being independent is of course a very relative matter ...

MR CHAIRMAN:

Yes, but we are not going to go into what you feel ...

HON M XIBERRAS:

The Chief Minister has just stated ...

MR CHAIRMAN:

No, I'm going to stop you from making statements under any circumstances which you are entitled to do, what I am telling you is that the Chief Minister has given you a reply to say that he will listen carefully to any suggestions that may come from the Opposition for the purposes of amending or bringing in a new Bill. This is not the time to discuss what these alterations should be.

HON M XIBERRAS:

I don't intend to do so because the Chief Minister has been hearing this since 1972. I don't intend to raise them again. I would like to remind the House that this particular vote is only minimally concerned with going colour, as I understand it. There are two votes, but this particular £605,000 is the reorganisation of GBC to provide a general service, Mr Chairman, and, therefore, considerations of colour are only partial elements in this other part of the vote of £348,000.

I'd like to deal with this particular matter first, Mr Chairman, the question of the staffing of GBC. I still don't know Mr Chairman, I'm being asked to vote these monies, I still don't know what the structure is in GBC. I don't know what I'm being asked to vote on. I don't know to what extent, certainly not from the Government who has brought forward this vote, I don't know what the responsibilities are. What service is to be given. Whether there is going to be greater recoverage of

political and current affairs in proportion to entertainment. What the views of the board are about this. Whether there should be, as there is in LBC, a proportion of the time of television and radio spent for general educational classes, in the broadest sense and not simply, as we are being concerned now, with the entertainment of the people. Therefore, on this, which we would not be grudging in normal circumstances, because we are convinced that Gibraltar should have good communication services.

We are tired, Mr Chairman, of hearing the Chief Minister delaying the issue and put ahead of the educational functions of GBC other questions. I remind the House there has been a report by Rickard and Sizer after a motion was made in this House; there has been a Select Committee of this House, there has been a good number of questions; and we have advanced only minimally on the question of education in the general sense, on the coverage of current affairs. The Opposition, I understand from GBC might in the future have the right of direct broadcast to the people. A right which is enjoyed by Oppositions elsewhere. Now we, to put it colloquially, we on this side have stayed bored on this matter, we have consistently voted sums of money for GBC, but we feel that when it comes now to £600,000, in fact £1m, then it is about time to call a halt and tell the Chief Minister that now is the time, not to listen, but to tell you what your views are and not to dilly-dally anymore on this.

I think that this kind of service need not be just a propaganda service, Mr Chairman, in the sense of our position here in Gibraltar so that everybody may know, and so that everybody may get the influence of a local station. There is also an internal function to be fulfilled, similar to the BBC function, and the Chief Minister has been lukewarm about this. Another question, Mr Chairman, which I raised about three years ago and has reference to the Ordinance, is the question of the Governor giving directions to the board, on the terms under which the Governor can give directions to GBC, on what terms? Now, that is an issue which I've raised with the Deputy Governor, with Sir Howard Davis.

MR CHAIRMAN:

I have now given you an opportunity I think to say what you had to say in reply. We must come down now to any specific information you require as far as the £600,000 are concerned.

HON M XIBERRAS:

Yes, Mr Chairman, what service are we going to get for these £600,000 in the broadest sense, What responsibility ...

MR CHAIRMAN:

Let us have an answer to that.

HON M XIBERRAS:

Well, Mr Chairman, if I may, I'd like to express our general

point on this.

MR CHAIRMAN:

You have expressed them. I said I had given you an opportunity to reply to what the Chief Minister has said. Remember we are not discussing the general principles now, we are discussing the expenditure.

HON M XIBERRAS:

Mr Chairman, I'm certainly discussing the expenditure of £1m on which certain important principles are at stake.

Mr Chairman, the information of the people largely depends on this heavily subsidised Government service.

MR CHAIRMAN:

Let us now break down the £205,000. That is what he wants to do. You want to break down the £205,000.

HON CHIEF MINISTER:

Well, I am not in a position, Mr Chairman, to break that down. All I can say on this and I should have said it before, and I apologise to the House for not saying so, and that is that the increased cost is as a result - as is well known and as has been announced here - of the staff inspection of the Corporation which was carried out by a Member of the BBC. In pursuance of the policy of parity, which the members claimed there was analoguing of their duties to those of staff in a comparable station in the United Kingdom. It has meant, I understand, the creation of a number of posts, all well remunerated. I think we should not rince our words about it, the results of the staff inspection was a bit off. Not that we want anybody to be underpaid but we did not know that the local grades who were analogued to normal clerical grades were so different to those of a station. There are, therefore, a number of new posts created, precisely to provide, as I understand it, a better information service; and I think whether one refers to the reporting of proceedings of the House or to other matters, I think there has been a visible improvement in the information service being given now in the television. It is early days I should imagine and people have been in their new post for not a very long time and they have to get used to it.

Now, insofar as the right of people to go on television I hear that the Honourable Members say that they have a right to go on direct television. I have never said that they shouldn't have a right. If that is what the Corporation thinks all I say is that it will be done in the same way as in England in proportion to the representations of the people. The people are entitled to have access. If there are going to be political broadcasts they will be in accordance with the agreement between the Parties as is done everywhere, that is in proportion to the forces they represent. We have not been approached. I enquired the other day, I had reason to inquire the other day,

about the proportion that Members of the Opposition and Members of the Government had appeared on television, and I was told the fact that from one occasion when a Minister had been unable to appear, and assuming that he had appeared we were about right. That was the information we got. I have made the point, and I have made no apologies to say so here, that that is the wrong basis on which to calculate it. The calculation must be on the basis of the strength of the representation in this House, as I think it is done in England, but that can be discussed on another occasion.

At the time, the margins that we were being offered were party for party and so on, and I think, if I may say so, that the Honourable Mr Bossano, who is the solitary Member there, takes the very best opportunity of coming on television on almost anything: whether a pressure cooker goes wrong or what have you and good luck to him. He is on top of it, he gets there and good luck for him for doing so. I don't think we begrudge him that. I have to reply to the ...

MR CHAIRMAN:

May I perhaps say that this is going to take slightly longer than anticipated. Unless you want to finish your intervention before we recess.

HON CHIEF MINISTER:

I'm finishing my intervention immediately. I have just looked and the Ordinance was passed in 1963, which was the time when the Corporation was created after it ceased to be a commercial venture. It may well be that it requires to be brought up-to-date. If the Honourable Member has strong views about it I shall look at them. If what the Honourable Member is thinking is the introduction of educational programmes I think we could pass on that enquiry to the Board, and ask them what they are doing about it. I think we are entitled to do that. It doesn't interfere with their independence. We can ask them what they are doing about educational programmes, what are they doing about this, what are they doing about that, and I shall report to the House.

As far as that concerned I have no qualms about it. I am not dilly-dallying on anything to do with television because I have nothing to do with television except to ask the House to vote the sums that are required to run a television service. That is all.

MR CHAIRMAN:

Shall we recess now?

HON M XIBERRAS:

I think so Mr Chairman, because I think that this will carry on for some time, I imagine. There is also the other vote on colour television.

MR CHAIRMAN:

Yes precisely.

HON J BOSSANO:

Could I ask two small questions? One is as a result of the vote itself, I think, the issue of what we can do to make television more responsible for the community, but is it not the case that in fact the staff in GBC agreed to accept the results of the staff inspection as binding and so did the Corporation, for better or for worse, and that consequently regardless of how desirable the existing service may be, it is a commitment since, in this case it happens to have turned out to be quite good for the staff. If it had been the other way round the staff would have been bound to accept it. In fact the essence of the vote is that there was a binding commitment that had to be made?

HON CHIEF MINISTER:

Like everybody else who is analogued, and in this case they obtained our prior approval for a staff inspection, and we insisted that our own Staff Inspector should to some extent keep an eye on it because the person who came out from the BBC came out on a voluntary basis and was not appointed by the Government because the Government didn't want to interfere. But were bound to honour results of the staff inspection, or rather, not the staff inspection, but to supplement the implementation of the staff inspection.

HON J BOSSANO:

In other cases in fact, Mr Chairman, the Government negotiated increases and then the new grades were staff inspected to find out whether they were correct or not. In this case there was no increase until after the staff inspection and there was a binding commitment of both sides to accept whatever came out.

HON CHIEF MINISTER:

Yes, certainly.

HON M XIBERRAS:

I accept the point that Mr Bossano has brought up. Obviously the Government are committed to it, obviously the employees and the Unions are committed to it. But Honourable Members, my colleagues and myself, are not committed to it, and, therefore, we are expressing our views in the interest of the consumer as a whole.

MR CHAIRMAN:

Yes, most certainly. We will then recess until 3.15pm.

The Committee recessed at 1.15 pm.

The Committee resumed at 3.20 pm.

MR CHAIRMAN:

We were on subventions. The Honourable the Chief Minister had given some explanation. The Honourable Mr Bossano asked one or two questions and you answered.

HON M XIBERRAS:

Mr Chairman, our general attitude to this vote is that we will vote against unless we get the necessary assurances. What we are trying to elicit from the debate is those assurances and the use of these monies. Or putting it another way, Mr Chairman, what guarantees do we have that \$205,500 are going to be used in such a way as we consider to be a good use of them, bearing in mind what I think is universally recognised in democratic countries to be a pure obligation of any television station to inform the public and to entertain it, this is the general approach. Mr Chairman, I am afraid that some of the comments made by the Chief Minister on this make it appear that we think that the members of the Board are unfair, and I want straightaway to say that this is not the case. What we are trying to get is a fair structure for the members of the Board to operate in and hence the question of the revision of the Ordinance which has been mentioned.

MR CHAIRMAN:

Yes, but we must be very very careful. We are not going to discuss the structure of the Board itself, or the composition of the Board. You can say that you disagree with the composition of the Board and you are prepared to vote for or against.

HON M XIBERRAS:

Mr Chairman, I am not saying that I disagree with the composition of the Board. I am not saying that there are biased people there or that there should be people from other branches there who are not there. I am saying that the structure of GBC should afford the Board as a whole a greater degree of independence and I would like to see in any new Ordinance some sort of public obligation to inform on current affairs, not just educational programmes in the narrow sense, as the Chief Minister tried to make out this morning, but informative and educational in a general sense because the Government of Gibraltar, and the public affairs of Gibraltar required this kind of information. There is an awful lot of public ignorance on the issues which are facing Gibraltar.

Mr Chairman, the Chief Minister also appears to be shielding behind the responsibilities of the Board. In other words he is saying ...

MR CHAIRMAN:

Yes, but that is what I am not prepared to accept. That is policy. I know your difficulties but that is not on.

HON M XIBERRAS:

Well, they are not real difficulties, Mr Chairman, because if we had an indication from the Chief Minister that in the future the structure of GBC, and the modus operandi of GBC, would be such that these monies would be spent in a way we think is equitable, then we would have no hesitation in voting in favour of these sums of money.

MR CHAIRMAN:

Well, perhaps you should then apply your address to saying that provided the Bill provides for the following assurances, then you are prepared to vote for, otherwise I am not. But not to criticise, as a general debate, what the Chief Minister perhaps has said.

HON M XIBERRAS:

Well, I do criticise the Chief Minister for bringing this vote to the House without the necessary assurances, in the same way as I criticise the Minister for Public Works.

MR CHAIRMAN:

Yes, you are entitled to do that in the Second Reading but not now.

HON M XIBERRAS:

In the expenditure of these sums of money Mr Chairman, I want certain assurances.

MR CHAIRMAN:

And you are entitled to ask for these assurances.

HON M XIBERRAS:

And in fact I do not see those assurances forthcoming from what the Chief Minister said. My reason for saying so is that there is always this quality of responsibility as it were. Legally it is quite clear the responsibility lies with GBC for the programmes. But the Chief Minister, in the House, certainly gives me the impression that he is, as it were, the go-between this House and GBC. When he is voting money for GBC the House does not need the mediation of the Chief Minister, it needs his opinion on how that money should be spent and also his views, or rather information on the basis of which he, as a representative of the Government, is going to make these sums available to GBC.

It does not surprise me, Mr Chairman, for instance for him to say that there was a Staff Inspection of GBC and that this money is for the Staff Inspection. I would like to know what proportion of these resources are going to be spent towards the informative function of this Corporation. Whether in his view, in the view of the Board, what is the position? How is it going to be used? I am saying this in absolutely open debate after ...

MR CHAIRMAN:

Put then surely you must ask the Chief Minister whether this subvention is subject to any conditions set by Government, and then you can discuss, criticise or disagree with the subvention.

HON M XIBERRAS:

I have asked him already, Mr Chairman, and he has had the opportunity of replying. He said that this was in pursuance of the Staff Inspection. I do not know what that Staff Inspection is, I asked him specifically for information on the Staff Inspection and he said that the Government and the Union, and of course, GBC, were committed to the results. I made the point earlier that I was not aware of that structure ...

HON CHIEF MINISTER:

I think the Hon Member is getting a little out of touch. I never said anything of the sort. What I said was that there had been a staff inspection and it was the Hon Mr Bossano who rose to say "Didn't the Government and the Corporation and the Union undertake to abide by the staff inspection?" and I said "yes". I was asked whether that was the case.

HON M XIBERRAS:

Well, Mr Chairman, he was asked and he agreed.

MR CHAIRMAN:

No, the Chief Minister has never said that that was a pre-condition of the subvention. What the Chief Minister has agreed to was that both GBC and the Staff before the staff inspection agreed to accept the recommendations.

HON M XIBERRAS:

Yes, the Chief Minister has informed the House in that sense before this meeting and in fact the Chief Minister in the Select Committee, when the PTU looked into GBC, was treating GBC almost as a Government Department at a particular stage. The point I am making, Mr Chairman, is that the Chief Minister is committed, the Union is committed, GBC is committed to the expenditure of these funds. We wish, not only to know, how these funds are going to be used, but we wish to advance a view as to how funds voted by this House in respect of GBC should be used.

MR CHAIRMAN:

That is where I am going to stop you. You are entitled to ask how the funds are going to be used. Your views as to how they should be used should have been expressed at the Second Reading of the Bill, because there was a policy and principle involved.

HON M XIBERRAS:

In the absence of an explanation, Mr Chairman, we must assume that they are going to be used as they have always been used. We have asked for an explanation and one has not been forthcoming.

MR CHAIRMAN:

Please ask then again and see if you get an answer.

HON M XIBERRAS:

Well, perhaps if the Chief Minister will answer the question.

HON CHIEF MINISTER:

I think we ought to put this matter in context and see where each function lies and what each Corporation or body has got to do. There is a Gibraltar Broadcasting Corporation Ordinance which was passed in 1963 which empowers the Governor to set up a Board:

"The Board means the Board of the Corporation established under section 3"; Section 3 says: "For the purpose of this it hereby establishes a Corporation which is called the Gibraltar Broadcasting Corporation. The operation of the Corporation shall, subject to the provisions of this Ordinance be controlled and governed by the Board".

So there is a Board, entrusted as a statutory board that is carrying out broadcasting and television as it is now.

Like the Gibraltar Regiment, in a sense, somebody has got to answer for matters which though not directly run by the Government are matters of public interest. It has always been, certainly in my time and I think it was in the time of the Hon and Gallant Major Peliza, that we ourselves answered questions dealing with the Broadcasting Corporation.

The Corporation had a management agreement with Thomson Television and at some stage under the clauses of that agreement which had been entered into with the consent of the Government, by the television with Thomson, they were entitled under certain clauses in cases of high inflation to ask for heavier subsidies etc. They made this claim, we tried to argue the case and we finally came to a settlement. We came here, we asked for the money, we paid them, and we arrived at a working relationship until the agreement lapsed in September 1978.

The advice given by the Corporation then was that there was no need for Managing Agents. They had learned how to run the thing themselves and so much the better. No intermediaries, they did help in many respects and they have still offered, without interest, to help in connection with the foundation, in sending people for courses etc. They say they have lost a lot of money. They carried out their functions, they used to advance money for films etc until they were repaid, they helped in difficulties. It suited the Corporation to some extent at the time and they were in for a profit.

The Corporation comes to the Government and says, we need a subsidy to augment the money we get out of advertising and out of licences, since it is not enough to run television. They need a subsidy and a subsidy had been agreed long before, this is not new.

At one stage the question of their remuneration, which had been haphazard, the Union made representations and we agreed that they should be analogued to Government servants. There was an exercise carried out and they were analogued to Government servants. Some were analogued to clericals etc and that also presented an increase in the expenditure. "We were asked for a subsidy, we paid for that.

Then came the question of parity, generally, and they themselves, thinking that though not employed by the Government were subsidised by the Government, were not a Government body but an official body, they were employees of an official body, they should have parity like everybody else and they should have this staff inspection. They arranged for the staff inspector themselves. We did not do that for them but we insisted that our Staff Inspector should have a say in the matter in order to keep an eye on relativities etc. I think I ought to say that the Staff Inspector that was brought out, except for expenses was provided by the BBC at no fee. The result of the Staff Inspection was presented to the Board and it was then transmitted to Government. Government looked at it studied it, there was nothing abnormal about it, it had been analogued and the people, like everybody else, were entitled to be paid this parity with the BBC. That is the money we have asked for. They did say in one of the requests for an extra £9,000 that they could provide news seven days of the week and not just six days of the week. We said that having regard to the very high wages that had to be paid, which were not in any way denied them, we expected an improved service.

On the question of the transmission of news for seven days a week we felt that before we went to that and added to the very substantial bill, we wanted to see, if only to encourage them, to see the improved service in the news presentation etc before we felt it was worthwhile spending that extra money for the extra day. It was no use extending a service if the service that you were getting was not being improved. So we said that for the time being we would like to see how the service worked after they had the staff, and that is how the matter stands now.



What members say about GBC, and what they would like, is a matter for us to represent them ...

MR CHAIRMAN:

May I interrupt here. May I ask you one question. There is an increase in this vote of £320,500. Is this basically wages or salaries?

HON CHIEF MINISTER:

Absolutely. All salaries.

MR CHAIRMAN:

That is what I wanted to be clear about.

HON CHIEF MINISTER:

Salaries, wages and cleaners, editors, managers, everybody, except the Chairman, who Rickard and Sizer said we should remunerate but we never felt like remunerating.

I consider that the Gibraltar Broadcasting Corporation is a responsible, independent body and should know what to do. If they have any problems in which finance is involved they approach Government. Sometimes they write, sometimes they come in delegation and present their problem. In the case of the Staff Inspection they came, they presented the report and then they spoke about it and how they felt etc.

My duty here is to see that what is said here is brought to the notice of the Gibraltar Broadcasting Corporation, in the same way as it is my duty here when there are views expressed on pay even if we do not pay for it, of the Gibraltar Regiment I bring to the notice of those responsible what the feelings of members are.

Because I have had the lunch interval I was looking at what were the latest ways, apart from remarks here which are taken by them for what they are, what were the last matters on which we recommended that something should be done, and I find that it was the Select Committee on Colour Television ...

HON M XIBERRAS:

On broadcasting in general.

HON CHIEF MINISTER:

On Broadcasting, yes, I am sorry, I was speaking loosely because it arose out of the fact that we had to see how the question of colour was going to be introduced.

Extracts from the report of the Select Committee on Broadcasting: there were four recommendations made at the time, this was in July 1976, and I have just had time to look at the file. The first one was: "The Committee recommended that further consid-

ration should be given to the broadcasting of parts of the proceedings of the House of Assembly. The Committee feels that there should be more discussion programmes on general interest, particularly on radio, and that consideration be given to the need for any additional staff required for this purpose". This was duly communicated to the Broadcasting Corporation.

The other one was: "that consultation with GBC should be carried out with a view to having an agreed appeals procedure available to redress grievances of the public. That the Committee supports the recommendations of the Rickard and Sizer Report that an honorarium should be paid to the Chairman of GBC in the future".

We have not made provision for that in the Estimates. "That consideration be given to carrying out any amendments that might be necessary to the provisions of the Gibraltar Broadcasting Corporation Ordinance in relation to the directions of the Governor in Council to bring them in consonance with the practice between the United Kingdom Government and the British Broadcasting Corporation in the circumstances of Gibraltar".

All these have been taken up with the Corporation. To all these we have had answers and that is how the position stands.

In respect of the first one I have a letter here from the Managing Agents addressed to the Administrative Secretary, who was the officer entrusted to bring to the notice of the Corporation the views of the Selection Committee on Broadcasting: "With reference to your letter of 31 May 1977, may I convey to you the replies to the points you raised which were discussed at a recent Board Meeting. Referring to paragraph 6 of the Select Committee's Report, the Board was informed that two radio discussion programmes had been scheduled on housing and the European Movement. However, without adequate production staff to research and script such programmes it is difficult to see how they can be maintained. The Board was informed of the present series of television discussion programmes "The Question" which have now been running for some weeks. The question of additional staff has been raised in the recent GBC Staff Survey, a copy of which was sent to you about two weeks ago. GBC also plans to schedule a listener's "phone in" discussion programme on radio. There are also plans formulated for "one off" TV discussion - pre-recorded - the sound track of which would be transmitted on radio. The Board of GBC feels that it is the proper and competent body to deal with appeals in the case of possible public grievances. As regards Section 9, as a personal opinion, I would think it wise to wait for the adoption or otherwise of the Annan Report on British Broadcasting. In this context it would be appreciated if Government could obtain a copy for GBC so that any possible implications in the Gibraltar context may be studied".

The Annan Report was obtained and duly sent. So this was the last time a formal representation was made from the House as a whole rather than just individual comments in this House, and they were duly reported to the Corporation and the Corporation

answered. As I say, if it is the proposal to put statutory duties on the Corporation that an element of the amount - and I could not tell you what amount of money out of these monies are going to be spent in discussion or what amount of money is going to be spent and I am sure that even if you ask the Corporation now they would not be able to tell you, they would have to make a study of it - if what the Hon Member is seeking is that there should be a statutory duty imposed on the Corporation that an element of the monies which this House votes should be devoted for a particular kind of subject, then it is a matter for separate discussion on which, of course, we would want to hear a general view and then ask the Corporation for their views on the matter. What we are doing is subsidising the Corporation to the extent that they require, ask them as we have asked them to try and obtain, and we will obtain, I do not think it is any secret now, we will obtain further funds from the users of television to make this supplement less onerous, by increasing the television licences, there is no secret about it.

MR CHAIRMAN:

What the Chief Minister is saying is that by the increase in television licences the subvention will be less to the extent of the increase in revenue.

HON CHIEF MINISTER:

We propose that. We have not told them because we know that they are cost-conscious because of the very heavy expense. In this connection I would like to pay tribute to the Chairman and the members of the Board who are very concerned about the considerable amount of money that they are asking Government, they know that we are in a difficult situation and they are concerned about it. I know that the question of advertising rates and widening the field of advertising to get more revenue in order to be able to be less dependent on subsidies is very much in their minds, and, therefore, in those circumstances the Government is prepared to propose to the House that we do pay the subsidy that is required to run television. It does not mean that it is perfect, I certainly do not agree with everything they do, but that does not matter, they are the ones who are running it.

If the Honourable Member is thinking that because we are subsidising it we should impose other specific duties, then of course if they are not included in the Ordinance we should have to look at the Ordinance and look at the whole matter. So far as the vote before the House is concerned now it is purely to carry out what has been done throughout the whole of the Government service, to pay for the re-structure.

It has been said that a lot of people were working on a goodwill basis, for very little, for a very long time, and that there was no reason why they should not be paid properly if other people are being paid properly. We think that is proper. We think that they ought to find as much money as possible from outside, but we also think that running a television and radio service is

of the utmost importance to Gibraltar in many ways. One would give more emphasis to others. So far as colour was concerned I made it clear that I think this is vitally important from the morale point of view of Gibraltar everybody with colour television and Gibraltar with black and white. I think we would have lost viewers. What the extent of our viewers are is a different matter, but we would have lost viewers completely. Having regard to the fact that they are working in cramped premises, with machinery temporarily installed until Mercury House is finished, they are producing very good colour and they are producing very good programmes. I think they should be congratulated for it because the standard of programmes of television today is much higher than in the black and white days. Therefore, we have no hesitation in saying that we will support this organisation for as long as we consider, and we have no reason to consider otherwise, that they are performing the duties imposed upon them in an expeditious and proper manner, and that we know that they are trying to make more money for themselves in order that they should be less dependent on us. We are glad that this is so and we hope that perhaps next year, despite inflation, they will be able to make more profit from advertising, the rate of which we understand is rather poor because they have not got a very big field in which their goods can be put across, there is not an open frontier where people could advertise here for something that people could come and buy. It is very much the opposite, all sorts of Spanish things which are advertising on Spanish Television can be found in shops round Gibraltar simply because they are advertised on TVE. That is the position, Mr Chairman.

HON M XIBERRAS:

The Chief Minister has launched into a panegyric of GPC, much of which I share, I think that the colour, without going into such details about it, I say quite clearly, of course GPC is producing a good colour service, but the Chief Minister has given the whole game away. I have asked the Usher to see if they can find a copy of the Select Committee Report which the Chief Minister was quoting from, the Select Committee Report of July 1976. And the first of these items of the recommendation made by that report.

HON CHIEF MINISTER:

Not, it was not the first, it was number 6 on my list.

HON M XIBERRAS:

Which was this?

HON CHIEF MINISTER:

The first one that I read.

HON M XIBERRAS:

Which?

HON CHIEF MINISTER:

The one about the discussions and so on.

HON M XIBERRAS:

I was referring to the one that serious considerations should be given to the discussions about the broadcasting of the affairs of the House. That was in July 1976, the question of current affairs programmes etc. That part of the recommendation of the Select Committee's Report has been postponed, which is my contention. What has come to the fore has been colour television. The order of priority has gone the way that the Government would like it to go, not the way that the Select Committee recommended that they should go. There should be a development on both fronts. When we come to the specific voting of money the Chief Minister is still not in a position to tell me how that money is going to be spent. He has told me about the Ordinance and the Hon Member knows ...

MR CHAIRMAN:

In fairness, and that is why I asked the Chief Minister what the increase was for, in fairness it is the same as was spent last year except that they need £320,000 extra. That was the implication of my question so that I could clear the matter for both of you.

HON M XIBERRAS:

I can inform the House myself, Mr Chairman, from my meeting with GBC that this in fact is not the case. There has been a restructuring within GBC and an apportioning of responsibility, and what I would like to know is in what way this apportioning of responsibilities has furthered both aims of the Select Committee? This the Chief Minister has not been able to tell me, he has in fact told me that GBC itself would have difficulty in telling me.

MR CHAIRMAN:

Yes, but what I am trying to point out which is relevant to this debate is that whatever apportionment there may have been has not been the subject matter of extra expenditure. It could not have been because the increase has gone exclusively to wages.

HON M XIBERRAS:

Mr Chairman, it is in fact about wages that I am talking. How many bodies and man-hours are devoted to one service that is the information, how many to the entertainment. This is what I am talking about. The restructuring has been about bodies and the attention paid to the information, and the entertainment, is reflected in this vote, which is about wages and salaries. Rickard and Sizer's recommendations, for instance, to illustrate a point by reference to the Chairman of the Board. If Rickard and Sizer says the Chairman of the Board should be paid £600 a year, back in 1974, and these £600 a year are not paid to the Chairman - it is just an illustration - then that vote is not

being used for a particular purpose.

MR CHAIRMAN:

May I be clear on one thing. Are you suggesting that if there had been no restructuring of programmes there would have been less bodies employed and therefore less money spent?

HON M XIBERRAS:

What I am saying, Mr Chairman, is that I do not know what the position is and I am suggesting that the Chief Minister should be in a position to tell us this in view of the fact that he chaired the Select Committee on GBC which made the recommendations that he has read out, and which were entirely in accord and represent my thinking today. I hope I have made the position absolutely clear. The Chief Minister is still not in a position to tell me that there is going to be an expansion of the informative side of GBC, the current affairs political broadcasts. I have my own views and my own information about this.

HON CHIEF MINISTER:

If the Hon Member will give way. On the first one I will not argue that I have not been able, but on the second one, on the broadcasting of the proceedings of this House, I have given him the answer, ad nauseam, and I have got another letter where they say that their resources are extended to the limit in providing colour from temporary premises and changing to Mercury House, and that they would rather leave this until that is finished.

HON M XIBERRAS:

I disagree, Mr Chairman, with that. The Board itself does not give me the same information.

A member, Mr Chairman, can make himself responsible for information that we quote in this House and what I am saying, and I called my Honourable and Learned Friend, Mr Isola, as a witness earlier in these proceedings, is that there are £7,000 needed for the broadcasting of proceedings of the House, that the technical difficulty would arise only after half past seven when GBC starts transmission, the broadcasting would be done on a separate channel, the expertise needed would come from those £7,000. That is the position. And that, therefore, even though there might be a preference for GBC not taking on this service now, or to quote the exact words "they would rather not do it now", yet it is possible to do it now. And not to do it now would go against the recommendations of the Select Committee made in July 1976. What we have been doing is voting money for colour but leaving aside, because of one thing or another, the other part of GBC, the informative part. I think this is an appropriate moment to underline and stress the point because the vote for GBC has gone up to £1m.

MR CHAIRMAN:

Let it be said that we have been doing this since half past ten.

this morning.

HON M XIBERRAS:

Yes, Mr Chairman, the Chief Minister gave a very long intervention in which he outlined what the Managing Agents did. What I am talking about is what is going to happen to this money. How is it going to be used. For instance, I have been approached by CBC, Mr Chairman, and I would like confirmation from the Chief Minister, with a view to the question of direct broadcasts by members of the Opposition and to increased coverage of proceedings of the House of Assembly.

HON CHIEF MINISTER:

You have been approached? I have not been approached.

HON M XIBERRAS:

I have been approached by them. They intend to make an improvement. They see a need. But I want the Chief Minister to tell me that he is going to support that, and that this is the intention of the Management Board, because the structure of CBC has ...

MR CHAIRMAN:

Let us get an answer to that particular one.

HON CHIEF MINISTER:

I have not been approached by anybody. That they should improve the conditions of the news etc, I suspect it is as a result of the staff inspection. In so far as voting extra money is a matter of decision, and in so far as the possibilities, I have never said anything to do with the aerial, all I said was "it must, however, be stressed that it is extremely possible that CBC, its staff and resources, will be stretched to the limit during 1977 with the colour conversion and that such an additional service at this time could prove to be an unacceptable burden".

MR CHAIRMAN:

Now you have got your answer.

HON M XIBERRAS:

I have my answer for 1977. The meeting I was referring to was on Maunday Thursday.

MR CHAIRMAN:

I think you have your answer "Until such time as television moves on to Mercury House".

HON M XIBERRAS:

No, Mr Chairman, because CBC has told me differently.

HON CHIEF MINISTER:

That is what I have been told.

HON M XIBERRAS:

In 1977, Mr Chairman.

HON CHIEF MINISTER:

And I have not been told any different since then when I have made enquiries.

HON M XIBERRAS:

Well, Mr Chairman, in view of the interest expressed by the Select Committee itself in 1976, I do not think that the Chief Minister really wanted to see the implementation of these recommendations if he would be satisfied with a letter that was written in 1977.

I am talking about the meeting which my colleague Mr Isola and I had with CBC, on Maunday Thursday, this year. There the question of extra staff does not arise because with \$7,000 extra it is possible to supply the expertise for this, and that also includes the capital cost. The phrase of the General Manager of CBC was: "\$7,000 for this service would be an overkill". And the only technical difficulty would be the question of the aerial and that does not arise until half past seven in the evening when television starts transmissions.

Therefore for the Chief Minister to adopt this petty attitude is not furthering the recommendations of the CBC Committee, and unless he changes it we shall vote against this. Not because we think that CBC is not doing what it is doing now correctly and well, we do, we consider that it is converting to colour well, but they have no objection as far as they told me, to this increase in the informative part of their functions.

I shall say no more on this matter, Mr Chairman. I think that the matter is absolutely clear and ventilated. If the Chief Minister proposes to carry on that way, I am sure he will change his mind after the next election.

HON CHIEF MINISTER:

I will say this, as I have said before, the question of the broadcasting of the proceedings of this House is a matter for the House, and the House must discuss it in itself on its merits. When that is done and there is an affirmative vote on that and they can do it, then it will be done, whichever Government is in power at the time.

I have always said that in reply to questions. The question of broadcasting the proceedings of this House is not Mr Xiberras's decision or mine, it is the decision of the whole House because it is a non-party matter on which each person is entitled to vote the way he thinks.

HON MAJOR R J FELIZA:

Mr Chairman, isn't it true that we have not got to that stage because the Chief Minister has been saying that GBC is unable to carry out the task. On enquiry from this side of the House we find that this is not the case.

HON CHIEF MINISTER:

I put that in question.

HON MAJOR R J FELIZA:

If the Leader of the Opposition and the Chief Minister get together on this matter and approach this in the spirit that the Chief Minister gives to understand that GBC should be entirely independent, in no way even appearing to be somehow connected with the Government because the Corporation depends on funds for its existence, and, therefore, the matter should be approached in the independent way that the Chief Minister expects the Corporation to work and, therefore, I do not see that there should be such a controversy over a very simple matter which is a matter for the Chief Minister and the Leader of the Opposition to get together and agree upon.

HON A J CANEPA:

With all due respect, Mr Chairman. What is the matter for the Chief Minister and the Leader of the Opposition to get together on? Whether the proceedings of this House are broadcast or not?

When I stood for election in 1976 the proceedings of this House were not being broadcast, and I think it is for each and every member to say at the time when the proposal is put to give his views on the matter, and that is why the Select Committee's Report of July 1976 is not binding on the present House.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, may I inject into this discussion a few figures. \$605,500. On the basis of the GBC's figures submitted to us in support of their request for a subvention, that figure is made up of three elements: salaries 1979/80 - \$263,000; arrears to December 1978 - \$140,000; making a total of \$403,000; the balance of \$202,500 is to finance the usual range of activities carried out by the GBC which appear more or less every year. Such things as production costs, photographic equipment, studio props, freight charges on vis news, freight charges on programmes, and that kind of thing. That makes up the balance of \$202,500.

I have been handed a note saying that at the present moment there are 44 full-time staff, which includes two vacancies, and there are 16 + 2 part-timers. That seems to have undergone a slight change since the GBC Draft Estimates came in because at that stage they had eight of their staff on administration, accounts and sales; they had fifteen in the TV Production Department; they had seven in the radio production department; they had five engineering staff; they had four weekly-paid staff; and an unspecified number of free-lancers and part-timers for

whom obviously they had to make some financial provision. I hope that those figures may be of use.

MR CHAIRMAN:

I would say that on that sober note I will not most certainly allow this debate to proceed any further. We are not going to achieve anything. It is a matter on the information before the House whether members wish to vote for or against. I have been exceptionally liberal because it is a subvention, as the Leader of the Opposition has quite rightly said, and, therefore, it did touch upon matters more of policy than of expenditure, since the expenditure itself must have been incurred by the GBC, and the Government were just contributing a grant.

I think we have got to the stage now when I have to decide at any given moment whether any further benefit is being derived, and I do not think we are going to get any further.

HON M XIBERRAS:

On a point of order, Mr Chairman. The Chief Minister said that he called that into question. I do not know what he referred to. Something which I had said he called into question.

HON CHIEF MINISTER:

The fact that GBC are ready and willing without strain to broadcast the proceedings of this House, that is all.

HON M XIBERRAS:

I hope the Chief Minister was not referring to what I was saying that I was making myself responsible for, and that is that the obstacles, I shall repeat it because the Chief Minister came very near to saying that I did not know what I was talking about. What I am saying is that GBC, if they were given \$7,000 for this year, would be able to instal the link, and the Chief Minister has said that he called that into question.

MR CHAIRMAN:

He is entitled to.

HON M XIBERRAS:

If he is, Mr Chairman, I could call into question the things he has said, his efforts in promoting the ends of the Select Committee. I do.

On that basis, with \$7,000 up till 7.30, GBC would have the necessary staff and no technical interference, and I think that this House should promote what was set out in the Select Committee.

HON MAJOR R J FELIZA:

I wish to clarify one point. I did not say that the Chief Minister and the Leader of the Opposition should get together

as to whether there should be any broadcasting, but they should jointly find out the feasibility of doing that from the technical point of view of GBC. This is what I meant. Having done that, then of course the House could discuss it. If we do not do that we shall never discuss it. The other one which I would like to know from the Hon Financial and Development Secretary is what are the running costs now? Are the actual running costs of GBC now over £200,000?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I take that to be what the figure here say. £202,000 is what they need for running costs, but in addition to that, of course, they do get a certain amount of revenue directly from advertising.

The running costs are all totalled, and from the total of the running costs and the total to be paid as salaries, including the revision etc, the Corporation then deducts what it gets from advertising to arrive at a net figure for the subvention.

So the net deduction made from the total that I have given you - I have not given you net figures I have given you gross figures - is £67,000 for advertising. The point is that the Government will be contributing via this vote a gross subvention of £605,500. On the other side of the Government account, however, you will find the revenue which the Government will get from television licences, which, the way we do things in this Government, we do not have an appropriation in aid of this particular vote, we have the gross expenditure on that side and the net receipts on the other. So if you want to do a netting out you have got to take the two separate things and net them out. These are gross figures. But I take it from the papers that I have here, which is the GBC Estimates, then the gross running costs for all their various bits and pieces is this figure of £202,500.

HON MAJOR R J PELIZA:

I am most grateful for that, I think it will be very useful when we come to the revenue-raising measures.

HON M XIBERRAS:

In connection with the £605,000, I wonder since this is a matter for the House in some respects other than the technical feasibility of it, whether you Mr Chairman, would be prepared to chair a committee of both sides of the House on this matter, on the question of broadcasting of the proceedings of the House.

MR CHAIRMAN:

Once members have got together and discussed the matter then, if I am approached, I will give the matter some thought and then give an answer, but not now. It would most certainly have to be debated within the precincts of the House.

HON M XIBERRAS:

I thought that the Select Committee Report had in fact been debated in the House and this was one of the recommendations. All the aspects of the Select Committee report were open to debate by members, and this was some time ago, and I would have said that that is the debate on the issue. It was debated by a rather high-powered Select Committee, under the chairmanship of the Chief Minister, and we had recorded evidence from GBC and others on this matter, and then subsequently brought to the House and approved. I would say that that certainly means that this has been debated.

As the Chief Minister is not willing to go on with the idea unless there is prior debate again on this, then he leaves my colleagues very little alternative but to vote against. We do not want to do it because this should be a matter on which both sides should be agreed.

HON CHIEF MINISTER:

I am not going to give in to any condition to get the support of the Opposition to this vote at all. It is there for what the Financial and Development Secretary has put it, and they can vote in favour or against. That is nothing to do with anything more.

HON M XIBERRAS:

On the question of colour television, I want to know exactly - this refers to the allocation of the tender at Mercury House which was raised on the general debate, Mr Chairman. The Chief Minister, in contributing in the general debate about the expenditure of this sum of money, said that the architect was not expected to know the regulations appertaining to the issuing of tenders, there was a misunderstanding and later he said there was an error. Mr Chairman, I am concerned about this equally as much as my Hon Friend Mr Restano.

Again on this, I would like to ask the Chief Minister what action he proposes to take from here onwards in respect of the issuing of this tender?

HON CHIEF MINISTER:

I said in the debate, Mr Chairman, that everything had been explained to Mr Restano, that tenders had gone out again for the big works and tenders would go out for the sub-works. Everything had been put right in accordance with the internal regulations of the Government about which the consultant was not aware.

HON M XIBERRAS:

I think Mr Restano is perfectly capable of doing it himself, he must be congratulated, but, Mr Chairman, I would like as Leader of the Opposition to express my concern about how this issue has been handled.



The other thing is that I would like to set the record right because Mr Restano went to this meeting ...

MR CHAIRMAN:

No. I am not allowing any more items of explanation. I will allow any information you want on the particular expenditure of £348,200 and nothing else.

HON P J ISOLA:

I notice that on colour television there was an expenditure of £108,000 in 1977/78, there is another £115,000 in the current year, and there is going to be another £348,000 in 1979/80. Is this item going to be a recurring item every year or is this the last. Will the £348,200 complete ...

HON CHIEF MINISTER:

We are paying for Mercury House by instalments.

HON FINANCIAL & DEVELOPMENT SECRETARY:

This particular £348,200 is made up of a number of items. First of all there are the instalments on the Link contract. This is the actual equipment for colour television, cameras and all the other bits and pieces about which I know nothing at all but this was actually a supplier contract which is phased out over a number of years. I am not familiar with the terms of the contract myself except that there is under the contract £70,400 due in 1979/80.

HON CHIEF MINISTER:

All the equipment was not delivered at the same time.

HON FINANCIAL & DEVELOPMENT SECRETARY:

There is a further item of £11,300 for the micro-wave link, and I am afraid I am not a television technologist to know exactly what that means. Because of the delay in getting the Link equipment installed there was some interest and also a small adjustment on the contract price for which £6,500 is being provided. There is then the final balance, as I understand it, on the Link contract itself which will also come up for payment within this financial year, and that is £50,000. There is a figure of £2,000 for insurance of that equipment. Obviously it has got to be insured and for that there is £2,000. And the balance is a figure which one expects to pay in relation to development of Mercury House, £200,000.

HON P J ISOLA:

Could I ask then, will this item disappear next year, Head 31, because if you are going to pay the final on the Link contract ...

HON FINANCIAL AND DEVELOPMENT SECRETARY:

As I understand it, and I am subject to correction by my

colleagues on my left, it is not going to be possible to complete all the alterations and restructuring of Mercury House in a single financial year, there will only be some part of the payment of Mercury House conversion falling in this financial year, there will obviously be a residue next year.

HON P J ISOLA:

The conversion is going to cost more than £200,000? Yes? As far as this item of expenditure is concerned, next year, if we have to vote any money, it will be in respect of further costs of conversion and further costs of balance of purchase price. There will be no other item under that?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

There may, presumably. This is nothing to do with me, I am only trying to help the Honourable and Learned Member in his question. There may presumably be some residual expenditure in relation to the continuation of any insurance on the equipment before it is finally installed. I have just been handed a note that the actual repayment of the Link contract is spread in fact over 5 years. Where they go those £50,000 I do not know.

HON P J ISOLA:

So what is the total cost then?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That I am afraid I do not know. I can find out for you.

HON CHIEF MINISTER:

I think the total cost of the Link contract was somewhere in the region of £450,000.

HON M XIBERRAS:

That amount of money which is in respect of the conversion of Mercury House. Does that include the sub-contracts?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Does what include what?

HON M XIBERRAS:

Does the amount of £200,000 which I think was for the Mercury House conversion include sub-contracts. That is what I am asking the Government.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am afraid Mr Chairman I have no information on that. I cannot answer that question. I do not know.

HON M XIBERRAS:

Would somebody on the Government bench let me know about that.

HON CHIEF MINISTER:

The answer to that is that until all the tenders are in we do not know exactly the cost of the conversion of Mercury House.

HON M XIBERRAS:

Is it intended, Mr Chairman, that the sum of \$200,000 should cover all aspects of the conversion of Mercury House?

HON CHIEF MINISTER:

It cannot be said whether it will or not because we do not know what the tenders will be, but in any case it will not be paid this year because it is not a one-year job it would be paid over two years. We do not know what the cost of the structure is, we do not know what the cost of the air conditioning is, we do not know what the cost of the electricity is...

HON M XIBERRAS:

But in principle are we in fact voting for the whole of the conversion of Mercury House.

HON CHIEF MINISTER:

I cannot tell you that.

HON M XIBERRAS:

What I am saying is that if it should be that the work on electrical or air conditioning, if these two aspects should come now in this current year, would you take it up with this vote.

HON CHIEF MINISTER:

No. As we don't know what they are really we will make a provision for work according to the estimate made by the department. But when you put things out to tender they turn out to be much higher and then you don't know how much it is.

HON M XIBERRAS:

But it could, Mr Chairman.. It could include the cost of air conditioning and so forth.

HON CHIEF MINISTER:

Or it couldn't.

HON M XIBERRAS:

Or it couldn't. Well if it could would the Government give an undertaking that these two will be put out to tender.

HON CHIEF MINISTER:

I am not going to give an undertaking on that. I have already said that they are all going out to tender as a result of the clearing up of the misunderstanding between the consultant and the members of the Public Works Department. If I have not said that five times in this session I have not said it once.

HON G T RESTANO:

Mr Chairman, surely the Government does know because the original tenders were received. Surely the Government has an idea whether the \$200,000 is going to include the sub-contracts or not.

HON CHIEF MINISTER:

What's that?

HON G T RESTANO:

I said that surely the Government does know how much it is going to be because tenders were in fact received originally and opened. In fact they should know more or less what was contained in them.

HON CHIEF MINISTER:

Well, I don't know the details but my understanding is that in all it would be more than \$200,000.

MR CHAIRMAN:

It would be more than \$200,000?

MR CHAIRMAN:

Right. Any matters on annual grants in aid of the contribution to John Mackintosh Hall?

HON MAJOR R J PELIZA:

Subhead 33. As you know this is my annual question. I was wondering whether any progress had been made in that direction, because I still feel very strongly about it. I believe that the John Mackintosh Hall should be a place like other venues where a pre-election candidate can go and in a fully democratic manner express the programme that he will carry for the election.

HON MAJOR F J DELLIPIANI:

Mr Chairman, I have been a member of the Board of Management to the John Mackintosh Hall for the past 14 years, and I was one of the persons who strongly objected to what the Honourable and Gallant Major Peliza had proposed. I shall take his views again as Chairman, but I can assure him that if it is a question of casting a vote my vote would be against it.

HON MAJOR R J FELIZA:

I think it is a real shame that this House is voting for money for a place where normal political discussions take place at all times, and at the time of election, when the place is most needed, this should be denied. I will definitely vote against this.

MR CHAIRMAN:

The Gibraltar Museum. Anyone interested? Or the contribution towards the Gibraltar Regiment?

HON MAJOR R J FELIZA:

Mr Chairman, I wonder first of all, Mr Chairman, whether the Chief Minister can give us an account of what is happening about their pay, if it is appropriate.

HON CHIEF MINISTER:

I think it is the most inappropriate moment.

HON MAJOR R J FELIZA:

Well perhaps at the earliest possible moment.

HON CHIEF MINISTER:

The Speaker, as Chairman of the Gibraltar Regiment Association will confirm that it is not appropriate to talk about pay at this stage.

HON MAJOR R J FELIZA:

If it isn't appropriate, Mr Chairman, again I hope ...

HON CHIEF MINISTER:

The news that have come from England prior to the election about the increase to the Services of percentages may help a great deal.

HON MAJOR R J FELIZA:

It looks as if we are going to start all over again because we all know there is a very high percentage going to the services already. Again I suppose the Gibraltar Regiment will be left behind. God knows for how long.

HON CHIEF MINISTER:

I am very conscious of it and Mr Speaker knows that.

HON MAJOR R J FELIZA:

Now the other thing is I believe that we were going to make a contribution towards the helmets of the band or something. An

approach was made. Could the Chief Minister say whether this is included in the £10,000.

HON CHIEF MINISTER:

Yes. I have been told from time to time that an approach was going to be made about the helmets of the Corp of Drums. I would ask the indulgence of the House not to press that now in order not to alter the estimates, but I shall try and bring it in as soon as I see a flicker of light in respect of revenue.

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

The Hon I Abecasis  
The Hon J Bossano  
The Hon A J Canepa  
The Hon 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 H J Zammitt  
The Hon D Hull  
The Hon A Collings

The following Hon Members voted against:

The Hon P J Isola  
The Hon Major R J Feliza  
The Hon G T Restano  
The Hon M Xiberras

The following Hon Members were absent from the Chamber:

The Hon J B Perez  
The Hon Dr R G Valarino

HON A J CANEPA:

Mr Chairman, have they voted against annual grants in aid? Does the Leader of the Opposition in his capacity as Chairman of the European Movement ...

MR CHAIRMAN:

Order.

HON CHIEF MINISTER:

We might delete that one.

MR CHAIRMAN:

No we won't. We shall go on to special expenditure.

Special Expenditure was agreed to.

Head 27 - Contributions to Funded Services

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Although the House has not had the full details of what the Government is proposing in relation to electricity and telephones, the Chief Minister, and indeed I myself, did indicate that the Electricity Undertaking was in balance and that the Telephone Service Fund was projected to carry forward at the moment a small deficit, I think the figure, speaking from memory, is £19,200, but during the course of the discussions going on at the moment it is hoped that by the end of the year that deficit will not appear. The point being, Mr Chairman, that the Government is not proposing to make any contributions either to the Electricity Service Fund or the Telephone Service Fund, and, therefore, in order to get these estimates straight we have to consider an amendment to Head 27.

Now I would therefore, with your permission, like to propose the deletion, in so far as it concerns the estimates for 1979-80, of the amount of £85,000 in respect of subhead (1); the deletion, in so far as it relates to the estimates column 1979-80, in respect of subhead (3) of the amount of £114,000; the amendment of subhead (2), Potable Water Service Fund, to the figure of £356,300.

MR CHAIRMAN:

Are you deleting the figures in subheads (1) and (3) without substituting them at all?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, that's right. There will be a blank there.

Subhead (2) is reduced from £669,100 to £356,300.

MR CHAIRMAN:

You delete £669,100 and substitute it by £356,300.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

In relation to subhead (4) the amount of £908,000 should be deleted and substitute therefor the amount of £856,000. In the case of the total for the Head, delete the figure which is now shown, £1,776,100, and substitute therefor £1,212,300.

MR CHAIRMAN:

Is that all the amendment you wanted to make?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, there will be the consequential amendment in the last column but we decided I think that that automatically followed.

MR CHAIRMAN:

As far as the Head is concerned this is the full amendment.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That is the full amendment to that Head. Yes, Sir.

MR CHAIRMAN:

Do Honourable Members wish to speak on the amendment, and I will propose it, otherwise I will put the question.

HON M XIBERRAS:

Mr Chairman, this is the contribution, as the Head says, to the funded services, and I think I would like to make it clear that there will be further debate of it no doubt when the general debate resumes on the revenue raising measures. I hope that an opportunity will be given to put these contributions in perspective with any revenue raising measures that the Government might take. Therefore, we chose not to make a contribution on this, vote against it, and discuss the general implications in the general debate.

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

The Hon I Abecasis  
The Hon A J Canepa  
The Hon Major F J Dellipiani  
The Hon M V Featherstone  
The Hon Sir Joshua Passan  
The Hon A F Montegriffo  
The Hon A W Serfaty  
The Hon H J Zammitt  
The Hon D Hull  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon Dr R G Valarino  
The Hon J B Perez

Head 27 was amended accordingly.

MR CHAIRMAN:

Now, having had the amendment we have the Head as it will appear. We have to take a vote. Does any Member wish to raise

any matter on the Head itself. Head 27 Contribution to Funded Services, as amended.

HON M XIBERRAS:

In my earlier contribution, Mr Chairman, what I said was that when we came to the Appropriation Bill, these figures would obviously have a bearing in the general context of appropriation. I think it would be more meaningful to discuss them at that stage.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable Member will give way, I think he means the Finance Bill, not the Appropriation Bill.

MR CHAIRMAN:

I have no doubt that he meant that.

HON J BOSSANO:

As you know I have been away for most of the time, Mr Chairman, and perhaps this is something that the Financial and Development Secretary has cleared up. I would like to ask him in fact that the original figure of the Housing Fund would have been incorrect in the absence of the increased charges that are being asked for.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I don't think so, Mr Chairman. In what respect ...

HON J BOSSANO:

Would not in fact the effect of the increased rents not be merely £50,000, that is what I am asking.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It is a lot more than that, if one looks at the revised Appendix B which comes with this.

HON J BOSSANO:

Well, Mr Chairman, if one looks at the revised Appendix B the effect of the increased rent is nil, because the revised Appendix B shows an income of less than £1½m and the unrevised Appendix B shows an income of £1½m. That is no help at all. I am aware that it includes £450,000 of rates. But what I am saying is that the figures before the increased rents and the figure after the increased rents in Appendix B is the same. The £50,000 difference in the figure here is not as a result of the increased rents, otherwise it would mean that the yield from the increased rents was £50,000.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, you are quite right, rents were of course taken into account in the original figure as well.

HON J BOSSANO:

As opposed to what was done in the other Head, that is what I am trying to find out.

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

The Hon I Abecasis  
The Hon A J Canepa  
The Hon Major F J Dellipiani  
The Hon M F Featherstone  
The Hon Sir Joshua Hassan  
The Hon A P Montegriffo  
The Hon A W Serfaty  
The Hon H J Zammitt  
The Hon D Hull  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon J B Perez  
The Hon Dr R G Valarino

Head 27 was passed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, because this followed the announcement which the Government made four months ago?

Head 28 - 1979 Pay Settlement

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, as I announced in my own statement, I beg to move that this Head be amended by the addition of a new subhead 2 - Efficiency Bonus, and the amount on the first column of £190,000.

The second amendment is effectively a consequential one, which is to amend the total for the Head to £1,690,000.

MR CHAIRMAN:

I imagine of course that you will add to the new subhead under increases £190,000.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have taken it as a consequential amendment.

MR CHAIRMAN:

It is a whole new subhead.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes.

HON P J ISOLA:

Will the Financial and Development Secretary be providing us with a new page 5 to show that we haven't got the money he is asking us to vote for. That puts the Consolidated Fund Balance in deficit to the extent of £70,000. How can you put a fund balance in deficit?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I tried pretty hard, if you remember, at the beginning of the proceedings to give the new page 5 in substitution for the one that is in the book now, together with the new Appendices A, B, C and D. Now, is this the appropriate moment to introduce them formally in the estimates. I beg for guidance.

HON P J ISOLA:

Page 5 doesn't have this amount does it? The £190,000?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman. The new page 5 takes account of every adjustment etc, that I have mentioned in my statement, every single one of them. So that at the end of the day the new page 5, which I circulated but which we have not yet formally introduced in the book, does in fact reflect the position as it is now.

HON M XIBERRAS:

It includes the tax yields as well?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes. It includes everything. Repeat everything.

MR CHAIRMAN:

Since we do not have to take a vote on page 5 and it is purely informative, we can do it at a later stage when we have done all the adjustments.

HON P J ISOLA:

Mr Chairman, will the Financial and Development Secretary expound on the Efficiency Bonus.

MR CHAIRMAN:

May I say something. All that we are doing now is an amendment

to add the Subhead. Once we add the Subhead you may perhaps wish to ask certain questions on it. Mr Speaker put the question which was resolved in the affirmative.

Head 28 was amended accordingly.

MR CHAIRMAN:

Now, any questions on this Head as amended?

HON MAJOR R J PELIZA:

Efficiency Bonus. Is that quantifiable in any way? Could the effects be assessed. Can the efficiency be assessed in any way? Is it quantifiable? What do you expect to get for it?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, I personally, Mr Chairman, will expect to get the hell of a lot of work by it, but whether or not I will be disappointed I wouldn't know.

HON MAJOR R J PELIZA:

Perhaps it could be assessed at the end of the day. Could he find out?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I did not take part in the negotiations, it was merely conveyed to me that the Government had reached an agreement with the Unions concerned for the payment of it and I was asked to see that it went into the Estimates.

HON J BOSSANO:

Perhaps I could enlighten the Committee. Mr Chairman, in the United Kingdom, as a result of last year's pay policy, the British Government agreed that the special efficiency scheme, which operates in all UK Government Departments which are not operating productivity schemes, would go up from a minimum of £2 to a minimum of £3.50p without any change in the terms of the agreement. It was a revaluation of the existing agreement revaluing what was already included. We introduced the special efficiency scheme here as a result of the recommendations in the Scamp Report and we revalued our agreement in Gibraltar in January/February this year retrospective to last July in keeping with the pay agreement that was conclusive in the UK.

HON MAJOR R J PELIZA:

Are there tangible returns?

HON A J CANEFA:

I outlined what we got out of the Efficiency Bonus during my speech two days ago. The trouble is that it just does not suit Honourable Members opposite to listen. I itemised what we got



out of it. Let me say that it is payable to hundreds of Government employed industrials whom I am reliably informed are not very likely, the majority of whom vote for Mr Isola.

HON P J ISOLA:

I am sure the Committee must be very grateful to the Honourable Mr Bossano for giving his explanation. I would just like to ask him when he said "we implemented in Gibraltar" ...

MR CHAIRMAN:

Order, order.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

May I just perhaps suggest to my Honourable and Learned Friend opposite that a study of the printed version of my statement might help since I went into some detail in saying what this was when I spoke yesterday. Unfortunately I do not have my copy so I cannot give him the page reference.

MR SPEAKER:

Right, we will take a vote now.

HON M XIBERRAS:

Mr Chairman, the £1½m is that the cost of the settlement?

MR CHAIRMAN:

Yes.

HON M XIBERRAS:

And the efficiency bonus, the £1½m. That is provision for wage increases. I think the Financial and Development Secretary said was on a round figure or some figure had to be settled, it was something in the region of 10% expectations of wages increases. Mr Chairman, I do not know. Could he inform the House when the wages will be payable and whether this sum is for half a year or for the full year.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

As far as I know, these come into effect either on the 1st of July or, in relation to non-industrials 1st of April. So it is 9 months.

HON M XIBERRAS:

This is nine months provision? I see.

HON P J ISOLA:

You are allowing for more than 10% then. Is that right?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, we will be allowing a little more. But as I said, Mr Chairman, I must make it very clear, and it would be quite mischievous of Honourable Members opposite to attach any particular significance to 10%. It is a purely arbitrary figure made for the basis of putting something in the estimates, and any suggestion that it pre-empts whatever figure may be agreed during the course of negotiations, will be a mischievous interpretation. It is a straightforward figure of 10% in order to put something in the estimates which one hopes is going to be somewhere in the vicinity.

HON M XIBERRAS:

Not only would it be mischievous but it would also be naive bearing in mind that the CPSEA have got a deal of something in the region of 24½% for its members. I think we all expect something over 10%.

MR CHAIRMAN:

We are voting £1,500,000.

HON MAJOR R J FELIZA:

There shouldn't be any misrepresentations about it. The Government is committed to the continuation of parity. It will pay to its employees such increases as are negotiated in the UK. So if teachers for instance get an increase of 11% or 12% in the UK, we will pay 11% or 12% here; if the Police get 20%, we will pay 20% here. That is what the approach is. It is clear that it is likely to be in excess of 10%, how much in excess remains to be seen. The Government at the moment in the UK is standing quite firm with its Clerical and Executive Officers. The local authorities are standing quite firm with Teachers, so I would say that bearing in mind that £1½m for ¼ of the year represents something in the order of 13% or 14%, if it were a whole year, we might be slightly under the figure, but it's an attempt to put a realistic figure.

HON M XIBERRAS:

Mr Chairman, we on our part will support it, we support this vote, because we have also supported parity. We hope that the Minister's drastic action produces a certain amount of pruning of ...

MR CHAIRMAN:

Yes, but what information are we seeking? None.

HON J BOSSANO:

Could I ask in fact what is the existing wages bill, because when the figure was originally mentioned of 10%, I assumed it was 10% of £15m. So in fact is the wage and salaries bill £15m?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Slightly more I should think. I did have some figure here. Yes, it is a little over £15m. But that of course is a fairly global figure. It is not an accurate figure. But it is in the vicinity of £15m and a bit over.

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

Head 28 was agreed to.

Improvement and Development Fund - Head 101, Housing

HON P J ISOLA:

Mr Chairman, I would like to ask a general question on the Improvement and Development Fund. Government has said that it is going to spend £7,789,462. I don't believe that for one moment, but nevertheless I would like to ask appropriate Ministers to confirm that in fact there is project approval, ODM project approval, for something like £10.2m of work. Am I right in saying that Government will not be able to blame the ODM for not doing £10.2m work? Am I right in thinking that? That is taking the answer of No 19 of 1979 from the Minister for Economic Development to my Honourable Friend Mr Restano.. Is that the position?

HON A W SERFATY:

For the whole of the period 1978-81, and we are now talking of £12m in projects because there is still, as I said yesterday, another million to be discussed in the Autumn of this year ...

MR CHAIRMAN:

No, what you are being asked is whether you have ...

HON A W SERFATY:

Yes, that is what I am saying. Of that £12m, around £11.6m is already approved for the three years.

HON P J ISOLA:

As soon as the Government can do it. The money is there but the Government is not going to do it in 1979/80, we know that, but what I am saying is, am I right in thinking that this time next year the Minister, or anybody else on the Government side, will not be able to blame the ODM for any delay in the Development Programme. Is that correct? Is that a correct assessment?

HON A W SERFATY:

Not quite so, because some of these projects, when they go out to tender there may be supplementaries to be asked for if the lowest tender is above the estimated price. In that event as I said yesterday we would have to go back to ODM. To that extent ODM is not committed.

HON P J ISOLA:

But, if for example, the amount of any particular project, for which provision has been made, to give an example, £1m, and the tender is £1,050,000, is the Minister saying that in those circumstances the tender will not be awarded without ODM approval? Has the Government no flexibility in this?

HON A W SERFATY:

Technically I do not think we have any flexibility - any Minister here can correct me if I am wrong - technically we would have to go for the extra £50,000, but on past performance a small addition like that would not take a long time to be approved by ODM.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I think to help the Honourable and Learned Member. Taking at face value the example that he quoted, or the figures that he quoted, one would certainly go back to ODM for the £50,000. But since it would be such a small excess over the approved grant of £1m, the tender would still be awarded. I would see that the tender was awarded. Where we do hold up the tender is where the excess is substantially over the approved grant. For example, where it is in some cases as much as 20% or even 25% over the original approved grant then indeed we do not award the tender until we are certain that the Ministry of Overseas Development will give us the supplement. But where it is a relatively trivial sum like that we would not hold it up.

HON P J ISOLA:

I thank the Honourable the Financial and Development Secretary for that very helpful information.

Now, could I ask another question. Can the Government say how much in terms of money is the Government today in a position to put out to tender in respect of the estimated expenditure of the Development Programme of 1979/80. How far is Government prepared today to put out to tender. What roughly is the amount?

MR CHAIRMAN:

The total amount because otherwise we are going to duplicate the sum.

HON A W SERFATY:

Well, of course we are talking of a very large number of schemes. Some of them are already in progress, some of them have gone out to tender. I don't think I can give a very easy quick answer.

HON P J ISOLA:

Can the Minister say the value of those projects for 1979/80 that are already out to tender? What is the value involved and what extra value can in fact be ready for now, today.

MR CHAIRMAN:

That of necessity would have to appear as in the different Heads.

HON P J ISOLA:

Mr Chairman, the only reason I am asking these questions is that the Government has estimated that it will spend £7.789m in the current year 1979/80. Now, instead of just saying, alright, that is what they are going to spend, and we argue about it all the time, and then at the end of next year we come back, was this because of that and so forth, on what basis, this is what I am really asking, can Government say they are going to spend £7.789m.

MR CHAIRMAN:

Well, you read through the Head at page 94.

HON P J ISOLA:

No, Mr Chairman, we are told in the general debate, when speaking of last year that they did not have enough draughtsmen, they didn't have enough surveyors, they didn't have this they didn't have the other. Now, what I am asking this Government is what they have got this year, now much can they tell us now to show that they can in fact spend the £7.789m.

MR CHAIRMAN:

Let us go to a different Head: on Housing you have got £3m, let us see how much on that they are going to spend.

Any specific question on the Head, on Housing?

HON M XIBERRAS:

Taking them in order, Mr Chairman, Varyl Begg Estate, Blocks 1 to 17; estimates £1.08m. What is this money in respect of?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Outstanding bills.

HON M XIBERRAS:

Given the state of affairs in Varyl Begg, does the Government in its view have to pay this money now, or has it in the past delayed payments until the work has been satisfactorily completed?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The answers to those questions are no and yes.

HON M XIBERRAS:

No, Government has never delayed payments.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Put them the other way around. Yes, Government has delayed payment.

HON M XIBERRAS:

It has delayed. Now, when it comes to the House for this particular sum of money, does it mean that it is satisfied with the work and will pay it?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Sir.

HON M XIBERRAS:

I see. Is it then the intention of Government to delay payment, given the state of affairs in some of the flats in Blocks 1 and 17.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

As the Financial Secretary I have been advised by the Law Officers that it would not be appropriate to pay this money over yet.

HON M XIBERRAS:

I am very glad to hear that, Mr Chairman because I would say that certainly the Government have advocated in the House that the Government should use pressure of a particular kind to ensure that the blocks were finished properly. Mr Chairman, could I ask the Financial and Development Secretary whether this has been the first occasion on which payment has been delayed?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Mr Chairman. I think that speaking from memory, I haven't got yet the estimates here in front of me, but a similar sort of sum appeared in last year's estimates.

HON M XIBERRAS:

And that has not been paid?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No. It is the same sum.

HON M XIBERRAS:

The point I am making, Mr Chairman is, because I have also advocated in the House that this might have been done some time earlier than the faults at Varyl Begg were obvious. I have advocated, the Chief Minister is saying no.

HON CHIEF MINISTER:

No, I am agreeing with the Member. I am saying that we have agreed not to pay for some time now until the matter is settled.

HON M XIBERRAS:

That is what I want to find out. Since when?

HON CHIEF MINISTER:

If I remember rightly, more than two years now.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I do not think we can commit ourselves to saying exactly when because there was when I got here, and indeed for over 18 months, there was a very long delay in getting certified and verified bills through from the contractor. There was also a debate going on with the Ministry of Overseas Development as to how the excess and over-run on the budget as a whole, should be picked up, and there were inevitably therefor considerable delays in actually making payments once we had got verified statements. And I would not like to commit myself as to the moment in time when we had money and we had claims but we didn't pay. I wouldn't like to commit myself.

HON M XIBERRAS:

Fair enough, Mr Chairman, though I would be interested in this because I think it is very important in the development of the affair, this particular information.

Am I right in saying that it is not because the bills did not come through from the contractors but because the Government is not satisfied that the work has not been done properly or the flats are not habitable.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

As I have said, Mr Chairman, we have been advised by the Law Officers that it would be inappropriate to make payment notwithstanding the fact that the money is there to pay the bills. But I think I would also be correct to say that it is not quite as crude - what shall I say - set off, it is more I think that in view of the possibility of litigation in relation to Varyl Begg, quite clearly one does not make cash settlement in respect of work done, and work which in totality is likely to be the subject of that litigation.

HON M XIBERRAS:

I see. Well, Mr Chairman, this is for part payment then of work already completed, or that should have been completed. Could I ask the Government then what is going to happen with Varyl Begg now. Why haven't they put money, substantial sums, to correct the defects that exist there.

MR CHAIRMAN:

No. That goes beyond the scope of this vote. Anyway if you can get a quick answer on that one.

HON M XIBERRAS:

But Mr Chairman, if I may say so, put it the other way. Is any part of this sum in respect of the final completion of the Varyl Begg Estate.

MR CHAIRMAN:

Ah, yes. That is better.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

As far as I am aware Varyl Begg, as far as contract, the contract is concerned, has been completed.

HON M XIBERRAS:

Well, Mr Chairman, we have heard in the House that quite a lot, especially from the Minister for Housing and from the Minister for Economic Development and from the Chief Minister, that the Government is considering what might be done, whether we should have sloping roofs, or in which way houses are to be made habitable in Varyl Begg.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That surely, Mr Chairman, is a totally different matter altogether.

HON M XIBERRAS:

Well, the Minister has not given that impression at all, Mr Chairman. The Minister has given the impression that Government is considering taking some action forthwith on Varyl Begg.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Certainly, Mr Chairman, but surely I think the Honourable the Leader of the Opposition is getting himself a little confused. The original Varyl Begg project as conceived, it can be argued, and has been argued both by the consultants and the contractors, is finished. The fact that it was a poor finish and the fact that something else will have to be added on, is an entirely different matter.

HON M XIBERRAS:

I see, but in none of these funds is there provision. Could I ask the Government why there isn't anything, or has Government not arrived at any kind of decision.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Whether any of my colleagues are prepared to answer that question,  
570.

I am not.

HON A W SUPPACTY:

I am prepared to answer that. Why should we include a penny here if we have so far not committed ourselves to contributing a penny towards the work of putting that right. Why should we. This is a matter that we shall decide later on.

MR CHAIRMAN:

Order. The reason why - we are getting out of order. The Government is saying that Varyl Begg has been completed, there is a dispute, there is rectification to be done, the rectifications have been touched upon on different occasions in this House, and that may be what we are talking about, but that is a matter of the dispute and is not the subject for which we are voting for. Is that correct?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, perfectly.

HON F J ISOLA:

What worries me is why we should be voting for money which we are not going to pay. Probably I would hope, as Ministers on the other side had described it it has been a disaster, the leaking roofs and so forth. Why are we voting for money which we are not going to pay, we hope. What can possibly stop the Government, if we vote this money from using it to put the thing right. Why don't we have a lawsuit and have all the people there and let the courts decide. Why should everything be held up. We have got the money there. Why should it be earmarked for something else. The work is not being done, we do not consider we have to pay, I hope. Why cannot it be used to put the matter right. Why should people go on living for ever in those conditions.

MR CHAIRMAN:

Yes, but then we are going into the principle of the matter.

HON F J ISOLA:

Well, what I am getting at is this money that we are being asked to vote. Without assurances from the Government we are not going to vote that this money be voted so that it can be paid to somebody with whom we are in dispute, even though it is reserved. Our action must be, I would have thought, we don't vote that money because we are not satisfied with the product. But we do vote that money if Government tells us that they may well use that money themselves to put the place right.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It isn't our money to use unfortunately.

HON F J ISOLA:

Well, then what are we voting for, if it isn't our money we do not vote it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

We have to vote it, and you know that perfectly well, my Honourable and Learned Friend. We have to vote every penny whether it is ODM money or anybody else's money, because the only authority for the expenditure fund is the House.

HON F J ISOLA:

Yes, but, Mr Chairman, living as we are in a democracy certainly I am not going to vote in favour of this if I am told that the only way this money can be used, if it is going to be used at all, is to pay people who have not done a good job.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I didn't say that, Mr Chairman. And as a result of the litigation or whatever takes place, it could well be that the Ministry of Overseas Development, whose money it is, and from whom it came, might say it was possible to spend this money on whatever it may be decided eventually is necessary at Varyl Begg. I did not say that we would definitely not spend the money, and we couldn't spend this money ever. We cannot spend it now.

HON F J ISOLA:

Yes, but can we have, Mr Chairman, some assurance that the litigation will start soon.

HON ATTORNEY GENERAL:

I can say to the Honourable and Learned Member that he will appreciate of course that litigation is a complex matter, the way this matter has been going on for some time, but actually it is in hand and we will expedite it as quickly as possible. I cannot really say much more than that at this stage. It is difficult to say that but I can give you an assurance that this matter is receiving urgent attention.

HON MAJOR R J PELIZA:

That is what he said the other day. We have heard that three or four times already. But the fact remains that the tenants are still suffering. I suggest, as my Honourable Friend here, that if necessary we go to ODM and ask them to allow us to use that money for remedial purposes, and get the thing over with. Then of course settle the matter in court, let there be a lawsuit. What does the Financial Secretary say to that?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

All the Financial Secretary can say to that is that as my

Honourable and Learned Colleague says it is a complicated matter and I believe that by spending any money one can undermine one's legal position. That is the advice that I have been given.

HON M XIBERRAS:

Mr Chairman, the Financial Secretary might call his colleagues in for a division.

HON P J ISOLA:

Mr Chairman, Rosia Dale, could I ask why that amount is being reserved? Is there any particular reason for it?

HON A W SERFATY:

The amount is reserved because the £104,000 is a supplementary amount because of higher salaries, wages and materials.

HON P J ISOLA:

You have to get authority for that, is that right?

HON A W SERFATY:

Yes.

MR CHAIRMAN:

Any matters on that page, it goes over the page.

HON M XIBERRAS:

Yes, Sir, Rosia Dale. First of all I would like to have some information what the money is going to be used for? The state of the work, Mr Chairman. Is it ready for whatever it is going to be.

HON A W SERFATY:

It will be ready by June.

HON M XIBERRAS:

Mr Chairman, my colleagues and I on this side of the House have been concerned at the way in which this property is going to be disposed of. Is it going to be allocated or sold?

MR CHAIRMAN:

Yes, but that was touched upon in the general debate.

HON M XIBERRAS:

That was done but it is relevant to our vote on this occasion, Mr Chairman. We have not, despite repeated questioning of the Minister, being able to establish how the Government intends to dispose of this.

MR CHAIRMAN:

And you are not going to do it now.

HON M XIBERRAS:

No, but we are going to vote against this particular project because we have not got sufficient clarification. This is to underline Mr Chairman, that we do not think that the Minister's method as outlined is a correct one given the housing crisis that we have had.

HON H J ZAMMITT:

Mr Chairman, I think it is quite unfair to say that we haven't given information.

MR CHAIRMAN:

And you are not going to mention it again. I haven't allowed the Honourable the Leader of the Opposition to finish so I won't allow you to answer a question that has not been asked.

HON P J ISOLA:

Can I ask on the next page, Head 101. The new project we have there which is item 12, 13, 14, 15 and 16, all of which seem to be reserved. Are they ODM approved already?

HON A W SERFATY:

If the Honourable Member will look at the letters there, most of them are locally funded.

HON P J ISOLA:

Why are they reserved? Why are these votes reserved?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

In all probability we haven't got the money.

HON H J ISOLA:

Wouldn't this money come from the Barclays Bank International loan?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think probably the answer to this reservation is that if we have the money it is my authority that releases it, but the point is I do not propose to release any money, even if it is local money, unless people are ready to go ahead and do the project. But the point about this as I suspect, is when these estimates were prepared the loan was not completely tied up. Mr Chairman, they are not all locally funded you see. Castle Ramp, Road to the Lines, for example is ODM, and there is no approval for that at all.



HON P J ISOLA:

So there is no approval for item 12 yet. I suppose you can say goodbye to that one. Items 13, 14, 15 and 16, can I ask the Minister, is the Government ready to go out to tender or to do these job price contracts that we hear about at Catalan Bay? How far is Government ready to start today?

HON A W SERFATY:

On, 13, 14, 15 and 16. No 13 will go out to tender, I am informed, in July 1979.

HON P J ISOLA:

Which is this?

HON A W SERFATY:

Flat Bastion Road. When we are talking of the Gas Works it is just the provision of services - roads and mains.

HON P J ISOLA:

When is the Government going to start?

HON A W SERFATY:

That doesn't have to go out to tender. The Gas Works has gone forward quite well in the design stage. It should go out to tender some time in September or October.

HON P J ISOLA:

And Lime Kiln Steps?

HON A W SERFATY:

Now, Lime Kiln Steps, Phase 1A is proceeding now, as far as I am aware.

HON P J ISOLA:

Actually started?

HON A W SERFATY:

Phase 1A is the extension of Phase 1, the part of Lime Kiln Steps where we had to decant the people. I know there is going to be an extension of the present one and we will start around October this year.

HON P J ISOLA:

And Catalan Bay?

HON A W SERFATY:

Catalan Bay is now the subject of negotiations with the Unions on a JPC, and I hope we will start some time in October.

HON P J ISOLA:

Can I just stop you for a second. Why some time in October? I mean are the plans there? Does it take that long to negotiate with the Unions. I thought they had become very reasonable people.

HON A W SERFATY:

I don't conduct negotiations, but these negotiations are rather complicated because the calculations of a JPC by the Public Works Department and the discussions with the Union is something which are bound to take some time.

HON P J ISOLA:

Could I ask another question, Mr Chairman. This backlog of heavy maintenance - £155,000 - can we have some idea what sort of thing is intended in this.

HON A W SERFATY:

It is a big backlog, I said yesterday, and I referred to the Honourable Mr Bossano who was unfortunately away ill, that I consider that we will never be able to make the grade with the backlog of maintenance unless the Union agree to a Term Contract on the basis of backlog maintenance. I am not suggesting that the Term Contract should include other kind of works, I am convinced and the Public Works Department is convinced that we will never be able to make all the headway we should unless the Union agrees to a Term Contract. And I think that the Union, in view of the JPC, the Catalan Bay project also on a JPC, might well consider seriously in the public interest, to agree to a Term Contract.

HON P J ISOLA:

Is this a matter for decision of the Union then? Could I ask the Minister?

HON A W SERFATY:

It is a question of an agreement between the Public Works Department and the Union.

HON P J ISOLA:

The Public Works Department have an agreement with the Union, is that it? Can I ask my question again. What is the nature of this heavy maintenance that has to be done. What is involved in it?

HON A W SERFATY:

Repairs of all the houses. Repairs. Mainly roofs. Repairs of old houses.

HON P J ISOLA:

Does that mean that there are people with leaking roofs, and so forth, tenants of the Government, who have to wait for what to get them done?

HON A W SERFATY:

For the work to be done.

HON P J ISOLA:

For an agreement between the Government and the Union?

HON A W SERFATY:

Yes. That is correct.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, after all there is a continuing project. This was one of the main projects in 1978/81 Development Programme, which I can clearly recall my Honourable Friend explaining when we went through the estimates at this time last year. This is not new, this is the continuing one, and I see here that £120,000 was in fact spent.

HON P J ISOLA:

I know Mr Chairman, but this is the trouble, that it is the 1978-81 Development Programme and I cannot see how that part of the money that has come from local funds is going to be spent by 1981, when we will have only spent, according to these estimates, £270,000 of nearly £1m by the end of next year!

HON A W SERFATY:

You are absolutely right. The Honourable Member is absolutely right. Unless we are able to finish this work by Term Contract we will never spend that amount of money in the three years and I tried to explain the matter yesterday.

HON M XIBERRAS:

But, Mr Chairman, I suspect however that the Minister hasn't got the Government unanimously behind him on this. I have been asking him throughout this session about this Term Contract, I have been asking him this about the Public Works. I know that there is a difference between the Union and the Government on this. I would ask him has the Minister for Labour in fact tried to negotiate with the Unions on this Term Contract, and does he favour the idea of a Term Contract? I would ask the Minister for Labour. It is important, Mr Chairman, because I think it was the Chief Minister who last year referred to the Term Contract as part of the policy of the Government in his statement of policy.

MR CHAIRMAN:

Yes, but we must relate the Term Contract exclusively to Subhead 17 at this particular time.

HON M XIBERRAS:

Well, Mr Chairman, our intention I would say is absolutely obvious, that this is a measure of saving money.

MR CHAIRMAN:

It may be obvious but I am sure that there are Term Contracts which apply to other subheads.

HON M XIBERRAS:

I am talking about this particular Term Contract which Honourable Members have been talking about up to now.

HON J BOSSANO:

If the Honourable Member is so concerned about the work not being done, why is it that the work has not been given out as a series of ordinary contracts which the Union does not object to.

HON A W SERFATY:

A series of what, may I ask?

HON J BOSSANO:

Ordinary contracts.

HON A W SERFATY:

What I understand, and I am not the Minister for Public Works, is that the labour force, and the supervision for that extra labour force, is not available. Let us bear in mind that this backlog of maintenance ...

HON J BOSSANO:

I think it is important that my Honourable and Learned friend, Mr Isola, should not run away with the impression that the poor workers living in slums in Gibraltar are not having their roofs repaired because the nasty members of the Union that work for the Government are preventing it from happening. I wouldn't want him to run away with that impression.

MR CHAIRMAN:

We are getting into a tremendous muddle now because we are getting the Opposition answering one another.

HON J BOSSANO:

Yes, it is a very difficult situation, I accept that!

MR CHAIRMAN:

This is not debating time. In debate you are quite entitled to do it. This is purely an itemised subhead.

HON J BOSSANO:

But in order to give it an opportunity to get a clearer picture, I am asking the Minister whether he can explain why it is that

the Government would rather not see the money spent than see it go out to contract on a normal basis as opposed to a term contract. A term contract, as we understand it in the Union, is a block allocation, not of a specific amount of work, but an amount of money which enables the contractor to do any sort of job. For example in the DOE one finds term contractors repairing water taps, and putting washers in a water tap. Now that sort of thing the workers in the Public Works are not prepared to accept because they can see that as the thin edge of the wedge. But there is nothing to stop a roof being put out on a contract and that is not a term contract. A whole house can be put out in a contract.

HON M K FEATHERSTONE:

I think the reason why this does not get out as the Honourable Mr Bossano is suggesting, in a number of small contracts, is that to put each one out to a small contract would mean going out to tender. To do this you would have to prepare all working drawings and documents, and we do not have the staff, even with all our QS's and all our Draughtsmen to cover it. You would have to provide a tremendous amount of documents for each and every contract that you wish to issue, whereas with a Term of Contract there is a great big book which gives rates for the job. You just have to refer to this and you say: do this job and you work on these rates for the job, you don't have to have all these documents prepared beforehand. It is much easier, much simpler and much less dependent on staff.

HON P J ISOLA:

The problem is that as a result of the Government not having the inclination, or not having the staff as they say, even though they have double the staff in the Public Works Department since four years ago. Despite that, because they don't want it to do that and they cannot agree with the Union, £1m worth of work is left there.

Why cannot the Government, I cannot understand, I don't think the Honourable Minister has given us a good explanation, Mr Chairman, if I may say so, for not putting out some of their maintenance to individual tenders. I cannot believe, Mr Chairman, that his department, with an establishment of 152, a great number of technical people in that department, cannot produce that work. In 1971/72, with less than half the number of people, they did work to the same value as they have done in 1978/79.

MR CHAIRMAN:

You are seeking an assurance that the money is going to be spent.

HON M XIBERRAS:

Well, we cannot even see that Mr Chairman. I think the Government is seriously divided over this issue.

MR CHAIRMAN:

No, no. We are not debating now and we mustn't allow that.

HON CHIEF MINISTER:

My colleague ...

MR CHAIRMAN:

No. We will keep it at that. We have exhausted the subject.

HON M K FEATHERSTONE:

I can only say ...

MR CHAIRMAN:

No. I will not allow a further word on this one. Order, order.

HON J BOSSANO:

Mr Chairman, could I ask how the £120,000 was spent. I take it that that was not on a term contract.

HON M K FEATHERSTONE:

It wasn't, that was done by direct labour.

MR CHAIRMAN:

Right.

HON M XIBERRAS:

Mr Chairman, could I ask about Catalan Bay. There are 6 dwellings to be constructed there I believe. I have been down there and there are very important issues involved in this construction, not as regards the method of construction, I am glad to see this is going to be done by JFC, and there was agreement and the money is ...

MR CHAIRMAN:

Yes, but what are you asking? We must not make speeches!

HON M XIBERRAS:

Well, Mr Chairman, one has to express a view ...

MR CHAIRMAN:

Yes, but at the right time.

HON M XIBERRAS:

Mr Chairman, there is private development going on in Catalan Bay, and much of that area is being occupied by this development.

The villagers in Catalan Bay are extremely worried ...

MR CHAIRMAN:

No, but what are you asking now?

HON M XIBERRAS:

Well I have to give, Mr Chairman, with all due respect to you, I have to explain what the situation is.

MR CHAIRMAN:

No, I am sorry. I would like you to ask for any information you require on the particular item. We are not debating now. I am sorry. And that is what I am going to keep it to.

HON M XIBERRAS:

I will put it in question form. Is this in fact the only development that is taking place or has Government given the people of Catalan Bay assurances, defines specific places where, let us say, the next 40 dwellings in Catalan Bay are going to be produced.

MR CHAIRMAN:

This is fair enough.

HON A W SERFATY:

Government has not given any such assurances to the people of Catalan Bay as far as I am aware. I attended a meeting with the Chief Minister and representatives of Catalan Bay, and I did say that with a bit of luck, if we had their cooperation on the question of decanting etc, we would be able to provide six units in Catalan Bay in this Development Programme. As to the next Development Programme we do not know what will happen.

HON M XIBERRAS:

Is the Minister not aware that there is very serious concern, I think very justified concern there, that six dwellings alone at this stage is not enough - which is a matter of opinion, but that some of the area, limited area, in Catalan Bay, is going to be encroached upon by this private development.

HON M K BRATHSTONE:

Which private development?

HON M XIBERRAS:

The private development up by where the night club 'La Pandereta' used to be. Oh, no, of course not, but it is within the confines of Catalan Bay, and they need something like 40 dwellings there now. If private development is allowed to take up the top of

slope, and if the Government, as apparently has happened, is not able to give them assurances that development will take place at White Rock Camp, sufficient development, or in the site next to this one, that they will not have enough space, in years to come, to be able to build the number of houses that they want to build.

HON A W SERFATY:

I can say that the possibilities of expansion, as the Honourable Leader of the Opposition has rightly said, next to the site of these 6 houses, is at White Rock Camp. That is right. And we will be able, according to the note I have just received, to have about 40 dwellings in that area.

HON M XIBERRAS:

That is in the site adjoining this one?

HON A W SERFATY:

Between White Rock Camp and the Northern end of Catalan Bay.

HON M XIBERRAS:

Can the Minister give me his assurance on that?

HON A W SERFATY:

No, I cannot give assurances that all that area is going to be used for Government housing at Catalan Bay. I could not give at this moment of time an assurance.

HON M XIBERRAS:

Would the Minister try to give the House an assurance as soon as possible on this matter, because otherwise private development is going to be allowed to infringe upon the general area of Catalan Bay which would be left for the villagers themselves and for Government development.

HON A W SERFATY:

I cannot commit myself, Mr Chairman, at this stage. White Rock Camp perhaps but I cannot say what the Caravan site is going to be used for in the future. I cannot commit myself at this time.

HON M XIBERRAS:

I am sorry about that, Mr Chairman, I would tend to vote against this particular item because of this. Because assurances are not given. By the time the Minister gives me an assurance the private development will have taken up the whole of the area.

HON A W SERFATY:

The Honourable Member has noted ...

MR CHAIRMAN:

Order.

HON A J CANEPA:

This is most improper. We come to the House seeking the voting of funds to construct six units, six dwellings, at Catalan Bay. I think it is most improper of the Leader of the Opposition to try to extract from the Government an assurance about future development. Either vote in favour of the money that we are seeking to build six units on the merit of the matter, but don't put any strings attached to that. Don't say that you are going to vote against it because you are not being given assurances for the future. One thing has nothing to do with the other. We are coming for funds for six dwellings in the coming Development Programme. The future is the future.

HON M XIBERRAS:

I am sorry, Mr Chairman. The Minister for Labour and Social Security can think what he likes about this. As regards impropriety I will be the judge you Mr Chairman will call me to order. I am explaining the problems affecting the people of Catalan Bay, with which the Honourable Member is conversant, and I was trying to get some sort of idea of what the comprehensive development in Catalan Bay is going to be. I will be the judge of the propriety of my actions and of course within the House, you Mr Chairman...

HON A J CANEPA:

We will be the judge, on this side, what information we give. We are not going to give information beyond the money that we are seeking, for six dwellings, and you are not going to get anything more from the Government.

HON M XIBERRAS:

I am glad, Mr Chairman, that I get more cooperation from the Minister for Economic Development than I do from the Minister for Labour and Social Security.

MR CHAIRMAN:

Order. I must call you to order. We will take a vote on Improvement and Development Fund, Head 21 Housing. Order.

HON M XIBERRAS:

Can it be itemised?

MR CHAIRMAN:

It cannot be itemised but I will most certainly call a separate vote for any particular item that you wish to vote separately.

HON J BOSSANO:

Mr Chairman, I would like to move an amendment. Do I do it now?

MR CHAIRMAN:

An amendment to one particular subhead?

HON J BOSSANO:

I want to add a new subhead 19.

MR CHAIRMAN:

I am afraid you cannot. Under the constitution you are not entitled.

The Opposition cannot add any Heads and therefore it is not within the powers of the House.

HON J BOSSANO:

Then instead of adding that, can I in fact extend the use for which the money in Subhead 18 is going to be put. Can I do that?

MR CHAIRMAN:

No, you can decrease the amount, but never increase it.

HON J BOSSANO:

No, you see, I was proposing, Mr Chairman, and perhaps if I explain it you will be able to guide me.

I was proposing that we should include a token vote of say \$1 for the investigation of the state of repair of the two Tower Blocks to which the Government is committed by a statement made by the Minister. I wasn't asking the Government to committing itself to anything other than to putting some money there to show that it is going to be done in this financial year. If I cannot add a new subhead can I suggest then that the Consultancy Fees in Subhead 18 should cover the investigations to the Varyl Begg roofs and the investigations to the Tower Blocks? And then we know that there is provision in the estimates for something to be done to the two Tower Blocks this year as well.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the Honourable Member is only concerned that the item should appear and nothing more. As far as I am concerned, it can be done really in one or two ways. We can add that description, if my colleagues agree, that that should be done, and put the vote; we can add that description to Item 16. Or, alternatively, we could reduce by \$1 or \$10 Item 16 and put in a new item with the reduction whichever way. It is up to my colleagues whether or not they accept the amendment. As far as I am concerned, on the estimates side, it is perfectly possible.

MR CHAIRMAN:

Well, I could possibly then have an amendment from Government.

HON M K FEATHERSTONE:

Could I give the Honourable Mr Bossano a little information on this. We have already written to Overseas Development Administration for consultants under Technical Aid and the consultants will be coming to Gibraltar for a preliminary visit at the end of this month. For the Tower Blocks.

MR CHAIRMAN:

Do you want this amendment to go through?

HON J BOSSANO:

Yes I would.

MR CHAIRMAN:

The Honourable the Financial and Development Secretary has made a suggestion.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I was only speaking on the technicality of the Estimates, nothing more, in order to get round what appeared to be an initial difficulty of a Member of the Opposition trying to add something.

MR CHAIRMAN:

Since you have made a suggestion could you possibly sell it to one of your colleagues.

HON A P MONTGRIFFO:

Mr Chairman, since the Honourable the Minister for Public Works has given an undertaking that the Consultants are arriving within a few weeks, or a month, I think this is quite a commitment by the Government to do something about it. I think it would be dangerous to give way to one when we may have pressures to add more and the Government would not be prepared to do that, precisely because we are going to do what the Honourable Member is seeking an assurance that it should be done.

HON P J ISOLA:

Mr Chairman, the Honourable Mr Bossano will have to be happy with that assurance because otherwise we would have the quickest volte face in the history of the Government by going exactly the opposite of what the Minister for Labour has told us he will not do.

MR CHAIRMAN:

Fair enough. Mr Bossano is happy. I think you wanted a separate

vote.

HON M XIBERRAS:

I would like a separate vote, Mr Chairman, on the Varyl Begg Housing Estate and Rosia Dale.

MR CHAIRMAN:

Which subhead?

HON M XIBERRAS:

1, 2 and 3 and the Catalan Bay one.

Mr Chairman put the question on Sub-Heads 1, 2 and 3 and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa  
The Hon Major F J Dellipiani  
The Hon M K Featherstone  
The Hon A P Montegriffo  
The Hon J B Perez  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon A Collings

The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon Sir Joshua Hassan  
The Hon D Pull

Mr Chairman put the question on Sub-Head 16 and on a vote being taken the following Hon Members voted in favour:

The Hon J Bossano  
The Hon A J Canepa  
The Hon Major F J Dellipiani  
The Hon M K Featherstone  
The Hon A P Montegriffo  
The Hon J B Perez  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon H J Zammit  
The Hon A Collings



The following Hon Members voted against:

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

The following Hon Members were absent from the Chamber:

The Hon I Abecasis  
The Hon Sir Joshua Hassan  
The Hon D Hull

Mr Chairman put the question on the remaining Sub-Heads, which was resolved in the affirmative.

Head 107 was passed.

The Committee recessed at 5.35 pm.

The Committee resumed at 6.06 pm.

MR CHAIRMAN:

Right, we are still on the Improvement and Development Fund.

Head 102 - Schools.

HON P J ISOLA:

I would just like to ask with regard to the Girls' Comprehensive School, Estimates 1979/80 £1.3m. Does this mean that the plans are ready to go to tender. What is the state of readiness here?

HON A W SERFATY:

The plans will be going out to tender in August this year, according to the consultants, of course.

HON P J ISOLA:

Is Government waiting for something from the consultants?

HON A W SERFATY:

The consultants are preparing the drawings, the bills of quantity and the engineering calculations.

HON P J ISOLA:

So, therefore, August is just the estimates of the consultants. Is that right?

HON A W SERFATY:

That is right.

HON P J ISOLA:

So it is quite possible it won't be.

HON J BOSSANO:

On the Varyl Begg Primary School. When is the school expected to be completed? I know it has got a balance to completed \$107,000 in the next financial year. Is it likely to be completed?

HON A W SERFATY:

September, 1980.

HON J BOSSANO:

What, ready for occupation in September 1980?

HON A W SERFATY:

Yes, Sir.

Head 102 was agreed to.

Head 103 - Tourist Development.

HON G T RESTANO:

Mr Chairman, can we have information on the position as far as the Terminal extension and improvement is concerned?

HON A W SERFATY:

We are expecting the tender to go out in mid-July 1979.

HON G T RESTANO:

What is the expected time that will lapse before passengers can start using the improved Terminal?

HON A W SERFATY:

Well, the passengers will carry on using the Air Terminal building and possibly the Cargo Shed. In-coming one and Out-going the other. The work is bound to take the best part of a year.

HON MAJOR R J PELIZA:

Item 1. Tourist and General Improvement. First of all I see \$5,000 with a little r. next to it. I wonder if he could explain first of all the \$5,000. I wonder if the Minister could explain first of all what this is all about and also what the little r. next to it means.

HON A W SERFATY:

One of them is a walk-way through Artillery House. That is a

sort of lane between Cannon Lane and City Mill Lane, because these properties are coming to Government. One has already come. The other one, I am informed, is the embellishment of Waterport area to be carried out once the Police Post is removed.

HON MAJOR R J PELIZA:

Does the Minister not think that there is room for much more activity in this respect. Surely isn't that essential both from the point of view of Gibraltarians and tourists, that we should embellish our town? I think there is plenty of need for that. Is the Minister happy with the situation?

HON A W SERFATY:

No.

HON MAJOR R J PELIZA:

If he isn't why doesn't he do something about it? Once upon a time he wanted to convert this into a paradise on earth. Well, what is he doing about it now?

MR CHAIRMAN:

Fair enough.

Head 103 was agreed to.

Head 104 - Miscellaneous Projects.

HON P J ISOLA:

Can I ask about the Public Works Department's Workshop.

MR CHAIRMAN:

Which subhead is that?

HON P J ISOLA:

The first one.

MR CHAIRMAN:

The resiting of the workshops.

HON P J ISOLA:

I saw on television the Director of Public Works on I think it was, the site of this Workshop: a school playground is being cut in half or something. Can the Minister tell us whether the representations made then will affect this vote or, will affect the work or will affect the siting of it, or is everything held up now. What is the position there.

HON M K FEATHERSTONE:

No, Sir. The representations made covered two things in the main: one was that because half the playground had to be cut off, and an equal amount of playground was provided on the other side of the school to compensate, their exits in case of fire was removed. We are now opening a new gateway so that they have a proper fire exit. That has satisfied the people who were asking about it.

The other question that they brought up was that they didn't feel happy with the entrance to the Public Works Garage, being where they had heard it was going to be; that is through more or less the same road that leads into Varyl Begg Estate, and that on that road there would be a petrol pump. We are looking into this. We are getting expert opinion first of all whether the petrol pump presents any fire risks, but we are also looking into the possibility of a different access to the garage. If we do use this new access, which I think we will, it is well away from the Varyl Begg Estate road, well away from the primary school, and the petrol pump will also be moved into its new area as well.

HON P J ISOLA:

So, can I gather from that that the process of this re-siting will continue unabated.

HON M K FEATHERSTONE:

Yes, Sir.

MR CHAIRMAN:

Any other item?

HON MAJOR R J PELIZA:

Yes, Mr Chairman, we have £47,000 there. Is that for the completion or the preparation, or is it the actual digging of the sand?

HON M K FEATHERSTONE:

Sir, that is the completion of the preparation. The actual digging of sand will not appear in these estimates at all in the future because that will be the business of the new company for which I think we have got some £1,000 to set up.

HON MAJOR R J PELIZA:

When does the Minister expect the digging to start, or has it started already?

HON M K FEATHERSTONE:

We have run into a little contre-temps with this. We had hoped

to start in June but apparently they sent out some rubber sheeting which was treated with some type of wax and it has been unable to stick to the actual fibre glass channel down which the sand is going to travel. They have got to send it back and get a new lot of rubber sheeting and this will push that back to our actual going into production until approximately the beginning of August.

HON MAJOR R J FELIZA:

And in the meantime have any preparations been made or has some contingency plan been proposed to provide sand. I understand that there is a shortage of sand and that this has delayed works in a number of places.

HON M K FEATHERSTONE:

Yes, Sir, we have a contingency plan. We have contacted the people who bring the sand up to the moment and have asked them to bring in an extra quantity of sand which will cover us up to August. We understand that the first such shipment of sand is coming in on Monday.

HON MAJOR R J FELIZA:

Is it true that there has been a considerable shortage and therefore quite a number of contractors have suffered losses through that, and also that the cost of sand is much higher than it was before, because of that.

HON M K FEATHERSTONE:

I understand that the cost of sand is going up. The contractor has produced figures and documents to justify this increase, this is something beyond our control. There has been, I won't say shortages, there has been a lack of supply of sand because I think the contractors, seeing that sand was running down, suddenly brought up everything that was available. Some 60 tons of sand was however made available from one of our own stocks to them and I think this has tided them over. But there will be a ship in on Monday.

HON MAJOR R J FELIZA:

Can the Minister say that because of that no delay has taken place to construction in Gibraltar. The shortage of sand in no way interfered with normal construction in Gibraltar?

HON M K FEATHERSTONE:

So far we haven't had any reports of delays in construction.

HON G T BASTIAN:

Mr Chairman, will the sand require washing at all.

HON M K FEATHERSTONE:

No, Sir.

HON J BOSSANO:

The sand that has been removed up to now, in this question of preparing the site, Mr Chairman, I remember asking some time at one of the meetings of this House whether that belonged to the Government. Could the Minister say where the revenue from the sale of such sand appears.

HON M K FEATHERSTONE:

Most of that sand has been used by ourselves. There are some 50 tons of it stored up which we are using ourselves.

HON J BOSSANO:

Nothing has been sold to the private sector?

HON M K FEATHERSTONE:

No, none has been sold.

HON J BOSSANO:

Mr Chairman, would the sand that has been, for example, provided for the new primary school in the Varyl Begg Estate, from this source, would that have been offset against the price the contractors are getting paid, or has it paid for it. Has it been taken into account that they have been getting free sand from that Estate.

HON M K FEATHERSTONE:

I am not quite sure what sand he means has gone to the Varyl Begg Estate.

HON J BOSSANO:

On the new school that is being built on the Varyl Begg Estate, Mr Chairman, the entrance to the Varyl Begg Estate where I have to go past daily. The sand which has been used there, which has been sand extracted from this area which belongs to the Government, in the contract price that the contractor has been awarded for that site, is it being taken into account that he is getting sand that belongs to the Government for which he is not paying?

HON M K FEATHERSTONE:

That was unscreened sand and we gave it to the contractor free. It would have cost us more to screen it and make it reasonable sand as such.

HON J BOSSANO:

I take it, Mr Chairman, that the same applies to any other private

contractor that has been given sand?

HON M K FEATHERSTONE:

Yes. If they have taken unscreened sand. There was some 80 tons of sand that has been made available which was also unscreened.

HON MAJOR P J PELIZA:

Mr Chairman, Reprovisioning of Services, Key and Anchor Club, £45,000. That is a revote, isn't it?

MR CHAIRMAN:

Subhead 5?

HON MAJOR R J PELIZA:

Yes, subhead 5. I wonder if the Minister could explain if there has been any progress; what use has that place been put to; or what use is it likely to be put to? I think we are very short of that sort of accommodation in Gibraltar and apparently it is just lying there fallow.

HON M K FEATHERSTONE:

It is already being used partly as the Headquarters of the Gibraltar Library Service, and partly as an annex to Bishop Fitzgerald's School. They have got the whole of the top floor converted into a gymnasium and a classroom, and the lower part is used for the Gibraltar Library Services.

HON MAJOR P J PELIZA:

Have they got any final plan for the use of this very good site.

HON M K FEATHERSTONE:

I cannot see the school giving up that area for quite a long time, so no final plans have been made. I think the school is going to require it for as long as the school exists.

HON MAJOR R J PELIZA:

Yes, but in the meantime I think for the future is the place being allocated for any particular development?

HON A W SERFATY:

Mr Chairman, what better allocation than a library service next to Macintosh Hall.

HON J BOSSANO:

Mr Chairman, the Shellfish Farming. Is the Government intending to go into this on a commercial basis like they are doing with the quarry?

MR CHAIRMAN:

I think an explanation was given but perhaps you were not here.

HON A W SERFATY:

What the Government is going to do in the next few months is to experiment, but if the experiments are successful as I hope they will be, then I think the Government will put this out to tender. The exploitation will go out to tender.

MR CHAIRMAN:

The Leader of the Opposition wanted to ask on Improvement on Hostels.

HON M XIBERIAS:

I would like a general explanation on the project under Subhead 10.

HON A W SERFATY:

I am pleased to say, and I heard only today, because we were in trouble with this hostel because the lowest tender was higher than the estimated amount. But I have heard today that the supplementary amount had been agreed to by the Ministry of Overseas Development. So now I am sure that the way is clear for Public Works to award the tender.

HON M XIBERIAS:

But what does the project consist of.

HON A W SERFATY:

It is meant to improve the Hostel and bring the standard up. That is what it really consists of.

Head 104 was agreed to.

Head 105 - General Services, Miscellaneous was agreed to.

Roads was agreed to.

Car Parking was agreed to.

Salt Water was agreed to.

Sewers was agreed to.

1978-81 Development Programme was agreed to.

Head 106 - Government Offices and Buildings was agreed to.

Head 107 - Port Development.

HON M XIBERRAS:

Page 104, Mr Chairman, the new offices. Item 17. Which are those?

MR CHAIRMAN:

Can we have an explanation on subhead 17 of Head 106.

HON M K FEATHERSTONE:

That is £100 token vote, reserved for possible use of old St Jago's School.

HON M XIBERRAS:

Can the Minister refresh the memory of the House, how long has that vote been there now?

HON M K FEATHERSTONE:

I think one or two years ago we first voted money for it. We weren't able to get anything finalised, we used that money on another project. The same has happened, we didn't do anything last year, so we have just put a token of £100 in case we get anything done.

HON M XIBERRAS:

Mr Chairman, I mention this because of my question on accommodation for the Philatelic Bureau and the hiring of office space generally. Apparently nothing is expected to happen this year, either. Is that the position?

HON CHIEF MINISTER:

Not unless we can persuade the Jehovah Witnesses to move somewhere else. They are difficult to persuade.

HON M XIBERRAS:

What is the difficulty there?

MR CHAIRMAN:

Getting rid of the present tenants.

HON M XIBERRAS:

Would they not accept some alternative?

HON CHIEF MINISTER:

Alternative accommodation has been offered.

MR CHAIRMAN:

We will go on then to subhead 4 of Head 107.

HON A W SERFATY:

This is work which in all probability will not be carried out this year. The cargo shed is a big store at the northern end of the reclamation when it is made so that the containers can be unstuffed in that store before the goods are taken into town. Particularly the containers that bring the goods under a groupage system.

HON MAJOR R J PELIZA:

Are we providing a stuffing shed?

HON A W SERFATY:

No, Sir.

HON P J ISOLA:

I know the Minister did say something in the general debate, but I cannot really recall what he said, I notice it is no longer reserved, so I presume that is an approved project. Can I be told whether it is going out to tender and when.

HON A W SERFATY:

July 1979.

HON P J ISOLA:

Is the Minister dependant on anybody outside his department to enable it to go out to tender.

HON A W SERFATY:

No, the work is being done by consultants in London.

HON P J ISOLA:

Does that mean that we will have to wait until they send it.

HON A W SERFATY:

They are now completing the documents for the tender.

HON P J ISOLA:

We are in the same position here as we are with the other one.

HON A W SERFATY:

With the Comprehensive School. Sir William Halcrow are the Consultants.

HON J BOSSANO:

Could I ask, are there two separate tenders or is it one. I

understand that it involves sealing of the ends of the jetty and then filling in behind. Is that the case?

HON A W SERFATY:

One tender for the wall and for the sealing: the whole lot under one tender.

HON J BOSSANO:

I see. Could in fact the filling in be done by Government's own employees.

HON A W SERFATY:

No, Sir.

HON J BOSSANO:

No? Is the Honourable Member saying that even if he could do it cheaper he is prepared to pay more money to have it done by a contractor.

HON A W SERFATY:

Sir, the tender will go out for the completion of the work. The construction of the wall and the reclamation behind it. In all probability the filling will be done by dredging, the bottom of the sea outside will be dredged and will be pumped into the space behind the wall. I cannot see this rather complicated matter being done other than by specialists.

Head 107 was agreed to.

Head 108 - Marina Development.

HON MAJOR R J PELIZA:

Subhead 2, Mr Chairman, Camber. Is that the Camber where I have always been pressing the Minister for some improvements so that the owners of small crafts in Gibraltar have a place to berth their boats. Can the Minister say when that place will be available, how many small crafts he expects to fit there, and what will be the general position with regards to small craft in Gibraltar after this has been completed. Will he be satisfied that everything is going to be alright.

HON A W SERFATY:

Well, the position is that the Marina Development, and it is one of the conditions of the contract, have installed at considerable expense I must say, some floating spheres to increase the capacity of the Camber. We have been able to obtain, and I am pleased to take this opportunity of thanking the Ministry of Defence for letting us have some valuable chains, which have to be fixed on the sea bed, so that buoys can be attached and thus enable boats to be kept at right angle to the jetties and not parallel to them. This way the capacity can be much greater. I

understand that the developers are now expecting some advice from the Ministry of Defence as to how these chains can be fixed to the seabed. There has been some difficulty. I cannot say at this moment of time how many yachts can be berthed there but the capacity of the Camber will be considerably increased.

Now, this is not going to solve the problem of the mooring of boats because there are more boats in Gibraltar than can be moored at the Camber, but I have been in contact with the Gibraltar Boat Owners Association and the Varyl Begg Owners Association on possible solutions to the problem. It is becoming quite clear that the solution can be found by doing something similar, perhaps on a cheaper basis, at the Montagu Basin, always preserving a large area of water outside the Montagu Bathing Establishment. We can increase the capacity, we can put some law and order, put it in another way, in the mooring of boats in the Montagu Basin. I must warn the House that we have no allocation here, no provision in these estimates, for an amount of money that will be required to convert Montagu Basin into a second Camber.

HON MAJOR R J PELIZA:

Having heard the Minister talk about this for many years now, and always of what might happen or would not happen, could he give us an idea as to when he reckons the Camber will be completed, the job there will be done, and the other places as well. When does he believe that the boat owners in Gibraltar will have a place to berth their craft?

HON A W SERFATY:

Some boats have already been allocated space there. I would say that in this year 1979 the Camber should be completed and I do sincerely hope that in the next financial year, in the next budget we shall be able to provide the funds for the work at the Montagu Basin.

HON MAJOR R J PELIZA:

Subhead (3). The Ring Road development, could the Minister explain this.

HON A W SERFATY:

Well, here again the developers of the Marina have a commitment to contribute towards the cost. This is a joint venture, sort of thing. The ring road will join the road to the South of the Stadium with Glacis Road once the Mediterranean Rowing Club has been reprovided for next to the Comprehensive School. We are already beginning to hand over to the developers a certain quantity of material so that the construction of this road or at least part of it can be a reality.

HON MAJOR R J PELIZA:

On this topic, I don't know whether this is the same road or not,



because this goes back to the days when I was responsible for economic development, one of the things that we insisted on was that whatever access there was to the Marina, or the sea front, the public would have access to it. I take it that that situation has not changed.

HON A W SERFATY:

That is another condition of the contract.

HON V XIBERRAS:

Potable water mains and the telephone service wiring of berths. Was the potable water main part of the programme, or a specific work.

HON A W SERFATY:

This is one of the conditions we have to comply with in connection with the agreement with the Marina, and that is to provide the 6" water main from the reservoir down to the Marina. The cost of this is £30,000.

Head 108 was agreed to.

Head 109 - Public Lighting was agreed to.

Head 110 - Electricity Services.

HON M XIBERRAS:

All this is reflected in some way or another to the Electricity Department I would imagine.

HON DR R G VALARINO:

Most of this comes from Overseas Development Administration funds.

HON M XIBERRAS:

This expenditure is not reflected in any way in the Electricity Fund?

HON DR R G VALARINO:

No.

HON M XIBERRAS:

I see, thank you.

HON MAJOR R J FELIZA:

Is there anything in this Electricity Station Improvement, that in some way will minimise the amount of pollution that is coming out of that place. As the House will remember this is one of my babies, shall we say, and is anything being done about that or are we just accepting that the people in the area have got to live,

until they find a grave, with those unpleasant conditions.

HON DR R G VALARINO:

No, there is nothing being done to improve the pollution there, and as far as I can remember from the Minister for Medical Services he had some tests done but he found the pollution to be at quite a low level.

HON MAJOR R J FELIZA:

One thing is pollution. So there might be no danger to health, but what about the people living in that area, who constantly have to live with that. Hasn't the Minister any consideration for the people living in that area, and can he think of something that could be done to find perhaps expert advice from somewhere to see what could be done to prevent that.

HON DR R G VALARINO:

This is a very complex question and certainly the pollution in that area does no more harm than anybody here smoking 20 cigarettes a day. The only answer to that is to move the Generating Station somewhere else.

HON G RUSTANO:

Can I have an explanation of the Power Development project.

HON DR R G VALARINO:

On the Power Development, a decision is pending on this, this is under review. As you notice there is an r. which means reserved.

HON G T RUSTANO:

Can I have some information. This is a new Generating Station. Where will it be situated?

HON DR R G VALARINO:

This is still under review.

HON M XIBERRAS:

Mr Chairman, the Minister said that the items on 108 were not reflected in the Electricity Undertaking Fund. But what then are the capital charges, miscellaneous projects, annual repayment and so on, and interest. Is there nothing in the Improvement and Development Fund which is reflected in the Electricity Undertaking Fund.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

There is a reflection in the Fund of capital charges in respect of the Electricity Department largely on a notional basis since of course the money is not in fact lent to the Fund in strong strict commercial terms, but a notional rate of interest is

charged. But there is a reflection of capital expenditure into the Fund.

HON M XIBERRAS:

I see. So the reflection is the item under ...

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have just been handed an aide memoire. The only exception is item 7, the others are reflected.

HON M XIBERRAS:

I thought they would be, Mr Chairman, and that is reflected under what, under the interest?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Capital Charges, and Interest.

HON M XIBERRAS:

I see.

HON J BOSSANO:

Mr Chairman, this is reflected after the money has been spent.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It's previous year's.

Head 109 was agreed to.

Head 111 - Potable Water Services.

HON M XIBERRAS:

This is reflected in the appropriate fund as well, I would imagine?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

On the same basis.

HON M XIBERRAS:

Mr Chairman, what part of this sum is in fact to try to eliminate the wastage?

HON M K FEATHERSTONE:

Mainly the replacement of mains, the purchase of barrels, and the purchase of water meters.

HON G T RESTANO:

Mr Chairman, what is the position now as far as deep drilling

for water is concerned.

HON M K FEATHERSTONE:

Tenders are being evaluated and will be passed to the Tender Board within the next week or so.

HON G T RESTANO:

And were the results of the detailed analysis made in the UK received?

HON M K FEATHERSTONE:

I am not quite sure what you mean.

HON G T RESTANO:

The report on the detailed analysis of the preliminary tests which were carried out in the UK?

HON M K FEATHERSTONE:

No, they haven't been received yet.

Head 111 was agreed to.

Head 112 - Telephone Service.

HON P J ISOLA:

I see there is provision for the replacement of old lines plant equipment. The whole job is going to be done this year. Is that correct? After this year the plant equipment will be fairly new. Is that the position?

HON DR R G VALAKINO:

If the Honourable Member is referring to No 5 the answer is Yes. All that is going to be done this year. This is for the replacement of old line plant equipment. There is a 500 pair cable, South Barrack Road, Waterport, Casino, 100 pair cables, 200 pair cables cabinet the Airport, cabins and distribution cables, amounting to a total of £70,000. This is the 10% which I have mentioned of the old cable network which needed replacement, and we intend to do all this this year.

HON P J ISOLA:

How much of this expenditure will help as far as the earth satellite station, Cables and Wireless, goes up now and provides a certain number of extra lines. How much of this expenditure is inclined that way

HON DR R G VALAKINO:

Mr Chairman, Sir, nothing at all. None.

HON F J ISOLA:

Does that mean that all that will happen as far as the satellite station is concerned is that there will be more international lines, and that is all. But as far as the dialling is concerned, the international subscriber dialling, this will not be there for a long time, only £1,000 has been provided.

HON DR R G VALARINO:

If the Honourable Member refers to subhead 7, which is the one where the estimates is £1,000 with a balance to complete £531,000, the equipment will take nine months to start arriving, therefore, expenditure will not be made this year. Unless, however, we have a token vote we have no authority to proceed with the project. The final figure of £532,000 will finish in 1982-83. So we have got '79, £81,000; '80-81 £148,000; '81-82 £247,000; '82-83 £135,000; giving you £532,000 which is the total figure.

HON F J ISOLA:

So the full international subscriber dialling will not be with us for three years, is that the position?

HON DR R G VALARINO:

That is right.

HON G T RASTANO:

Not even to a limited extent?

HON DR R G VALARINO:

This was a question asked previously in the House some time ago. I cannot remember the Honourable Member who asked this question and I said at the time that we would not provide this system to subscriber in Gibraltar on the basis of a limited extent.

Head 112 was agreed to.

Head 113 - Police.

HON MAJOR R J PELIZA:

Mr Chairman, we have £1,200, and a bit more now, for 4 pocket phones, is that right?

What I am trying to get at is that it seems to me a very expensive item, and I suppose it is, but how are these being obtained? How do they go about buying those pocket phones?

HON ATTORNEY GENERAL:

Is the question, why are they necessary?

MR CHAIRMAN:

No, no, they seem to be expensive and they wish to know the source.

HON ATTORNEY GENERAL:

I am sorry, I will have to ask for time to enquire. I do not know. I know why they were bought but not where.

HON MAJOR R J PELIZA:

Perhaps if the Honourable Member would let me know in due course?

HON ATTORNEY GENERAL:

Certainly.

HON ATTORNEY GENERAL:

I have some information on where they were bought. Not a great deal, but they were bought in the UK directly. I will enquire into the circumstances in which they were bought. As to why they were bought, it is my understanding that they are an improved form of communication with the Constable on those beats. It was considered necessary to get them for that reason. There are certain drawbacks with the present ones.

HON MAJOR R J PELIZA:

Are they similar to the ones you see them wearing now or is it something special? The little one that they carry about.

HON ATTORNEY GENERAL:

They are similar but they are far more portable. The ones they carry at the moment are relatively heavy; these ones are more refined, two-way sets and are much smaller.

Head 113 was agreed to.

MR CHAIRMAN:

I would suggest to the Financial and Development Secretary that we transcribe the amendments to the different Heads to the different parts of the Schedule so that we can then take the Schedule as amended.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I will now, if I may, move the amendment ...

MR CHAIRMAN:

To what?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Part I of the Schedule.

MR CHAIRMAN:

That is what I was going to say. All we have to do now is to transcribe it, because we have voted the changes on the Estimates. All we want to do is to alter the Schedule to show the amendments which have been carried by the House.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That is precisely my intention.

MR CHAIRMAN:

Thank you.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Schedule Part I, Head 4, Electricity Undertaking: Delete the figures "£2,200,100" and substitute therefor the figures "£2,288,100". Head 27: delete the figures "£1,776,100" and substitute therefor "£1,212,300". Head 28: delete "£1,500,000" and substitute therefor "£1,690,000". Total: delete the figures "£26,399,900" and substitute therefor "£26,114,100".

MR CHAIRMAN:

There were no amendments to the Improvement and Development Fund?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No amendment on Part II.

MR CHAIRMAN:

So, gentlemen, what I am saying is that I am now entitled to say that the Schedule as amended stands part of the Bill. We don't have to take a vote because we have taken the votes individually already on the different Heads. We will now go to Clause 2 of the Bill.

Clause 2.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that the words "twenty six million three hundred and ninety nine thousand nine hundred pounds" be deleted and the following words be substituted therefor: "twenty-six million one hundred and fourteen thousand one hundred pounds".

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

Clause 2, as amended, stood part of the Bill.

Clause 3 was agreed to and stood part of the Bill.

Clause 4.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that the words: "twenty-six million three hundred and ninety-nine thousand nine hundred pounds" appearing in sub-paragraph (1) be deleted and should be substituted by the words "twenty-six million one hundred and fourteen thousand one hundred pounds".

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

Clause 4 as amended stood part of the Bill.

Clause 5 was agreed to and stood part of the Bill.

The Long Title.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move the words "twenty-four million one hundred and eighty-nine thousand three hundred and sixty-two pounds" be deleted and the substitution therefor of "thirty-three million nine hundred and three thousand five hundred and sixty-two pounds".

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

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

The House resumed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to report that the Appropriation (1979-1980) Bill, 1979, has been considered in Committee and has been agreed to with amendments. I now move that it be read a third time and do pass.

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

The Hon I Abecasis  
The Hon J Bossano  
The Hon A J Canepa  
The Hon Major F J Dellipiani  
The Hon M K Featherstone  
The Hon Sir Joshua Vassan  
The Hon A P Montegriffo  
The Hon J B Perez  
The Hon A W Serfaty  
The Hon Dr R G Valarino  
The Hon F J Zammit  
The Hon D Pull  
The Hon A Collings

The following Hon Members abstained:

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

The Bill was read a third time.

MR CHAIRMAN:

We will now adjourn until Monday morning at 10.30 am.

The House recessed at 6.50 pm.

MONDAY THE 23RD APRIL, 1979.

The House resumed at 10.45 am.

MR SPEAKER:

Well gentlemen, we have now got to the stage of dealing with the second bill on the Order Paper, which is the Finance Bill, and I think there should be a motion to suspend Standing Orders. But before that I think the Honourable the Attorney General did want to make a statement.

HON ATTORNEY GENERAL:

Thank you, Mr Speaker. On Friday, I think, a member of the Opposition was asking about certain portable radios and I said I would check the position as far as they were concerned. They were in fact ordered direct from the UK, from Pye, which is the established Police Force suppliers for communication equipment. I have to correct something I thought I said on Friday. In fact they are not for policemen on the beat, they are portable radios for the occupants of the panda cars when they leave their cars. This is a two-way communication with Police Headquarters.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I have the Honour to move the suspension of Standing Orders No 29 in respect of the Finance Bill, 1979.

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

Standing Order 29 was suspended.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg leave to move formally that the Finance Bill do now be laid.

MR SPEAKER:

Order to lie.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to move that a Bill for an Ordinance to amend the Family Allowances Ordinance, (Cap 56), the Imports and Exports Ordinance (Cap 75), the Income Tax Ordinance (Cap 76), the

Licensing and Fees Ordinance (Cap 90), the Public Health Ordinance (Cap 131), the Public Utility Undertakings Ordinance (Cap 153), the Gaming Tax Ordinance, 1975, to vary the duties, taxes, fees, and other charges payable under those Ordinances and generally for the purposes of the financial policies of the Government, should now be read a first time.

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

The Bill was read a first time.

#### FINANCE BILL 1979-80

Mr Speaker,

I beg to move that the Bill now be read a second time.

The Bill incorporates the Government's legislative proposals for fiscal changes in 1979-80 and also seeks to give effect to the increases in respect of the tariff charges for electricity, potable water and telephones which the Chief Minister outlined in the House on April 17th.

The Government's proposals for increases in public housing rents which the Chief Minister announced at the same time do not require to be legislated but the related decisions will require to be given legislative effect.

First, the decision that there should be no resultant automatic increase in rates from 1st April next year will require an amendment to Section 310 of the Public Health Ordinance: second, the Government's decision in respect of rents chargeable by private landlords for rent-controlled accommodation and its decision to control the rent of post-war private dwellings which are let unfurnished will require the Landlord and Tenant (Miscellaneous Provisions) Ordinance to be amended.

The first is a fiscal matter, namely amendment of Section 310 of the Public Health Ordinance, and is dealt with in Clause 14 of the Bill. The House will note however, that the statutory link between Government housing rents and the general and salt water rates is severed only for the financial year 1980-81.

The second matter, namely the amendment of the Landlord and Tenant (Miscellaneous Provisions) Ordinance, is not a fiscal matter and cannot therefore be dealt with in this Bill. A separate amending Bill will be introduced.

On Friday the House voted to appropriate out of the Consolidated Fund sums amounting in aggregate to £24.9m in respect of the Government's ordinary recurrent expenditure on the public services. Included in this sum is an amount of £1.5m in aid of the eventual cost of the 1979 Pay Review and two sums together amounting to £0.95m as a contribution to the annual operating costs of the Gibraltar Broadcasting Corporation and to the installation cost of the colour TV service. In addition the House appropriated the sum of £1.21, for continuing subsidies to the Potable Water Service Fund and the Housing Fund. In all

therefore, the total sum chargeable on the Consolidated Fund by appropriation is £26.11m. Of course, Mr Speaker, if the Leader of the Opposition had had his way, the amount would have been substantially less, only £17m, and there would have been no telephone service this year; the Public Works Department would have had to be closed down completely, and with it of course the water supply, and the development programme. The GFC would have had to make do with what money it could raise from licences and from advertising. Fortunately for the community the House thought otherwise and as I have said it appropriated £26.11m to continue all the services of the Government.

The Leader of the Opposition may laugh but that is the effect of his vote. To this sum must be added the amount estimated to come in course of payment during the year in respect of those services the cost of which is chargeable on the Consolidated Fund by virtue of the provisions of the Constitution and by written laws: the estimated amount is £2.4m. The Government's total estimated expenditure from the Consolidated Fund in 1979-80 is thus £28.5m.

On the basis of current rates of taxes, duties, fees, reimbursements and other dues the Government's estimated total revenue for the year is £28.3m leaving an estimated deficit on the year's working of £0.2m. The reserve balance in the Consolidated Fund with which the Government expects to start the financial year will therefore be reduced to an estimated £0.09m by 31st March, 1980. This is 0.3% of the total estimated expenditure for the year, a figure which of course ignores the value of the bills outstanding at any one time in respect of the public utilities and housing rents.

Even allowing for an improvement in the speed with which bills for the consumer services are issued and for reasonably prompt payment of them, the value of these bills alone is likely to be of the order of £1m at any one time.

In this position the minimum that the Government can seek to raise by way of additional revenue (and in this context the increased public utility charges and housing rents are not revenue) is an amount sufficient to cover these outstandings. The Government therefore proposes to raise an additional £1.1m by way of increases in import duties and increases in certain other items of internal revenue and the Bill so provides. It also seeks to give effect to a package of measures which is designed to achieve a more equitable distribution of incomes having regard to the composition of Gibraltar's employment and earnings structure and which, in terms of net income, will provide relief for those in the lower income brackets who have families to support.

In drafting the Bill the pattern adopted in previous years has been followed.

I shall deal first and factually with the measures which the Government had decided to adopt to achieve a more equitable distribution of disposable incomes and to provide relief for those with families to support whose incomes are at the lower end

of the scale.

The income composition of Gibraltar's tax base makes impossible, without a substantial net loss of revenue, a simple increase in personal allowances even if such an increase were to be accompanied by the introduction of much higher marginal rates of tax at the top end of the income scale. Some 60% of all Gibraltar's PAYE taxpayers have taxable incomes of £3,000 a year or less and only 8% have incomes of more than £5,000 a year. These are statistical facts based on a 10% sample of income tax returns. An across-the-board increase of £50 in the single persons' allowance and £100 in the case of a married couple and an extension of the present 10% band by £100, accompanied by a 50% rate on taxable incomes in excess of £7,000 would, for example, cost the Revenue roughly £2m. To claim that a massive reduction of the total amount of tax paid by the lower income groups can be recouped by increasing the marginal rates of tax payable by those groups at the other end of the income scale is to rely in the face of facts. In Gibraltar's financial circumstances there is no way in which significant relief, much less substantial relief, can be given to those taxpayers who can justifiably be said to qualify for some easing of the tax burden, solely by changing the income tax structure and/or the allowances and/or the marginal rates. To achieve a more equitable distribution of income within the current budgetary constraints and at the same time to provide a measure of relief for those lower down the income scale there has to be a package which embraces both income tax and family allowances. And it is such a package that the Government is proposing.

With effect from the week commencing 2nd July 1979, the allowances payable under the Family Allowances Ordinance in respect of second and subsequent children will be increased from £2 a week to £4 a week and these higher allowances will be exempt from tax. Clause 12 of the Bill so provides.

Personal reliefs which can be claimed as deductions under Sections 20 and 21 of the Income Tax Ordinance will be increased as follows:-

- the single person's allowance will go up by £100 to £650 and the deduction for a wife will be increased by a similar amount; thus for a married couple the deduction will be £1300;
- the deduction which can be claimed in respect of a wife's earned income will also be increased to £650;
- thirdly there will be increased allowances for handicapped children: in the case of a handicapped child who is incapable of attending a normal school, the deduction which can be claimed, if the child is a first child, will be increased from £400 to £500: where such a child requires full time instruction at an approved establishment in the United Kingdom or hire the allowance which can be claimed for a first child will be increased from £500 to £600. The respective deductions which are at present allowed in the case of handicapped children who are second or subsequent children, remains unchanged at £400 and £500;



- next, the deduction which can be claimed by an individual who has the custody of and maintains a child or children, generally referred to as the one parent family allowance, will be increased from £300 to £400: there will be a similar increase of £100 in the deduction which can be claimed by a widower in respect of the services of an unmarried daughter.
- no deduction can be claimed at present in respect of a dependent relative if the income of that relative exceeds £400 a year: it is proposed to increase this income limitation to £650 a year. At present moreover, if a dependent relative has an income in excess of £250 a year the deduction which can be claimed is reduced by the amount of the excess: in future this will apply only where the dependant's income exceeds £500.

In view of the increased allowances to be paid under the Family Allowances Ordinance, the deductions which can be claimed under the Income Tax Ordinance at present in respect of second and succeeding normal children will no longer apply: the relief will be restricted to the first child except where the second or subsequent child of a family is handicapped when, as I have stated, the present relief will continue. Relief will also continue to be given in respect of any second or subsequent child who is in receipt of full time instruction in the United Kingdom or in Eire, but the deduction which it will be possible to claim is being reduced from £300 to £200. The deduction for the first child remains unchanged. The changes in personal reliefs and in the deductions in respect of children are set out in Clause 8 of the Bill.

There is one further relief to be mentioned. Under Section 7(1) of the Income Tax Ordinance at paragraph (t), the first £30 of interest paid on deposits in the Government Savings Bank is exempt from tax. The amount will be increased to £100. Clause 7 of the Bill refers.

In the light of the Government's financial position which I summarised at the beginning of this statement it will be quite obvious that the Government could not contemplate implementing these measures unless there is a compensating increase in revenue. The scope for raising the additional revenue needed by increased indirect taxation is constrained by the inflationary effects to which such a step would give rise and in the Government's view the increases in import duties which I shall announce in a moment, are as far as it is prudent to go in this direction. In any case by themselves the measures which I have described go only part of the way to achieving the Government's ends. The other part of the Government's package therefore involves the marginal rates of tax and the tax bands.

The first change is in the rate of company tax. As things are now it is important to recognise that a company's taxable profits are subject to two distinct taxes - income tax and company tax. The rate of income tax charged is the standard rate of 30%: the rate of company tax is 7½%. The income tax which a company pays on its taxable profits is tax paid for the account of any tax for which shareholders may be liable on

the income they receive when the profits are distributed and can be set-off against the total tax for which they may be personally liable.

A company's liability for income tax, as distinct from its liability for company tax, encourages the practice of distributing profits in full as director's fees and thus returning a nil trading profit and paying no tax at all. Effectively this practice deprives the Revenue of 7½% thus: a company makes taxable profits of, say, £10,000. On those profits it is liable to pay £3,000 as income tax and £750 as company tax, a total of 37½%. Then the company distributes that profit as dividends the shareholder, assuming he is liable for tax at 40%, would pay an additional 10%. Thus the company's profits of £10,000 have in fact suffered tax of 47½%. If, however, the company distributes the whole of that £10,000 profit as director's fees, the maximum tax which it will attract is 40%. This practice of distributing profits in full as director's fees, and not as dividends, not only deprives the revenue of tax but is also responsible for inflating the statistical total of tax paid by individuals.

The Government proposes therefore to do away with the present two-tax system of taxing company profits and to replace it with liability for a single tax at the rate of 40%. The Bill so provides.

The second change relates to the rates of income tax and the tax bands payable in respect of individuals.

These will be as follows for resident individuals:-

on the first £500 of taxable income	20%
on the next £2000 of taxable income	30%
on the next £2000 of taxable income	35%
on the next £1500 of taxable income	40%
on the next £1500 of taxable income	45%
on the remainder taxable income	50%.

Non-resident individuals will continue to pay at the standard rate of 30% on incomes not exceeding £2500, and thereafter at the revised rates.

One of the aims of the Government's proposals, as I have said, is to improve the net income position - let me repeat that - the net income position of those taxpayers in the lower income brackets who have families to support and especially those who have large families. Under these proposals a resident couple with four children, for example, whose income is £5000 a year or less - and the bulk of those with this number of children do have an income of less than £5,000 a year - will be better off by from £6 to £6.25 a week. A couple, also residents, with three children in the same income group - and about 70% of all such couples are in this income category - will be better off by from £3.96 to £4.23 a week. Obviously the benefits decrease with higher income and/or with fewer children but all resident married couples with an income of £4000 and under will be marginally better off even if they have no children. In this connection the House will recall that in my previous statement

I said that the figure for average weekly earnings for full-time adult males was around \$64 in October 1978, that is to say, approximately \$3,400.

Measures which have as one of their primary aims a revision of the tax structure so as to make possible a more equitable distribution of income by providing the greatest benefit to those on the lower income bands whose needs are greatest, must inevitably bear hardest on those who have only themselves to support. Even so the effect on the single taxpayer of the Government's proposals is hardly onerous - an extra 38 pence a week for those whose income is £3000 a year or less (and that means roughly 80% of all single PAYE taxpayers) and only a little over an extra £1 a week for those on £2,000a year.

Tables will be circulated to Honourable Members presently showing in detail how these proposals will affect the net incomes of taxpayers on income bands from £2000 to £10,000 a year depending on the composition of their families.

The combined effect on the Revenue of the revised tax bands and marginal rates of tax on the one hand, and of the changes in personal reliefs and child allowances on the other, is estimated on the basis of computerised results of a 10% sample of income tax returns to yield £0.46m, in a full year. The change in income tax on companies is estimated to produce £0.07m. Payment of the higher rates of family allowances is estimated to cost an extra £0.21m this year and to raise the full commitment to £0.55m in a full year, while the exemption from income tax on such allowances is expected to cost £0.06m this year and £0.03m in a full year. The increased reliefs and other allowances are expected to cost £0.01m this year and £0.06m in a full financial year.

The effects of the foregoing changes to the Income Tax and Family Allowances Ordinances will raise the estimated Consolidated Fund balance on 31 March 1980 by £0.08m. That is a net gain of £0.29m on income tax offset by £0.21m being the estimated additional cost of Family Allowances. I must stress that these figures are based on a 10% sample of PAYE income tax returns, a sample which is considered to be a representative sample, and although cross-checks have been made of the computerised results wherever possible, some margin of error in either direction may exist.

All the income tax changes I have described will come into effect as from 1st July 1979. They will of course necessitate the preparation of new tax codes and new PAYE deduction tables.

There are major complications in introducing changes of tax rates, bands and allowances during the course of an income tax year and since it is a reasonable assumption that 1979 will not be either the last or an isolated year in which changes of this nature are made, it has been decided to alter the year of assessment to run from 1st July. The 1979-80 year of assessment will therefore start on 1st July 1979 and Clause 10(1) of the Bill so provides.

The change-over will necessitate a number of consequential amendments to the Ordinance and these are dealt with in sub-clauses (2) to (6) of the same Clause. Transitional provisions will also be required in respect of the 1978-79 year of assessment and these are set out in Clause 11 of the Bill. In essentials the transitional provisions seek to extend the 1978-79 year of assessment to 30th June 1979 and in so doing to provide that no taxpayer will be adversely affected by the extension. Hence in relation to income that is derived from employment or pension, in the case of resident individuals, the 10% tax band is extended for the year of assessment 1978-79 to the first £625 of taxable income and the other bands pro-rata. In the case of non-resident individuals an appropriate extension is also made. For incomes which are not derived from employment or pension and which are charged to tax on the preceding year basis the same result is achieved by multiplying by fifteen the income of the period of twelve months ending with 31 March 1978 and dividing by twelve. Allowable deductions and bands of tax are subject to the application of the same 15/12ths formula. For the tax year commencing on 1st July 1979, the result is achieved by taking either 12/15ths of the income for the extended year ending on 30th June, 1979, or by taking the income for the 12 months ending on 31st March, 1979, whichever is the greater.

And now for the measures by which the Government is proposing to raise £1.1m of additional revenue in 1979-80.

First customs duties.

The specific rates of import duties on spirituous liquors falling under Tariff Items 3, 4 and 5 of the First Part of the First Schedule - that is to say, whisky, brandy, gin, rum and similar potable spirits - will be increased to 834 pence per gallon if imported in the bottle; if imported in the cask the new rate of duty will be 826 pence a gallon. For whisky and brandy the increases will be 222 pence and 220 pence a gallon respectively: for gin, rum and other spirituous liquors falling under Tariff Item 5 the increase will be 186 pence a gallon for imports both in the bottle and in the cask. These increases will extinguish the previous differential rates of duty charged on whisky and brandy on the one hand and on gin, rum and other spirituous liquors on the other.

The duty on liqueurs and cordials falling under Tariff Item 6 is raised from 744 pence a gallon in the bottle to 930 pence a gallon; when imported in the cask the new rate of duty will be 924 pence per gallon.

These duties represent, in the case of whisky and brandy, an additional 36 pence on a standard 26 oz bottle or 15.5 pence on a quart: in the case of gin and rum where the previous duty was higher than on brandy and whisky, the new rate of duty represents an additional 30.2 pence on a standard bottle of 26 oz and 46.5 pence on a quart. Assuming 25 "bar" tots to a standard 26 oz bottle, the increased duty works out at an extra 1.4 pence a tot for whisky and brandy and 1.2 pence a tot on gin and rum.

The duty on draught beer will not be changed but the duty on beer imported in bottles is raised from 50 pence a gallon to £1 a

gallon. The duty on cigarettes will also be increased; the rate per pound of tobacco content is increased from 160 pence to 200 pence and the rate of duty charged on every 1000 cigarettes goes up from 830 pence to 990 pence. The new rates of duty are expected to result in an increase of 6 pence on a packet of 20 although, because different brands of cigarettes contain different weights of tobacco, the retail price increase may not be entirely uniform.

There will be duty increases on both still and sparkling wines. Still wines imported in the bottle will be dutied at the rate of 145 pence per gallon and imported in the cask at the rate of 70 pence a gallon, increases of 60 pence and 35 pence respectively. Effectively this means that table wines imported in the bottle will go up by about 10 pence a bottle: wines bottled from imports in the cask will go up by around 6p a bottle. The duty on sparkling wines is raised by 120 pence a gallon to 280 pence.

The motorist will also pay more: the duty on motor spirit goes up by 6 pence a gallon to 25 pence and an additional duty of 2 pence per gallon will be levied on fuel, diesel and gas oil.

The Government has also decided to increase the ad valorem duty on the more powerful makes of motor cars. Cars having an engine capacity of 1700 cubic centimetres or more will be dutied at the rate of 25% ad valorem. Duty on the smaller cars the engine capacity of which does not exceed 1699 ccs, is not being changed. Commercial vehicles are not affected.

The final Tariff increase is the imposition of a surcharge of 20% on all ad valorem duties payable under the First and Second Parts of the First Schedule other than on perfumed spirits falling under Tariff Item 7 and on goods specified in Tariff Item 25 of the First Part being clothing and footwear.

I want to clarify three things here: first, the surcharge on duty does not apply to goods on which a specific rate of duty is imposed; second it applies to the actual duty due and payable in accordance with the rates specified in the First Schedule. Thus by way of illustration, the duty on watches is 12½% ad valorem and on a consignment valued for duty purposes at, say, \$1000 the duty payable is therefore \$125: the surcharge will be 20% of that amount ie \$25. The third point is that the surcharge is a temporary measure and unless it is extended by legislation passed before 30th April 1980 it will automatically lapse on that date.

The increased rates of specific duties which I have enumerated together with the increased ad valorem duty on the more powerful motor cars and the duty surcharge will take immediate effect.

The fees payable on duty free goods which are 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 which are delivered to a person about to leave Gibraltar by sea, are prescribed in the Fifth Schedule to the Ordinance. After consultations with the trade it is proposed that the fees in respect of spirituous liquors and cigarettes received in the licensed premises at the airport should be increased as follows:-

(1) for each bottle of spirituous liquor the contents of which:

- |   |     |
|---|-----|
| (a) do not exceed 0.375 litre                       | 21p |
| (b) exceed 0.375 litre but do not exceed 0.75 litre | 40p |
| (c) exceed 0.75 litre but do not exceed 1 litre     | 53p |
| (d) exceed 1 litre                                  | 61p |

(2) For each carton of 200 cigarettes

or part thereof 55p

The existing fees payable in respect of wines, cigars, cigarillos, whiffs and manufactured smoking tobacco will not be disturbed.

In respect of goods delivered to a person about to leave Gibraltar by sea it is proposed again after consultation with the trade, to reduce the fees payable on spirituous liquors by approximately 45% and those on cigarettes and other tobacco goods by approximately 35%. The fee payable on wines will not be changed. The effect of these measures will be that the fees payable on tobacco goods and wines will be the same whether purveyed through the duty-free shop at the airport or delivered to a ship: in the case of spirits and cigarettes the fees payable in respect of deliveries to a ship will be lower than those payable in respect of spirits purveyed through the airport shop.

The new scale of fees is set out in Clause 6 of the Bill and will take effect in the normal way on publication of the Finance Ordinance in the Gazette.

The Government is also proposing increases in certain items of internal revenue.

The tax levied under section 6 of the Gaming Tax Ordinance on contingency betting will be increased from 5% to 10% and the tax levied under Section 4 of the same Ordinance on bingo cards will be increased to 2 pence. The increased tax on contingency betting will take effect on the publication of the Finance Ordinance in the Gazette. Since, however, the amount of the tax levied on bingo playing is required to be printed on the bingo cards themselves, stocks of new cards will have to be ordered and the increased tax will not therefore come into operation until new cards are available for distribution. Clause 3 of the Bill gives effect to these proposals.

Certain Intoxicating Liquor Licences will be increased. The annual fee for a club shop will be raised to £40 and the fee payable in respect of a temporary licence for a club annex will be increased to £5. The fee for occasional liquor licences will also be raised to the same level. Tavern licences will be increased as follows:-

for premises whose net annual value is rated at not more than \$250	£160 a year
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Rated from £251 to £500	£200 a year
Pated from £501 to £1000	£260 a year
Rated from £1001 to £1500	£320 a year
Rated from £1500	£400 a year

Clause 13 of the Bill so provides.

The last two revenue measures will be introduced by regulation.

The first, under the Wireless Telegraphy Ordinance, will deal with television licence fees. The fee for a black and white set will go up from the present £2 a year to £7. For a colour television set the increase will be £14 a year to £20 a year. The new fees will take effect from the beginning of the new licensing year, namely 1st October, 1979.

Second, all fees levied under the First Schedule of the Traffic (Registration and Licensing of Civilian Vehicles) Regulations will be increased by approximately 50% with effect from the new licensing year, that is 1st July, 1979. I say "approximately" because the opportunity has been taken to round the amounts of the various fees to the nearest pound. Details of the new fees will be circulated as an appendix to the text of this statement.

The measures which I have referred to in this statement are estimated to yield an additional £1.1m of revenue. The increases in the rates of specific import duties should produce \$520,000 and the surcharge on ad valorem duties a further \$332,000. The additional revenue yield from the increased licence fees on motor vehicles together with the higher ad valorem duty on the more powerful cars is estimated to be \$72,000 and allowing for only six months of effective operation of the increased tax on bingo cards, the additional gaming tax revenue is put at \$50,000. The increased revenue from television licences should be \$60,000 and the higher liquor licensing fees should produce £10,000. The higher fees payable by the Duty-Free Shop at the Air Terminal, partly offset by the reduction in fees on goods delivered to a person about to leave Gibraltar by sea, should produce an additional £2,000.

The Government has estimated that the effect on the Index of Retail Prices of the increased revenue duties will be around 1½%. The effect of the duty surcharge cannot be quantified with any degree of precision but the Government considers that it is unlikely to be significant.

Finally, the increased tariff charges for electricity, telephones and potable water are set out in detail in Clauses 2, 15 and 16 of the Bill. As I explained to the House last year these increased charges are not a fiscal measure and do not, per se, affect the Consolidated Fund. The financial operations of the public utility services may create a contingent liability on the Consolidated Fund and thereby affect the Government's overall financial position - as indeed they have done in the past and, in the case of the potable water service, will do so again in 1979-80 - but they must be considered and treated quite separately from the financial operations of the Government itself.

The proposed increases in the electricity tariff are set out in Clause 2 of the Bill and as the House was informed in the course of the Government's statements on the estimates of Revenue and Expenditure, the revised charges involve the Fuel Cost Adjustment formula as well as an increase of approximately 5% on all tariffs other than the primary charge for domestic consumers.

Recent increases in oil fuel prices "triggered" the Fuel Cost Adjustment mechanism introduced in the 1977 Finance Bill and the further increase which was effective from April 16th will trigger the application of the revised formula with respect to the accounting period from and including the 1st May.

The overall effect of these FCA increases in the cost of electricity will be to produce a surcharge of 0.27 pence per unit on consumption during April and a surcharge of 0.58 pence per unit from 1st May. Assuming that there are no further changes in the Fuel Cost Adjustment surcharge before 1st July when the tariff increases become effective, the Electricity Department estimates that the effect on an average household's monthly bill for electricity of the tariff increase and the FCA surcharge is likely to be in the region of £1.90.

The increases in the Telephone Service charges are detailed in Clause 15 of the Bill. The increased rental charge will take effect from the 1st April, 1979; the other increased charges will take effect in the normal way on the publication of this Bill as an Ordinance in the Gazette. For the domestic subscriber the increased rental charge will add \$2.40 to the quarterly bill.

The proposed increases in the tariff charges for potable water are set out in Clause 16 of the Bill and in general will take effect from 1st May, 1979. However, where water is supplied by meter the increased charges will also be effective for that part of the accounting period which precedes 1st May while in the case of hotels the increases will take effect from the accounting period which includes 1st October, 1979. Based on a sample of the average monthly consumption of 60 households, the Public Works Department has estimated that the effect of the increase on the domestic consumer average monthly bill for water is likely to be around \$1.25.

The revised Financial Statement which I circulated earlier fully reflects the impact of the higher electricity, telephone and water charges on the Fund accounts with the consequential reductions in the level of subvention to these services for 1979-80. The effect on the Consolidated Fund balance of the other measures included in the Finance Bill are a net gain of \$290,000 arising from the amendments to the Income Tax Ordinance plus an estimated yield of \$1,110,000 from the revenue measures which I have described. Thus the operating deficit for 1979-80 of \$218,900 which is the figure shown in the revised Financial Statement will be converted into a surplus of \$1,181,100 and the estimated Consolidated Fund Balance on 31st March, 1980, is expected to rise to \$1,489,011. This is the position which will be revealed in the Approved Estimates. But there is the commitment of \$210,000 in respect of the increased rate of Family Allowances for which supplementary funds

will be sought during the course of the year and the projected end of year Consolidated Fund Balance is therefore \$1,279,011.

Mr Speaker, Sir, I beg to move.

MR SPEAKER:

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

HON CHIEF MINISTER:

Mr Speaker, in my statement on the Appropriation Bill I said that, in deciding how best to deal with a serious financial situation, the Government had opted for a combination of cuts in the rate of Government spending and increases in taxation. As the House already knows, we reduced proposed spending by Departments by \$790,000; the Financial and Development Secretary has now explained the manner in which the sum of \$1.1. million required to provide a minimal estimated reserve on 31st March 1980 is to be raised.

As I also said in my previous statement, we have been concerned to avoid measures which would make too great an impact on the household budget and we wished, above all, to achieve fairness. I think we can truthfully claim to have succeeded in both.

We have taken steps, through the Income Tax/Family Allowances package, to safeguard the position of those who have children to support and the greater advantage will accrue to those in this category in the middle and lower income groups. Despite the serious misgivings which have been expressed in anticipation of this year's budget it is actually a fact that, on the basis of the Income Tax/Family Allowances package alone, setting aside for a moment the other measures we have had to introduce, those in the lower income groups with children will be better off. The tables to which the Financial and Development Secretary has referred make this clear. For example, a married couple with one child and an income of \$4,000 will gain by \$10 a year; with two children, by \$115 a year; with three children, by \$220 a year; and with 4 children by \$376 a year. In keeping with our general policy the greatest help goes to those who need it most, that is, the larger families.

Against this, we have to offset the other measures now being introduced, but it is important here to make a distinction between those which affect essentials and those which affect luxuries or non-essentials. In the essential category I would place electricity, water and rent. The reasons for the increases have been fully debated during the second reading of the Appropriation Bill as they are not taxation measures but measures which make the funded services less dependent on taxation. The Financial and Development Secretary has already quoted figures of the likely increase in the average household for electricity and water, that is to say, \$1.90 per month and \$1.25 per month respectively. The average increase in rent is under \$2 per week. On this basis - and I am speaking in terms of an average household - the total additional outlay will be in the region of \$140 a year.

Against the background of this year's financial situation, I believe that the Government can justly claim that it has done everything possible to safeguard the interests of those with family responsibilities in the middle and lower income groups in so far as the essential and inescapable elements of household expenditure are concerned.

The rest of the measures we have introduced will affect non-essential items of expenditure of different kinds. At one extreme, there are the luxuries of cigarettes, alcoholic drink and gambling. I do not think I need spend much time justifying the increases in these. They are entirely optional extras and, were it not for the fact that the first two in particular are of considerable value to Government revenues, one might almost express the hope that the increases would operate as deterrents. However, even here the burden is not heavy. The smoker of 20 cigarettes a day will need to spend only \$1.80 a month more if he does not wish to reduce his consumption. The extra 1.4 pence on a tot of whisky is also scarcely prohibitive. Much the same applies to wines and bottled beer.

The motorist will also pay more - when buying a new car with an engine capacity of 1700 cc or more, on road tax and on petrol. It is possible to take the view, and some do, that there are already too many cars in Gibraltar, in particular too many big cars; that this creates an ever-worsening traffic and parking problem; that it increases pollution of the atmosphere; and that a car is not really an essential in most cases in such a small place. Certainly two or more cars per household are not essential. There is some truth in all of this but it is equally true, if paradoxical in our physically restricted territory, that the car has become, to many people, a major source of recreation at weekends and a part of daily living. In all the circumstances, it seems to us that there is justification, first of all, in providing some deterrent against unnecessarily large cars; secondly, in increasing car licence fees by 50% - involving, in most cases, an increase of some \$8 a year, bearing in mind the fact that the fees have remained unchanged for 7 years; and in increasing the duty on petrol, the level of consumption again being, of course, a matter for the individual motorist.

The licence for a television set has cost \$6 a year since 1972. It seems entirely reasonable to increase this to \$9 for such black-and-white sets as may still be in use. The increase to \$20 for a colour set is also, in our view, fully justified. We had to have colour television for many reasons and, like everything else, for reasons of scale, the cost of providing a service of this kind for a small community is necessarily high.

As the House already knows, this year's subvention to GRC is no less than \$606,500 and, in addition, the Government will be paying \$348,200 towards the cost of conversion to colour this year. Although there cannot be many households without a television set it seems only fair that the actual consumers should make a larger direct contribution to the cost. It is, I think, worth pointing out that the licence fee amounts to less than 40p per week which, apart from the initial cost of buying the set, is a modest enough amount for daily entertainment for the whole family.



Finally, a brief comment on the 20% surcharge on duties on general goods. Like the other measures, this surcharge has been dictated by, and must be judged against the background of, this year's particularly difficult financial situation. As the Financial and Development Secretary has explained, it is a temporary measure, and whether it will be kept in force at the same rate, or at some different rate, or whether it is abolished at next year's budget, will depend on the financial situation in a year's time. Consistent with our policy of avoiding increases in essentials wherever possible, clothing and footwear will not be affected. Furthermore, it is entirely equitable in that it bites hardest on those goods which attract the higher rate of duty, that is to say, semi-luxuries, and least on those which attract the lowest rate.

Sir, Ministers have spent many long hours formulating this budget and in discussions with the Financial and Development Secretary. Our objective, as I have already made clear, was to come to grips with a difficult, indeed a serious, financial situation and to take the steps necessary to deal with it. I will stress yet again how hard we have tried to achieve social fairness and my belief that, in a particularly difficult situation, we have succeeded.

The Government does not expect that the measures which have been announced will be popular. No budget measures ever are. But the Government does hope, and believes, that they will be regarded, and accepted, as a sincere and successful attempt to protect Gibraltar's financial viability in the general interest of the community as a whole and that it will be recognised that this has been achieved with the least possible adverse effect on the average household.

I would make two further points. The first is that not all the increases will come into effect or be payable at the same time. Car licences are due at the end of June, the 5% increase in electricity and the increase in rent will be effective from the beginning of July and television licences in October. The second point is that, as everyone is aware, the date for the next Pay Review is the 1st July and pay increases will help to cushion off the effects of increased charges.

We claim the credit, Sir, apart from the ingenuity which has gone into framing this budget, for a sense of realism and responsibility, for a social conscience, and for political will and courage.

The Financial and Development Secretary in presenting the Expenditure Estimates has clearly painted a realistic but dismal picture of the western economy, including that of the richest nations, all trying to get to grips with their difficulties. We have our own peculiar difficulties. We have no natural resources and we have greater limitations, but as I have said we have one great blessing which is lacking in most of those nations. We have no unemployment worth mentioning in a general sense. Despite the difficulties created by others our people generally live well, secure and in freedom, and may they do so for a long time.

If we have to pay a little more in the present situation to maintain the principles we hold dear then I would suggest that the increases that have been announced are not too high a price.

MR SPEAKER:

Well, I would now suggest that the Chief Minister might perhaps like to move the adjournment of the House, in accordance with the new Standing Orders for a time not being less than 2 hours from the time he moves the adjournment.

HON CHIEF MINISTER:

Yes. In view of the fact that it is a quarter to twelve, and members opposite asked that "eating time" should not be taken into account in the two hours, I propose that we adjourn to 3.30pm.

MR SPEAKER:

We are not going to debate this but I would like the views of the Leader of the Opposition.

HON M KIBERRAS:

Mr Speaker, that would more or less meet the two hours plus the lunch break. I would suggest however that we resume at 4.00 pm because there is a division for lunch.

HON CHIEF MINISTER:

I do not mind. I will accede to that.

MR SPEAKER:

Then I do not think there is any need to move the adjournment. I would suggest that it is the wish of the House to adjourn till 4.00 pm this afternoon when I will invite members to speak on the general principles and merits of the Bill.

The House recessed at 12.00 noon.

The House resumed at 4.05 pm.

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

HON M KIBERRAS:

Mr Speaker, the Opposition will vote against the Finance Bill on the basis of arguments already made public in the House; the two main arguments being the Government's mis-management of the economy and especially its failure to spend monies provided by Britain for improvement and development which would provide a considerable stimulus to the economy, had they been spent, increased the multiplier effect within the economy as has been admitted by Hon Members opposite and by the Financial and Development Secretary in particular, and, therefore, provided a



larger cake thus enabling the economy to move forward without the need for the very heavy measures of taxation which this Finance Bill proposes.

That is basically the arguments of my colleagues and I.

Mr Speaker, the Financial and Development Secretary in an unnecessary remark, I thought, made reference to my particular vote which was shared by my colleagues in the Democratic Party Of British Gibraltar in respect of the Estimates of Expenditure. I do not think the Financial and Development Secretary is in a position to question the manner of voting of Hon Members bearing in mind that this overall vote on the Expenditure Estimates, and the particular vote on the Public Works Department and other departments of Government, was clearly defined by us as being a protest against the mismanagement of the Government. And in questions of mismanagement of the Government the Financial and Development Secretary must necessarily take a share.

The Financial and Development Secretary also passed a remark earlier in the meeting in respect of the Improvement and Development Fund spending, or lack of spending by the Government. He referred to the Hon Mr Bossano's remarks last year and if money was not spent from the Improvement and Development Fund then the economy would be worse off. I ask the Financial and Development Secretary in all honesty to tell this House whether it is only last year that he has heard this from Hon Members at present sitting on this side of the House or whether he has not heard it year in year out since 1973. Very particularly from my Honourable and Learned Friend Mr Peter Isola who has made it his regular habitual contribution to this Budget, along may I say, with other Honourable Members such as my Honourable and Gallant Friend Major Feliza and the Honourable Mr Bossano. But not for one year, Mr Speaker, over a long period of time when the performance of the Government has been as I described it earlier, abysmal in this respect. And, therefore, the economy of Gibraltar has suffered as a result of the inability of the Government to spend the monies which Britain has been providing year in year out for the use of Gibraltar and which this House has been asked to vote for in the expectations that they would be spent year in year out, but to no purpose or very little purpose.

Mr Speaker, the Financial and Development Secretary in debate with my Honourable and Gallant Friend on the questions of taxation was rather misleading in his replies. For some time now Honourable Members on this side of the House have been pointing to the fact that the effect of personal and children's allowances in Income Tax, in the United Kingdom as compared with personal allowances, children so forth, here in Gibraltar gave people in UK, even after parity had been introduced, an advantage particularly in the case of larger families. There is in Hansard a very long session in questions and answers the original question of which was asked by my Honourable and Gallant Friend on these comparisons. I commend its reading to the Financial and Development Secretary and I ask him to tell in honesty whether in fact he was really pointing to the real position there, because, Mr Speaker, when we come to discussions of the Government taxation proposals we

find all of a sudden that the Government gives implicit recognition to what has been said on this side of the House over a period of time, namely that the position in respect of the matters I'm speaking was more favourable in the UK than here.

My Honourable and Gallant Friend Major Feliza will be expanding on this aspect of our contribution to this debate.

The Government as a whole, Mr Speaker, must also bear in mind not in the question of Improvement and Development but in the question of management of the Government Service that it made a fundamental error in 1974 and over the years has been compounding it. In 1974 the Government was faced with serious industrial trouble and it was between 1974 and 1976 that the really significant increases in the Government establishment of Industrial and Non-industrial workers began. Between 1974 and 1976 according to the Financial and Development Secretary in his address last year there were already increases in the labour force of the Government. Between 1976 and 1978 there was a 15% increase in the labour force of the Government, and all the while the Government knew that it was going to have to concede very substantial increase in wages and salaries. I don't talk even of parity at that stage, but very substantial increases in wages and salaries. And yet the Government did what no private firm would have done, it took on extra labour, took on extra employees at a time when it knew that it would have to pay very substantial increases in wages and salaries.

The Directors of any Company, Mr Speaker, would have been fired for that. The people of Gibraltar, however, for a number of considerations decided otherwise. But that wage bill has undoubtedly been increased by the employment policy of the Government in the years between 1974 and 1978.

We come to this Budget, and at the time of the estimates of expenditure, we have bored the House by asking for breakdowns of labour contents in different posts. It was quite clear from the answers of Ministers, when they were forthcoming readily, that the estimates of labour in this vote were based on last year's estimates, and yet when the Government announced in the persons of the Chief Minister and the Minister for Labour a committee to control expenditure and mentions particularly the desire not the Opposition but the Government side, the control of Government expenditure by this committee even to the point of inviting Honourable Members on this side to participate on that committee. If the Government feels that it can do something tangible in that direction when the Estimates of Expenditure were being drawn up then surely allowance should have been made in those estimates for the policy of the Government. But allowance was not made according to the information that we have received and, therefore, we were left with the proposition that if the votes are to be spent in respect of labour then the mismanagement, by the Government's own definition, is accepted. And if the votes are not to be totally spent then the Government does not mean what it said when it talks about controlling unnecessary expenditure. It is for the Government to decide, it is for the Government to act, it is for the Government to propose something which is in conso-

nance with the stated policy of this House. And this has not been the case on this occasion as indeed on others.

Mr Speaker, I don't know whether I have my figures correct but the people of Gibraltar are going to contribute something like \$2.8m extra this year, if one includes \$1.4m raised in respect of funded services; \$1.1m from import duties and taxation other than income tax; and \$0.29m net from the package deal on taxation. The Government must recognise that it is a very large amount when divided by 25,000 people in Gibraltar. It must recognise that it is a large amount, so much so that the Government has spoken in pretty grim terms, to use the phrase of my Honourable and Learned Friend Mr Isola, pretty grim terms. What a contrast, Mr Speaker, from the Chief Minister's attitude only last year, when he confounded the prophets of doom in his address to this House, and spoke about how well we were doing. This I am sure was as a relief at getting over the industrial trouble, but it was not a balanced judgement of the economy. What a swinging to and fro in the judgement of the Chief Minister.

Mr Speaker, the balance in the Consolidated Fund before any amounts were raised in respect of the funded services was £1.19m. I think I am right in saying this. The balance after the addition of the amount of £1.4m was £1.218, and the balance after the reserves of last year 1978-79, was £0.89m. Admittedly, it is a shame that Gibraltar should have to face such a small, such an exiguous balance at the end of so much work and so much effort by this House in trying to produce a good result. And if I smiled, Mr Speaker, when I heard this it was not because I was not in sympathy with what people, I knew, would have to pay in taxation, but it was a smile of irony, Mr Speaker. It was a smile of irony, or even a laugh, having heard Honourable Members on the other side year after year refusing to do their public duty at the proper time. And we have come down now to a balance of £0.89m.

Mr Speaker, still dealing with the balance it was the Minister for Medical Services who said that he expected ...

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way. Did I hear him say that the balance was £0.89m?

HON M XILERRAS:

After the reserve of 1978-79 had been taken into account under funded services, the amount to be raised by the increase of the funded services.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Is that the figure that was on the revised financial statement?

HON M XILERRAS:

Yes, Sir.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It was £0.089.

HON M XILERRAS:

Oh, its that. I beg your pardon. I thank the Honourable Member. £0.089, he is quite right it was £89,000. It was in fact substantially less. I am sure the Financial and Development Secretary must have seen the figure many times in his dreams and I am sure that that would not slip, £0.089.

Turning, Mr Speaker, to the contribution of the Honourable Mr Montegriffo, when he spoke of the Opposition having to oppose as an Opposition these measures. Well, Mr Speaker, we have not said so up to now, but perhaps we should say so now that the Government is two years away from an election, and the Government is going to raise as much money as it possibly can so that it has not go to tax next year. And we have to be very careful, Mr Speaker, as regards what I might call, and have called, the recurrent position of the Budget. What will the working of the present year throw up, or is it envisaged it will throw up. I don't know whether these figure have any significance, Mr Speaker, but I took them from the Financial and Development Secretary's statement and perhaps the Honourable Financial Secretary will be good enough to let me know if I have gone wrong.

Total on expenditure for 1979-80, \$28.5m; total income before the increases, \$28.3m. Am I right, Sir? I see the Honourable Financial and Development Secretary nodding his head. So the shortfall on the working for this year is in fact \$200,000 and we have to take into account several matters on both sides of the equation. I imagine we have to take into account the increased costs of family allowances, when family allowances have been increased to the present level over a full year, but equally there are a number of revenue raising measures and contributions to income which have not been adjudged on the basis of a full year's operation but of less, and, therefore, after a full year's operation, the amount which these measures would yield would be greater than those that have gone into the figure of revenue this year.

Mr Speaker, still to do with the general state of the reserves, I would like to say a word about the \$900,000-odd which the Chief Minister told us he had approached Dr Owen about.

HON CHIEF MINISTER:

I have not spoken about any figures that I have approached Dr Owen about. I spoke about a letter which I wrote after discussing the matter generally.

HON M XILERRAS:

I see, I stand corrected, Mr Speaker.

HON CHIEF MINISTER:

I didn't know what I was going to ask him anyhow.

HON M XIBERRAS:

Well, Mr Speaker, the matter has been introduced into the Budget, it was the Chief Minister who spoke about this matter, it is a consideration for Honourable Members as to what degree of fruition might be enjoyed by this proposal. The proposal as I understood it, as explained either orally or by letter, amounted to a request to Dr Owen that he should consider contributing some funds towards the current budget, and the cost of the items the Chief Minister mentioned amounted to something in the region of £900,000.

HON CHIEF MINISTER:

I am sorry but the Honourable Member is wrong. I mentioned four figures which just amounted to half a million pounds, and I said that I had asked that consideration might be given for help in connection with colour television. No figure was mentioned. The only four items that were mentioned were, Scholarships, Teacher Training, Youth Service, and rent of Technical Assistance Officers. These were the four items that were mentioned.

HON M XIBERRAS:

Let us speak of £½m, and some help towards colour television.

HON CHIEF MINISTER:

The fact that we had such a heavy burden and it was necessary was mentioned as a possible thing but it was just mentioned to see whether they would bite. There was really no definite request for it.

HON M XIBERRAS:

Mr Speaker, I do not know why the Chief Minister raised the matter in the House at all, if that was the case. If there is no chance that the money mentioned would be provided then it is quite irrelevant to the debate.

HON CHIEF MINISTER:

I am sorry, Sir, but this is very important. In the first place the figures I mentioned, and I made a very long case and I hoped that something would come of it. As it happened no decision was taken until after 3 May, which is obvious. The fact that we had been so heavily burdened on colour television was mentioned in aid of the fact that our position was difficult and for possible consideration. That is all.

HON M XIBERRAS:

Mr Speaker, it is a question of judgement for the Chief Minister whether he brought the matter to this House or did not. He has mentioned it in the House and I would repeat my view that if there

is no chance of this expenditure ...

MR SPEAKER:

We have discussed this matter in complete and utter depth. I will allow any reference to this being made insofar as it is going to affect the revenue-raising measures. As to the advisability or otherwise is something else.

HON CHIEF MINISTER:

Mr Speaker, I must make one point clear, and that I made it in my speech in reply. That even if help of the nature that I have asked for would be forthcoming it would make no difference to the revenue-raising measures, it would only enhance our reserves which were very low.

HON M XIBERRAS:

That is precisely why I raised the point. I am glad that the Chief Minister has clarified the matter. It is that if this House is faced with the proposition of the possibility of £700,000 becoming available from Her Majesty's Government then the need to enhance the depleted reserves with taxation would be less by a similar amount, if Dr Owen is to give us £750,000. This is the part of the expenditure, as I understand it, that Dr Owen has been requested to provide.

I take it, Mr Speaker, that we might have a windfall after the Government has raised enough money to tide us over into the election next year. I might return to the point.

If we turn to the Electricity Department, Mr Speaker, the application of this formula will yield more than the 5% which the House is being asked to support. Honourable Members on this side of the House have not raised objection to the application of the formula and Honourable Members have given the Government authority to make the adjustment in respect of the Electricity Department. It is a substantial contribution by the vote of the Opposition in circumstances which horrify Honourable Members on this side of the House, but we would like to see this formula revised, or at least reviewed, to see what its consequences would be in the future. It is only fair and we want to see how it operates and study it in some detail in case changes are necessary or in case we from this side should propose that increases of this kind should come to the House for consideration. We are not prepared to support the 5% increase in the secondary rate, because in the context of our general argument about the mismanagement of the Government much of which was supported even by the Honourable Mr Canepa when we were dealing with the items of expenditure under the Electricity Department Head.

Mr Speaker, on the question of telephones the Minister is a new Minister by choice, but the Minister must know that we are not going to support a service which is at the moment a misnomer. The service is not given. It was interesting to hear the Financial and Development Secretary using the words "consumer services" in respect of the funded services in the Budget last year. They are

services for the consumer and the consumer does not get at the moment a service from the Telephone Department because of Government inefficiency over a number of years.

I will not lay it all at the door of the present Minister, but if he goes on television and says that 60% of the lines need to be replaced, Mr Speaker, what was his party doing in the six years in which they have been in office? This vote comes under the Improvement and Development Fund. There has been underspending in the Improvement and Development Fund generally, although we seem to spend our own money. Perhaps we could have spent, not the British Government's money, in the replacement of lines in the telephone service which surely must have been a matter for consideration by Hon Members opposite in the six years that they have been in office, since 1972.

Then we have had delays in the introduction of the money-making side of the Telephone Department. True, with communications restored with Spain there has been an increase in traffic, but even now it will be three years before ISD will come about. The Minister has been questioned in this House over this year repeatedly on this issue and his replies have been generally of a very unsatisfactory nature.

The revenue-raising side of the Department is not producing now, will not produce in the immediate future, as much revenue as might be desired, and hence this vicious circle once again, Mr Speaker, of increased costs and increased taxation.

Mr Speaker, turning to the Housing Fund we have sufficient arguments from last year to oppose the increases in rent. We opposed them last year and the Government paid no attention to our objections last year. The House will recall that last year we said that £600,000 appeared under the Housing Department's vote and the Housing Department did not have a clue as to how to control the expenditure because all the expertise was with Public Works Department. Yet the Housing Department as landlord had the responsibility to give the service. I brought a motion to the House, Mr Speaker, in which I was critical of coordination between the House and the Public Works Department. This clinched our vote against the Housing Fund last year, and it is patently clear to me that this money should not be in the Housing Department vote. The people responsible and with the know-how must control the vote in our view. The service given from this vote is not a good one, to use an understatement. The delays are very long. There is a backlog of maintenance which Honourable Members on the other side of the House have referred to. We have the Minister for Trade and Economic Development, I think his words were, "I appeal to my colleagues," or "I urge my colleagues" one of the two, to take a decision on the term contract. That was the Hon Mr Canépa he said, "I appeal to my colleagues", Mr Speaker, and I asked him who his colleagues were and I stand by that. The Minister for Economic Development appealed to his colleagues on this matter so that the backlog of maintenance which is affecting Government tenants can be cleared up.

HON A W SERFATY:

I have not got with me what I said I was appealing to the Hon Mr Bossano and to the Union to agree to a Term Contract being used to carry out the work of the backlog of maintenance.

HON M XIBERRAS:

Oh, well, I will check it in the Fansard. We might all be mistaken, but let me just say that the division in the Government has been mentioned by me in the course of an earlier debate and was not denied. In fact, Mr Speaker, the Hon Mr Bossano said: "Why don't you cut up those £1m and issue the jobs out in smaller contracts. In smaller doses". On that I said, whatever you do, take a decision. Either have a term contract or break up this £1m into smaller jobs, which the Union can handle, or let the Union do it, but don't bring this money to the House again for revoting; don't have tenants waiting for repairs; don't have this backlog accumulating; speak to Government management and ask us to vote more money.

HON M K FEATHERSTONE:

You were told that to cut up these into smaller jobs was not possible with our present staff. We would need extra staff.

HON M XIBERRAS:

That, Mr Speaker, is a matter for the Government. What I am asking the Government is to take a decision. To take a decision because the work is not being done, and because the money is not moving into the economy, is not moving into pay packets either in the public or private sector. Because repairs are not being done and because tenants are being asked to pay more in rent and in rates. Therefore, there we have ample arguments, and as we said in our communique, we will vote against an increase of this general type. Because the Government is not delivering the goods, and because it is unfair to have a funded service, the essence of which is value for money when no value is being given to the persons involved. That is unfair and yet the rent increases will be in the region of between 60p and £2.50 per week.

The Government is going to have a moratorium on rates. Very good, Mr Speaker, I mentioned earlier in the debate that the rates increases had been very substantial in some areas and the inflationary effect of these rates is going to be much more than the Government is telling us at the present moment, to my mind. Let the Minister for Labour and Social Security take note.

Mr Speaker, I think I have left one funded service out, the Water. Here, Mr Speaker, we have an example of what can be done with very little effort, apparently. The House was used to the Hon and Gallant Colonel Hoare, the Minister for Public Works in the last AACR Administration, speaking about 35% to 37% water losses as being acceptable. A Committee was formed, Hon Members on this side participated, the losses ...

MR SPEAKER:

Order. We went through that in the Appropriation Bill. Whilst you are entitled to comment we are not going to repeat.

HON M XIBERRAS:

Mr Speaker, on the Appropriation Bill I said I would not be making any comments on those particular ones when we voted the subsidies, because I wanted to take them in relation with the revenue-raising measures. I am not going to talk about the Committee. In fact what has happened is that the Minister was able to announce without any dramatic action apparently a reduction down to 28% in water losses, and the committee has still not produced recommendations, yet during this year we have dropped from 32% to 28% almost.

Mr Speaker, there we have an improvement. The AACR Minister was saying that it was quite acceptable to have a 37% or 35% loss of water rate. Yes, Mr Speaker. The AACR Minister in the last administration, the Hon and Gallant Colonel Hoare, which gave the Government its majority at the last election. He who was used by the AACR at the time.

Well, Mr Speaker, in a short time we have had this reduction.

HON A J CANEPA:

Would the Honourable Member clarify that comment about "used"?

HON M XIBERRAS:

Yes, Mr Speaker, he was used on the question of Varyl Pegg. He was used in the question of the Water Account Committee ...

HON CHIEF MINISTER:

It is an improper allegation, Mr Speaker, to make of a former Minister that he was "used".

HON M XIBERRAS:

He was used to defend a position and now he has been dropped.

HON CHIEF MINISTER:

No, he was performing his duty as a Minister in using his own judgement in collective responsibility with his colleagues.

HON M XIBERRAS:

What I am saying, Mr Speaker, is that the Honourable and Gallant Colonel Hoare was defending policies in this House in respect of water and in respect of Varyl Pegg, which the Government allowed him to defend at the time but since he is not in the House he is discarded.

Therefore, on water, Mr Speaker, we still have an unacceptable loss of 28%. The average over 5 years is in fact 32%. Well, Mr Speaker, when the work has been done perhaps we can come back to the days of 11% and then, Mr Speaker, the Government might be able to say, "Yes, it is right for us to come forward and propose to rate-payers, to consumers, that the rate should be increased". But they have not done this. Therefore, we are voting against the very large increase in the cost of an essential commodity, I believe it was in the order of 50% for water, which is a very substantial increase. I would like to hear from the Government what is going to happen to water for shipping, which the Honourable and Gallant Colonel Hoare also had differences apparently with his colleagues about.

Mr Speaker, can I come now to the increases in duty, and honestly is it not a very large increase at this particular time when input and output studies are being conducted and the Government is thinking of increasing the scope of the economy, perhaps expanding on that basis. And is it not a bit finicky to have 20%, such a heavy charge this year, and if we are all good boys withdraw it next year which is election year?

Mr Speaker, I may be obsessed, but is the Government sure that the Index of Retail Prices will increase only by 1.5%? I think that figure is low. I think myself that that figure is low.

HON A J CANEPA:

It was computed by the Statistics Office that he set up.

HON M XIBERRAS:

The Statistics Office that I set up was abolished a little while ago, and the Statistics Office there now is something else, and thereby I make no disrespect to the Statistician or anybody else. The fact is, Mr Speaker, that I do not think, bearing in mind my short experience in this House, that 1.5% is in fact what can be expected. Perhaps I am wrong, it is a matter of judgement. I hope that my judgement is incorrect but, Mr Speaker, one has to bear in mind that this is 1.5% on revenue duties, not on revenue raising measures. It almost slipped our collective minds, but someone spotted it on this side, that the Financial and Development Secretary was talking about 1.5% being the increase in revenue duties, not in revenue raising measures. The Financial and Development Secretary says no.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable the Leader of the Opposition would give me a reference to where I said that it was 1.5% on duties?

HON M XIBERRAS:

Well, what did the Honourable Member mean? Did he mean in fact that 1.5% was the effect ...



HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, if the Hon Member will give way, I will read what I read this morning: "The Government has estimated that the effect on the Index of Retail Prices of the increased revenue duties will be around 1.5%. "Increased revenue duties". Those are the revenue measures.

HON M XIBERRAS:

What does he mean, Mr Speaker? What does the Honourable Member mean? Does he mean the increase in the revenue duties, namely the increases in import duties, or does he mean the total effect of the revenue measure? What does he mean? I just saw the phrase and I thought it was a rather unusual use of the word "duty" in the context.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The "revenue duties" means the "import duties".

HON M XIBERRAS:

Simply the import duties, yes, Mr Speaker.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Plus of course the surcharge on that ad valorem duties, not merely the increase.

HON M XIBERRAS:

Which are of course, Mr Speaker, 1.5% simply for what is going to be collected at the customs. But it has been quite usual for that Honourable Member to tell the House what the total effect of the Government's revenue raising measures, including rent, electricity, etc., etc., is going to be on the Index of Retail Prices overall. And, therefore, I would have been misled, Mr Speaker, had not one of my colleagues pointed this out. I would have said, "Well, Mr Speaker, that is a marvellous budget when so much taxation, \$2.18m, is raised and the effect is simply 1.5% increase in the IRP.

Mr Speaker, I would ask the Financial and Development Secretary or the Minister for Labour what it is in fact, so that the people might know generally that might not misread this particular part of the statement, what the effect is going to be generally on the IRP of the raising of \$2.18m in all types of measures, including those that have been raised in respect of the funded services, including the reports, all these things figure in the IRP, all these things have an effect on it, and, therefore, the figure should be made public, as indeed it has been made public in other years and unaccountably it has not been made public this year.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If that Honourable Member will give way, I would have thought that for that ordinary person it would have been far more valuable to

know an estimate of what extra he was going to pay in cash terms in relation to his electricity bill, his water bill, etc, rather than a percentage on the IRP, which I strongly suspect a larger number of people in Gibraltar do not even know what it means and certainly do not read it. However, I have been given an approximate estimate for the overall effect, which is in round figures, 3%.

HON M XIBERRAS:

Mr Speaker, that is double what I thought it was. I am glad the information has come so quickly but unfortunately not quickly enough for me to be able to work out what was the effect of the Government's taxation package in the case of each of the families. I would like to say something about that, Mr Speaker. The taxation measures and the family allowances are a package and there are good and bad elements and, of course, Mr Speaker, since the Finance Bill allows us to vote on each of those measures separately, we shall be doing just that. We are going to unravel this package, we are going to see what it contains and we are going to try to see at Committee Stage what the effect of each of the strands of the package is. We are not very clear on some of them. At least on one of them we are not at all clear about the effects. I could ask Honourable Members whether it would be possible for them to give me what the yield is going to be as we go up the ladder of taxation. In other words, for people making so much, the yield to the Government would be so much; for the higher income group by raising the band in taxation the income will be, so much, so that we know how far up and how far down it is necessary to go to recoup the revenue which is being lost. We would like that exercise to be done. We would not like anybody to be taxed unnecessarily and certainly not those in the lower income groups. We would like to see, Mr Speaker, what the effect of this is so that the House can have an informal discussion on it, and perhaps the Hon Financial and Development Secretary might seek this information which I request.

Mr Speaker, the increase in family allowances is, of course, welcome. It has never been the purpose of the Honourable Members on this side of the House to oppose the increase. The Hon Mr Bossano brought a motion to the House on this matter which was supported by us. We like to see equivalence with the UK in many respects. We would like to see that, but of course there must also be efficiency, starting with the Ministers, just as a theoretical statistic. Let me say that if the policy of the Government from 1974/78 has been other than one of employing more people than it would be able to afford in 1978, had been one of relying more in Gibraltar labour, as was the policy between 1969 and 1972, then let us imagine, in that context, theoretically, I am talking about draconian measures of firing people etc, but simply if we have 200 workers less in the Government overall and these were all labourers, it would in fact amount to a gain for the Government of some £600,000.

Alright, it is difficult to do it because Gibraltar has needs, but did the labour force need to be augmented in this way?



HON A J CANEPA:

It is not the industrial labour force which has been increased. The Government has not taken on 200 more Moroccans in the last few years. It is the non-industrials, Gibraltarians, that have been taken on.

HON M XIBERRAS:

Perhaps the Hon Member will give me figures of this.

HON A J CANEPA:

I gave the figures. Where was the Leader of the Opposition during my intervention in the debate?

HON M XIBERRAS:

The Hon Mr Featherstone said 450 in the Public Works Department.

The non-industrials have been subject to various kinds of staff inspection etc.

Mr Speaker, part of the package is in fact the effect that the Income Tax proposals would have on married couples with four children, and we have a table here. Income per annum £2,000, and apparently as a result of the package there would be a benefit of something like £326 pa. That, of course, is a very low figure for a family with four children making £2,000 pa. Such a family in this day and age is really in a bad way and we know that, and it is only fair that relief should be received. But this family is supposed to get £20 extra as a result of the changes in taxation. Mr Speaker, I welcome this, of course, because if the measures took effect at this end of the scale it would practically make them indigent, but as I understand it, they will have to pay increased rent etc, and that in our calculations, for a family in the lower income group, will be something in the region of £153 a year, that is for the funded services. It does not take into account the result of inflation overall which the Government now puts at 3%, and this is the figure, the implications of which I was not able to work out before. But then again one must look that life is going to be more expensive for that family, apart from what they have to pay on electricity, rents, housing, etc, for the funded services, life is going to be generally more expensive. And then one should look at the pattern of expenditure of these families. What age are we living in? We are living in the parity age, where substantial incomes are being made. And who is Mr Average Man. Well, Mr Average Man, Mr Speaker, likes to have his beer in a can at the beach sometimes. And Mr Average Man also likes to run a small car if possible, and a big one if possible because families are complicated as well. Even if he did not own a car he might even have to pay higher bus fares as a result of increases in fares. We are not talking about the Flintstones, Mr Speaker, we are talking about the parity society of Gibraltar and, therefore, expenditure patterns are quite changeable. What is acceptable today was not acceptable before and the Government knows this, it is one of the issues that comes up all the time.

We move up to £4,000 and still that family with four children gets £236, minus we would imagine, £150 a year, so the benefit from that is not that much. It is not that the Budget is going to give £326 even to the lowest paid family, it will give something less. It will cushion off the effect of the increases, we shall see to what extent by budget time next year, but it does not give £326 for these three groups of £2,000, £3,000 and £4,000 pa. And of course the money of the next pay review will be committed before it is given, because if the pay review comes in June of course the money, a lot of it, might very well go into the Government coffers. I have already had one computation from a retired man - I will come to retired people in a moment - and quite a substantial part of his expected increase, had he been in the Service, he was in fact an accountant, would have been taken from him, even before it was given in June. I would like to avoid this vicious circle, Mr Speaker, by better management of the Government, more expenditure on the Improvement and Development Fund, and a judicious expansion of the economy. We would like to build up to a better situation, not just for next year, for the election, but an improving situation.

Pensioners: our pensioners will have a good increase but there are, nevertheless, a good number of people who do not have pensions. The Minister for Labour knows about this. The older person living on his own, whether he is a pensioner or he is not, is going to be hard-hit by this budget. The single person is not always the dashing young lad with the flashy car and tons of money. Sometimes the single person is the old man who has not got married and has got no children. That category of person may make £30/£40, how is he taxed; what benefits does he get when he is living on his own? What does he get out of this Budget? How is his position already not good, because we do tax our single people very heavily and I do not know to what point it is right to go in taxation of single people whether old or young. Single people do not just work for nothing, for pocket money, they want to build up some money. Well, the Budget has very little to offer to this category of person. I ask the Honourable Members to do something in respect of these persons.

Also there is the other case of alimony which as I mentioned to the Chief Minister there is a case to be looked into. I shall not raise it now, I shall raise it at the Committee Stage, Mr Speaker. Almost the one-parent family situation but not quite the one-parent family situation. We shall raise it, if I may, Mr Speaker, because it is a matter of some detail, at the Committee Stage, perhaps by introducing an amendment. But these pensioners and people on fixed incomes for whom we must have a constant concern in these parity budgets are not receiving much protection from the Government.

Mr Speaker, my final point is the question of bills. The Financial and Development Secretary is concerned, no wonder he shouts for rain. I started off with him, perhaps I should make this my last point in relation to him. The £1m of bills outstanding which was related in his speech with the £1.1m which he was going to raise in import duties etc. Mr Speaker, could the Financial and Development Secretary say that this is a satisfactory situation? To have £1m outstanding bearing in mind that he has been questioned in the House. He said, Mr Speaker, something

about, "even allowing for an improvement in the speed with which bills for the consumer services are issued and for reasonably prompt payment of them, the value of these bills alone is likely to be of the order of £1m at any one time".

My Hon and Learned Friend, Mr Isola, in fact raised several questions of the Hon Dr Valarino as regards electricity bills and I would like to hear the view of the Financial and Development Secretary.

Mr Speaker, the attitude of the Opposition is quite clear. We are tired of these so-called Government improvements that are going to come about and they do not come about except in minimal areas, we are voting, no, as we are abstaining on the Appropriation Bill, we are voting, no, on the Finance Bill to jerk the Government out of its complacency and to make sure that people in Gibraltar who are paying very high sums of taxation get value for money. We are not going against justifiable increases in social expenditure, whatever the Minister for Labour wants to say. We are not doing this. What we are saying is that we cannot afford to mismanage the economy at this rate because sooner or later somebody has to pay for it. And who is paying for it now? Who will pay for it in the future? It is the worker.

The Hon Financial and Development Secretary said that there was very little money that he could take away from the higher classes. That the tax base was such that one had to tax middle income, and that is a fact of life, Mr Speaker. It is a fact of our existence in Gibraltar. And if we do not do things properly and work efficiently, if Ministers, instead of having moral courage when they come and ask the House for £2.18m, had had moral courage over six years and taken the decision that they should have taken then that bill might still be there, but it would be much less, and would be much more justifiable to go to taxpayers and ask for money. But unfortunately these decisions are not taken.

I will end, Mr Speaker, on the question of Varyl Begg Estate. I see that the women at the Varyl Begg Estate are asking for the garage to be moved. That means considerable expenditure in the Improvement and Development Fund and these are the mothers in the Varyl Begg Estate. Before that it was the Union at the Refuse Destructor. Then it was the Opposition and the public generally as regards siting the Garage at Eastern Beach. This project has gone on and on and on and the school now costs £6m. The Minister for Economic Development told us that in the 1975/78 Programme the British Government had not given their agreement to carry on with that school. Even in 1978, and I can assure the House that in principle agreement was reached in 1969, my Hon and Gallant Friend was there with me, it was included in the communique. Mr Speaker, can we afford simply to do things the easy way, simply to tax, simply to waste perhaps the only resource that we have, which is money from UK. Can we afford to lose that? Is it not worthwhile having moral courage in some things and producing a better financial situation, producing a multiplier effect inside the economy? I would say the answer is self-evident. Honourable Members have a majority, as we are often reminded. Well, now that you have it, use it. But use it for the benefit of Gibraltar not

for the benefit of your Party to get into the next election. Use it by taking decisions that will produce an economy which is sounder than what we have at present, and do not come to this House one year saying that Gibraltar is on top of the world and the next year, that we are right at the other end.

That mercurial temperament reminds me of Mercury House, about which I shall certainly say nothing!

Thank you, Mr Speaker.

HON A P MONTEGRIFFO:

I think I shall take up the last words mentioned towards the end of the Hon Leader of the Opposition's speech about taxation. He did mention that it was a fact of life that here in Gibraltar the tax base was mainly from the middle income group because there were very few people to tax at the other end.

HON M XIBERRAS:

The Financial and Development Secretary said it and I repeated it.

HON A P MONTEGRIFFO:

I assume, unless he says anything to the contrary that if he repeated it it is because he believes in it, he believes that it is a fact of life with which we have got to live in Gibraltar. And if that is so, I am only saying for the sake of cutting talking time, so that we are not subjected later on from his Hon Friend on his right as to what sort of taxation they pay in the UK as to what sort of taxation they pay in Gibraltar because, of course, the structure of the UK can never be implemented in full in Gibraltar precisely because of what the Hon Financial and Development Secretary mentioned and which the Hon Leader of the Opposition has repeated.

He has been talking about fiscal measures totalling £2.8m. He has done his homework wrong, Mr Speaker. That figure, Mr Speaker, in the context of the statement made by the Opposition about the mismanagement of the Government is wrong, because it is not £2.8m. We may have mismanaged the whole thing to the tune of £1.9m or £2m, but not £2.8m. He has done his homework wrong and I hope that other Members will put it right. It is about £400,000 for housing, it is about £313,000 for water together with the others it is more or less £2m, taking into account the £1.2m that we are raising in other fiscal measures. It is not £2.8m.

HON P J ISOLA:

If the Hon Member will give way. It was quite clearly stated in the statement of the Financial and Development Secretary as far as fiscal measures is concerned that it is £1.1m in import duties etc., and £290,000 in tax, which bring it up to £1.4m. He said it quite clearly in his address. If the Honourable Member will refer to page 19, it is all there in the last paragraph.

HON J BOSSANO:

I think the confusion arises, Mr Speaker, because in fact what the Government is doing on the family allowances has the effect of altering the tax structure and, therefore, there is a gross effect on the taxation side. It leaves the family allowances, as they are now. If one assumes that the increase in family allowances is another way of reducing the tax burden, which is what has happened in UK, then the net effect of the tax changes is not, of course, £290,000, it is £290,000 reduced by what the increased family allowances produce.

HON A P MONTEGRIFFO:

That is correct, Mr Speaker, £290,000.

HON P J ISOLA:

But that is not what the Hon Financial and Development Secretary said. He said the net gain was £290,000 in tax. "Plus an estimated additional yield of £1.110." That is what he said.

HON A P MONTEGRIFFO:

If you carry on reading there is a commitment of £210,000 in respect of the increased rate of family allowances, and if that is the way which they are presenting to the public their opposition to these measures, then I am afraid they have not done their homework. If we are mismanaging the economy they are certainly playing havoc with mathematics.

He also based the main opposition to the Government measures, first of all, on Government mismanagement. That was answered by my Friend on my right when apparently it did not suit the Leader of the Opposition to be listening, but I know he was listening outside, so he must have heard the figures that Mr Canepa was giving out, although apparently he did not know those figures now. Failure to provide a quicker tempo for the Improvement and Development Fund. Mr Speaker, again that point was answered and I had the privilege, if I may say so, of answering it. Even if we accept, which we do not for one moment, that there has been a slowing down for some reason or other in the Improvement and Development Fund, in no way has that slow tempo contributed to a very large extent in having the financial position we have today.

Then there was a third point which he did not mention at this stage but which he accused the Government of during the Appropriation Bill and which was one of the other three reasons why they said they were not going to vote for the revenue-raising measures. And that, Mr Speaker, was I think said, the political expediency with which Government dealt with its policy and with its approach to different matters. Let me tell Honourable Members opposite that had we acted out of political expediency last year we could probably have been a little bit better off this year for the very simple reason that experts were advising us that all the increases that we said that we would bring in two stages, because precisely of cases like people with fixed incomes which the Hon Leader of the Opposition

apparently is so worried about and we were worried last year, we did not take that advice at the time because we thought that people had to settle into the new pattern that parity would bring about to Gibraltar. Had we done that, perhaps today we could be slightly better off than we are. But we have to take a political decision, not out of expediency but out of a realism and a social consciousness of which we are proud and about which we make no apologies to this House.

I cannot understand the arguments of the Hon Leader of the Opposition about taxing people in order to be alright for next year's elections. Mr Speaker, next year's elections is only a year ahead, and if we have mismanaged the economy so badly, are the people of Gibraltar going to be such a pack of fools that simply by allowing themselves to be taxed this year ...

HON P J ISOLA:

Hear, hear.

HON A P MONTEGRIFFO:

Hear, hear, did you say? A pack of fools, the people of Gibraltar! Well, you can tell them when you go around the streets electioneering.

If we now are making such a mess, putting taxes up so highly, so crushingly on the people of Gibraltar just to win an election next year, do you think they are going to forget all that!

I well remember a particular occasion when the Honourable and Gallant Major Peliza was Leader of the House, his standing up and saying with great courage and determination, "If we have got to tax people, if we have got to raise charges in electricity, water and housing, whatever it may be, we will come to the House and do it because I think that it is in the interest of Gibraltar, that funds should not run at a loss". I remember the words very well, I was sitting where Mr Restano is sitting now. I had the pleasure of hearing him say that and I was very pleased to see a man with so much courage. Of course, now we expect to hear him say differently because now he is in the Opposition like Lord Shawcross said when he was a little bit disappointed with politics, because from the Opposition he had to accuse the Government of things he would have done were he in Government himself.

Now, let us go back to the labour force. Much has been made about the industrial labour force; we have employed too many people when we should have been retrenching whilst at the same time expecting a lesser number of people carrying out all the increase of tempo of the Development Plan that the Honourable Members are urging us to do. Well, they have got more faith in human nature than I have. All I would say is that I think they are wrong. The number of industrials has not increased over-substantially, only a handful of industrials have been employed. Where there has been an increase in the number of people employed has been following Staff Inspection, following parity and following equivalence with the UK. Experts from the Civil Service and other different departments in the UK were brought over to Gibraltar in the hope, we thought, that they could find ways and means of economising and to a certain extent they have, but in other fields they have recommended increases. They have increased the Nursing Staff by 17, for example, and that costs a tremendous amount of money, about £70,000 if we can get the bodies, of course, which we hope I can.

£1.3m is the money that we are going to have in the Consolidated Fund and I think I am right in quoting the Honourable Leader of the Opposition as saying that it was a dismally low figure, and yet in the next breath he mentions the possible response that we may get from the UK Government in order to boost up the reserve. Instead of taking it as just that, as boosting up a dismally low reserve that he mentioned, he says: "No, you are doing that, you are taxing people to the tune of £1.3m and asking for money so that next year you have a free passage so that you can win

the elections again". I hope he is right - not in winning the elections, because that we shall win - but I hope that he is right that with £2m we shall be able just to get away next year without any taxation. I hope he is right for his sake and my sake.

This has been a difficult budget in many respects and to me especially since I worry about anything and, therefore, it has given me many sleepless nights. Our main exercise when we saw that it was a harsh budget, and we are not hiding that fact, was to see what we could do in order to alleviate those who would have to pay. And I will say, Mr Speaker, that there is not one single case, or rather only one on increasing rents, that will pay in rent £153 a year. There is no other case of all the samples that I have got in front of me where anybody will pay that amount in any year except one house which consists of six rooms, kitchen and bathroom with an area of 1,106 square feet. They will be paying about £3 more a week. It is the one and only house, and remember they pay rent only for fifty weeks, the rest, Mr Speaker, if you take away Moorish Castle which even then will not go any way near that, which are the people who are paying more a week about £2.37; there are people in Knight's Court paying 90p, £1; Governor's Meadow £1.12; Glacis £1.79; Alameda House lower and middle floors 95p; others will pay £1.65; Referendum House 90p; the Honourable Member should not have come to the conclusion that everybody was going to pay £153 in rent a year because no-one will except for one particular house in the whole of Gibraltar.

HON M XIBERRAS

If the Honourable Member will give way. The Honourable Member will recall that I asked, in fact, for the information on that. It has not been made available.

HON A P MONTEGRIFFO

Of course the only opportunity I have of giving that information is now. He came to that conclusion before I gave him the information.

I would like to end by saying that we did approach the budget with a deep social consciousness, as we always do in everything we do in Government. The fact is shown that once again we have a long list of great social improvements that have taken place in the last 4 years, as it was expounded by my Honourable Friend the Minister for Labour

and Social Security at the Appropriation Bill. We did that and though I accept it has placed us in a position of taking drastic measures it is also equally true to say that within the ambit of the parameters and the little elbow-room that we have to manoeuvre, I think, Mr Speaker, that we have done our best to infuse some scr<sup>o</sup> of a heart into what has been another hard budget.

HON J BOSSANO

Mr Speaker, I hope I can give a better performance this time than at the Appropriation Bill.

MR SPEAKER

You are not going to be as long as at the Appropriation Bill?

HON J BOSSANO

Sir, I hope I can give a better performance, I thought it was too short last time.

MR SPEAKER

I see, I beg your pardon.

HON J BOSSANO

Mr Speaker, it seems to me that some of the things that the Honourable Member who spoke last has said, specifically one thing that I jotted down, the new pattern that parity has brought to Gibraltar, when he was saying that they could have raised things all in one go in last year's budget, and there was the expert advice that they were being given and that in fact they chose not to do it. It seems to me that we still seem to be getting mixed up with what the problem in this budget is and how that problem arises. The problem in this budget is no different from the problem in any other budget, and it is a problem that arises out of what essentially is an approach to balancing the books every 12 months, which treats each one of those occasions as if it had never happened before, and tends to repeat the same exercise with the same mistake consistently year after year. Consequently when I stand up to speak about the exercise I find myself repeating the same sort of

criticism year after year.

I believe, Mr Speaker, that if one merely looks at the superficial shortcomings of this year's budget then it is absolutely valid to say that the Government has been guilty of serious errors of judgements: perhaps, they were not getting the best advice in the way they have handled the economy in the last 7 years. Let me say that I tend to speak of the last 7 years because I arrived in the House of Assembly in October 1972, and my first intervention in the House of Assembly in October 1972 was the famous transfer of £1m to the Improvement and Development Fund. But, of course, in fact, what was happening . . . .

MR SPEAKER

£1m, I thought it was £250,000?

HON J BOSSANO

No, it was the biggest transfer, it was £1m. It was totally unnecessary and it was defended because there were bills on the verge of arriving from UK which had to be paid and it was not used for 18 months. I remember it perfectly, Mr Speaker.

But of course, in fact what had been done then had been done before on a number of previous occasions and, therefore, in terms of budgetary strategy I do not think there was a significant departure in policy in 1972, there was, in fact, a continuation of policy which continues to be raised except that the Government now is moving closer, as I said in fact in last year's statement. When I spoke on a similar occasion on last year's Finance Bill, Mr Speaker, I ended my contribution by saying that "the Government now seemed to be moving closer to recognising this", - this is page 602 of last year's Hansard, Mr Speaker. I said, "I believe that they are closer to understanding to the extent that they are saying that because the introduction of parity means a much higher level of wages in the past year this is a new ball game". There is an understanding in my estimation, Mr Speaker, that the nature of the fiscal policy the Government adopts must take part within an overall economic strategy. Now, today we are closer now than we were 12 months ago, but we are still only closer, we are not, in fact, yet in that arena. My essential and fundamental argument, Mr Speaker, is precisely that the budget in itself is not a budget that says we are going to introduce these measures because these measures are designed to move the economy of Gibraltar in that particular direction. The



Government is saying, we have got a hell of a problem here, I have got bills coming in, bills for materials, bills for bandages, bills for wages, bills for overtime, and I do not know where I am going to get the money to pay for all these bills. So what I will try and do is raise that money with a social conscience and try and do it in a way that will place the burden on the broadest shoulders. That to me seems to be essentially what the Government is saying, and all that the Government is asking us to give it credit for is that at least in introducing the budgetary measures they have tried to spread the load round so that it hits least those who can bear that load least.

The Honourable Mr Xiberras, the Leader of the Opposition said that the Financial Secretary had said that the bulk of the revenue had to be raised from middle income and working people, and he seemed rather reluctant to be pinned down by the Honourable Mr Montegriffo as to whether this was a view that he shared or not. Well, let me tell the House what is my view.

My view is, Mr Speaker, that the measures that are introduced in a budget in the type of economy that we have in Gibraltar, and indeed in the type of economy that we have in the whole of the Western World, fall always on the shoulders of the working class. I do not think that it is possible to introduce any measure without a lot of other fairly rigid mechanisms to limit the freedom of people with businesses, which will not almost automatically be passed on to the consumer, and consequently to the worker. Therefore, my approach to the budget is that if we are talking about £2m, and I think my own calculation, I did a very simple exercise what I did was, I said, if we are starting off with minus £3m in the original draft estimate and we are finishing off with plus £1m, then the difference between these two figures is £2m. So, however it is made up there must be an overall influx of £2m. Now, I believe that that £2m will come from the working people of Gibraltar because I believe even what might be described as a radical left wing measure of, what, 400% increase in Company Taxation, from 7½% to 40%, even that, Mr Speaker, if it has any impact at all, could always be overcome by somebody saying: "Well, if I was previously out of £100 staying with £62.50, as far as I am concerned that is the take-home yield that I expect to get from my business if I am interested in doing business. And if the Government is now going to take 40%, or 50%, or 60% out of my gross profit, then I will make sure that my gross profit is increased to leave me with my net profit that I was used to getting before, and, therefore, the Company Tax will finish up being paid by the working people. And I think that will happen if in fact it has any impact at all, because it seems to me that the argument that the Honourable Financial

and Development Secretary used to say why he needed to raise Company Tax to 40% was not a watertight one. He stated, on page 7 I think it was of his statement, that it was possible to avoid paying the 7½% Company Tax by taking the profit out of the business as directors fees rather than as profits. Now, since presumably directors fees continue to be treated as a cost to the business under the Ordinance, I have seen nothing to amend that part of it, then there is nothing to stop directors continuing to pay themselves directors fees and instead of saving 7½% saving 40%. A business previously declaring no profits and avoiding paying 7½% on no profit are now in a position to avoid to pay 40% on no profit, but it seems to me, Mr Speaker, that 40% of nothing is still nothing, just as much as 7½% on nothing was nothing before. So I would say that to the extent that the 40% move was intended to close what the Financial Secretary obviously sees as a loop-hole, then it will fail unless it is accompanied by changes which says that directors fees are not in fact to be treated as a cost to the business, which is of course something that we can all consider, I am sure there would be no major objections to such a sensible move, Mr Speaker, and we are still in time, of course, since we have got amendments to the Income Tax Ordinance on the floor of the House, we are still in time to close effectively the loop-hole that the Financial Secretary seeks to close. Because it would be a pity, now that the loop-hole has been identified, to miss such an opportunity, Mr Speaker. I am quite happy to prepare an amendment myself on this side of the House if I am given an indication that will get Government support.

The effectiveness of course of taxing companies at 40%, I think, other than in terms of a mechanism for avoiding the money being taken out as directors' fees, is one, which is not specified here, but I have assumed means that unlike what I understand to be the situation in UK, where, for example, tax on dividends is called I believe, Advanced Corporation Tax and is off-set against the main rate of Corporation Tax, it would mean that the dividend income would come out of the net income of the company and would then be subjected to tax in the hands of the shareholder which would mean effectively that say, if the system worked, which I doubt very much since I am sure there are plenty of ingenious individuals about who will be able to advise companies how to get round it, but if it were to work it would mean effectively that a company making £1,000 would initially pay £400 in Company Tax and then would be left with a net income of £600 which they could either retain in the business untaxed and reinvest, or else they could distribute and be subjected to up to 50% income tax on, which would effectively leave a £300 net income out of a £1,000 gross profit. If companies were not able to avoid doing this then the next stage would be, as I said before, if they



are used at the moment to being left with 50% of the gross profit, they are not going to accept a cut-back from £600 out of every £1,000 to £300 out of every £1,000 just like that. I think the effect would be seen on prices and, therefore, the impact of that measure on the Index of Retail Prices, which should not exist, will exist and we would be talking of more than 3%. But, a measure like this, Mr Speaker, would have made more sense to me if the Government had said, and this is an example that can be used to illustrate the difference between a budget that consists merely of a collection of fiscal policies, and a budget that plays a part in a strategy of economic policies, if the Government had said: the reason why we are moving over to the system of Company Taxation is because we consider that businesses should be reinvesting a major proportion of their profits rather than paying it out to their shareholders in order to encourage investment and encourage economic expansion, then, this instead of being a fiscal measure would have been a plan in an economic policy in an economic programme by the Government. I am talking of, what I would consider to be a fairly mild move into the area of economic policies.

Let me make it quite clear, Mr Speaker, that the alternatives in terms of economic policy that I would advocate, and I am afraid that this is really why I do not think I can be of that much help to the Honourable and Learned the Chief Minister, would be, of course, a socialist programme for Gibraltar. I think, if the Honourable and Learned the Chief Minister, as Leader of the AACR, were to move much closer to the sort of AACR we used to know in the 1940s, then perhaps he might find it easier to understand how we can prepare a programme which gives Gibraltar a sense of direction. A programme which has got as its purpose creating not simply a welfare state in Gibraltar, not simply the humanitarian face of capitalism concern, because there are a lot of people who are defenders of a different political ideology, a different economic system, who have nevertheless got their heart in the right place and are concerned about the welfare of others and do not like to see people starving and ill-treated. But this is not in fact what a belief in socialism is about. A belief in socialism is a belief in a particular way of organising the resources of a community, and ideally of the whole earth, for the benefit of the whole of mankind. We cannot do anything about what happens in the rest of the world, and I believe indeed that the whole of Western Europe is in a very, very serious situation, Mr Speaker, as I mentioned in my contribution during the Appropriation Bill, and I believe that the analysis of the Honourable Financial and Development Secretary of the situation that exists in UK is one that only scratches the surface of the magnitude of the problem that exists in UK and other economies. But I believe that in Gibraltar,

within our own limitations, we have got a potential that very few economies in Europe enjoy. I believe that we can, if we are capable of using the opportunity that being involved in the political arena as representatives of the people of Gibraltar, if we use that opportunity to give a leadership to the people of Gibraltar in a particular direction, we can create an economic situation where there is a plan of consistent long-term expansion of our economy producing increasing wealth every year and giving people what they naturally aspire to in terms of improving standards of living. I believe it is possible to do that, and I believe that we should be attempting to do that instead of attempting to score debating points or worrying about who wins the next election, because quite frankly unless we are all able to collectively devise a method of salvaging Gibraltar's economy, it does not really make much difference who is sitting on that side of the House after the next election, because we are going to be faced with exactly the same problems and with the same non-solutions that we have seen up to now.

In saying this, Mr Speaker, I am not subscribing to the idea that Gibraltar is bankrupt. I think it is important because sometimes one tries to express things in the House, Mr Speaker - I try to be as non-technical as I can whilst sticking as far as possible to the area that I know best, which is where my presence in the House can be of use to other members - but I think if we look at the situation of the Government's finances, there is no doubt at all that the criteria for what is a sound financial position, or what is a sound economy, have never been objectively defined in this House of Assembly. They have not been objectively defined because we had a situation in 1972, and it is not that I want to go back and rake up the past because I think that is a total waste of time, I think we have had a lot of unnecessary confrontations in Gibraltar, unnecessary because what was achieved by confrontation could have been achieved without it. Necessary at the time because there seemed to be no other way of doing it, but I do not believe in digging up the past because we should be looking towards the future, but I need to go and make references to some of the things that have happened in order to illustrate what I want to say.

In 1972, Mr Speaker, we had a situation where there was £1.25m. in reserves, the same as we are budgetting for a year hence. But, at that time, a wage increase which was estimated to be in the region of £100,000 was considered to be an intolerable burden for an economy with an expenditure of £5m. and reserves of £1.2m. Today, we are seeking in our Estimates a wage increase of £1.5m. with an economy that spends £27m, and with reserves of £1.2m. The inadequacy of the reserves played a vital role in the judgement of the

Government at the time which thought that it was necessary in Gibraltar's interest, they must have thought so, to risk a general strike rather than touch those reserves.

Obviously, somebody must have been saying to the Government that to touch those reserves was to risk destroying the economy of Gibraltar, because certainly to go into a general strike was to risk destroying the economy of Gibraltar and on balance it was preferable to go into a general strike than to touch the reserves. Today we face a situation where we had £89,000 theoretically in reserve, because the House may well recall that the £1m. of unpaid bills that now do not appear as a minus quantity used to appear as a minus quantity in the old days. That is in 1972, when we were talking about £1.2m. in reserve, we meant £1.2m. in cash; there might well have been £1m. of unpaid bills, but we did not bill through the accounts until they got paid. Today we are talking about £1.2m. in reserve of which £1m. consists of IOU's. I am saying that I still do not think that the economy is bankrupt.

I am saying that because I think it is important to realise that we are talking about a way of presenting statistical information, a way of presenting a financial statement. I cannot do now to the Honourable Financial and Development Secretary what I did in my first budget in 1973, when I was able to dissect page 5 and replace it with a new one which made more sense than the one I had replaced. I think he takes a very thorough look at the figures before he brings them to the House and it is difficult to fault him, I have recognised that, Mr Speaker. I regret it a little bit because I used to enjoy doing it! But it is possible, for example in the case of the funded account to do things a different way. It is not that the way that it is being done is indefensible, but a different way of doing it would produce a different result. For example, if in the case of the capital expenditure those funded accounts actually raised the capital themselves and funded the capital over the estimated useful life of the assets that were being bought, then the effect in terms of capital repayments and interest charges would be different from one where in fact the interest charge is clearly a short-term rate since it is based on the interest rate on the Consolidated Fund. It would be long term rate for capital, yes, which could on certain occasions be low, because we have had situations where the overnight money in London has been at about 14% or 15% when you could have borrowed long-term money for 10%. Even today, with the great improvement that there has been in the presentation of the accounts, and in the rigidity, shall we say, with which the figures are prepared, it is possible to produce slightly different results, but not ones that will make massive changes. But, of course, when we are

talking about the funded accounts, what we have done effectively is to move away from notional figures to real figures, the main benefit of which has been that whereas in the past we used to have an estimate at the beginning of the year of what we anticipated would happen in the forthcoming 12 months, we had not got the faintest idea at the end of the 12 months what has actually happened, and what we were being asked all the time in this House to take decisions on estimated figures without any knowledge of the real figures. That situation has been corrected, and the fact that it has been corrected means that the House is in a better position to judge to what extent the different services are being charged to the consumers.

I never accepted that it was valid to use the notional accounts - it is not quite true that I never accepted, Mr Speaker, I accepted it in the first budget in 1973 and I had a lot of people who reminded me of it for very many occasions afterwards. In April 1973 the Government introduced increases in electricity charges which they said were required because it was necessary statutorily to balance the different municipal notional accounts and my reaction, perhaps rather naively, was that if it was a statutory requirement then as a legislator I could hardly urge the Government to break the law and that, therefore, I should support the increase in the electricity charges and I remember that I said, that if the Government had no choice but to raise electricity charges then at least I wanted to congratulate them on the fact that they had done it in as socialist a fashion as possible by putting the burden on secondary units etc. I had to very quickly retract that due to party discipline when we came to the vote!

MR SPEAKER

Will the Honourable Member be very long?

HON J BOSSANO

Yes, Mr Speaker.

MR SPEAKER

Then, perhaps we might recess for tea.

The House recessed at 6.05 p.m.

The House resumed at 6.30 p.m.

HON J BOSSANO

Mr Speaker, I was referring to the situation in my first contribution to the budget in April 1973, which as I pointed out, bears certain similarities, and to the position on the accounts which at the time were being used as sufficient in themselves to justify increases in the charges for these specific services. That approach has been repeated by the Financial and Development Secretary in today's budget. In fact he has said that we should not talk about the increased charges for electricity, water, telephones, rents, as revenue-raising measures. I think that whether one wishes to make these services pay for themselves, and I am not sure that that is the best way of describing what is happening, or not, requires a policy decision and, therefore, it is not true to say that these charges have to be increased because there is a requirement that they should be increased. They have to be increased because the Government announced last year that it was their policy that the cost arising in providing these services should be passed on to the consumer of those services and that this should be done both in order to recoup the additional costs that are bound to arise every year and also to eliminate the shortfall between revenue and expenditure as regards these services that had existed in the past and that the elimination of this shortfall should be done in stages. Let me make it clear that the situation is not and has never been, as might perhaps appear to have been indicated on occasions by the way it has been put, that there arises a need to make these services pay for themselves now because our wages now in Gibraltar are in line with UK wages. That is not the case. What could well be the case is that in the absence of wages being at the level that they are it would have been impossible for the Government even to attempt to bring those charges up, and I think it is important to realise that we are not talking about cause and effect, we are talking about something that perhaps the Government might have wanted to do previously but felt it could not do without putting an intolerable burden on consumers given the level of wages that existed in Gibraltar.

The accounts that we have for these services, as I mentioned, are an improvement on the old notional accounts to the extent that they show us the on-going position in terms of income and expenditure from one year to the next. But in terms of treating the services as quasi-commercial enterprises, there is, of course, still a very significant

difference between the accounts that we have here and the accounting policies that would be adopted by a commercial enterprise. And the most important difference is, of course, the absence of a balance sheet. And that brings me back, Mr Speaker, to what I said initially when I said that notwithstanding the very obvious difference that there is between the reserve position in the context of the size of expenditure today and the reserve position in the context of expenditure, say, seven years ago, the reason why one cannot really talk about the Government being bankrupt is because all that we are talking about, when we are talking about cash reserves and revenue and expenditure is the liquidity position of the Government. That is what we are talking about. No firm, either in Gibraltar or anywhere else, would consider itself to be near bankruptcy if it had a situation where it had millions of pounds in fixed assets which was not on the balance sheet covered by millions of pounds of debts that it could not service. Liquidity problems only give rise to bankruptcy, from the little that I know about this area, when in fact the adverse cash flow, the fact that expenditure exceeds revenue, produces a situation where the servicing of debts becomes difficult and, therefore, the people that have lent money to that enterprise feel that although there may be a collateral, there may be assets backing that debt, the fact that the debt is not being financed and the interest payments are not being met, or that the capital repayments are not being met, makes them think that they are in danger of risking the money that they have lent and, therefore, they call in the Receiver and put the assets up for sale.

That is what most people would understand by the word bankruptcy, and it is important that the people of Gibraltar should understand that that is not the situation facing the Government.

HON CHIEF MINISTER

We have the ability of raising funds in order to meet them but on the other hand, unlike a Company, they are not realisable assets because if you realise the asset you cannot give a service.

HON J BOSSANO

Well, that is true, Mr Speaker, also to a large extent in most businesses. If you are having a business that has got fixed assets which are the assets that it is employing to produce the income of the business, if it sells the assets, he goes out of business. That applies equally to

businesses, but in fact the Government is trying to realise some of those assets. Its attempt to sell houses is precisely an attempt to realise some of its assets. This situation is one where, if we look at what the Government provides in that sort of context, and there may be some merit in terms of a long-term economic plan for Gibraltar in exploring different ways in which public ownership of assets can be best utilised in order to ensure that the Government is not constrained in the room that it has to provide services for the community, by certain rules which apply in public accounts but which might not apply in private.

Let us look, for example Mr Speaker, at the situation that is likely to develop in the new venture that I hope will get off the ground very successfully, the Gibraltar Quarry Co. I imagine in that Company the system of accounting that will be used will be the type of accounting system where the equipment that the company owns will be shown in the balance sheet, whereas if it was being done as a Government service one would have no notion of precisely what assets are being employed in that business, what state those assets are in, how near they are to being totally depreciated, how close they are to having reached the end of their useful life, and there we may well see in the future, I imagine, the accounts of that company coming to the House for information, if for no other reasons. There we will see a distinction in the treatment of assets from what we see today where we really have no notion at all in terms of the equipment that is used by the Electricity Department, the Telephone Department, to create the wealth that keeps those enterprises going, we really have no notion of how much of that equipment is new, how much of it is old, how much of what is old is near the end of its useful life, and so on. That different treatment would be a very useful thing for the House to look at when the time comes.

I am really only making references to this, Mr Speaker, because I think it is important to illustrate that when we are talking about the difficult financial position of the Government we are talking really about the difficult financial position of the Government in terms of having a number of bills to meet a projection for 1979/80 - that it has a number of bills that it expects to have to meet, it has a given amount of revenue that it expects to receive and the estimates indicate that the bills that are going to be coming in are in excess of the revenue it expects. What it is doing is introducing measures which they hope will produce the revenue that they expect to need. In doing so in this area this year there is an additional weakness in that by moving more into the area of indirect

taxation, by relying more on indirect taxation, they are entering into an area of estimating future yields which is far less reliable than that of the past, and that is implicit in something the Honourable and Learned the Chief Minister said on page 3 of his statement. He said, referring to the measures that will affect non-essential items of expenditure of different kinds: "at one extreme there are the luxuries of cigarettes, alcoholic drink and gambling", he said he did not need to spend much time justifying the increases in those presumably because one could hardly argue that it is desirable to encourage either cigarette-smoking or drinking or gambling, so that if there is a dis-incentive effect in the introducing of taxation in that area it is not the same as the dis-incentive effect which may stop people drinking water or consuming electricity. But, of course, as he went on to say, he said that the first two in particular, that is, cigarettes and alcoholic drink, are of considerable value to Government revenues, and he said one might almost express the hope that the increase would operate as deterrents. So, of course, if they do operate as deterrents then the Government may have done a great deal to improve the health of Gibraltar but the health of the Government's finances is going to suffer as a result!

I would be more likely to support a Government policy decision that in order to save people's lungs we should tax cigarettes out of existence, than the Government decision that says that if we have got a problem this year we shall just put an extra 6p. on a packet of cigarettes like we did this year, and then we will manage to get over the nightmare of this year's budget until we wake up to the nightmare of next year's budget. Because precisely that was my argument in respect of last year's budget, and I feel, Mr Speaker, that if we are, and I think we are coming closer to understanding the nature of the problem in Gibraltar, which although in fundamental terms is different from the problem that faces almost every Government in Western Europe of trying to devise how within the constraints of a mixed economy they can go on providing ever-improving standards of public services at a rate which exceeds the rate of growth of the economy as a whole. That is the whole debate at the moment in the UK, about the growth of public expenditure which, to some extent, appears sometimes to be reflected in this House of Assembly as I think the Honourable Minister for Labour was trying to point out the other day. This preoccupation with public expenditure, in economic terms, can be reduced to a very understandable translation into an economic model. If we have got in the Government of Gibraltar a situation where there is, if we use round figures for the sake of simplicity,

a £30m. budget, that if the Government is spending £30m a year in Gibraltar, £15m. on wages and £15m. on services, one can come up with a model in terms of the wages side of that level of expenditure and, say, provided the increases that the Government pays its own employees are on average in line with the increases that everybody else is getting in the economy, then by virtue of the marginal rates of taxation those increases do not introduce an additional burden on Government finance.

That has always been true, at least it has been true ever since the introduction of PAYE. It was not true before because there was not a very effective tax-collection system before, but since the introduction of PAYE that has been true, and it has nothing to do with parity because parity is simply a way of determining how we arrive at what is considered to be a realistic wage increase. That is all it is. We can use any parameter that we want to decide what is a realistic wage increase, the only thing is that by virtue of the importance in the economy of Gibraltar of the UK Departments, in my judgement, using the UK level of wage increases is a realistic one because I believe that it would be difficult to move at a faster pace in wages in Gibraltar than wages are moving in UK and carry a UK Department with us.

But, of course, we are left with the other £15m. of Government expenditure, and that £15m does not stay static because the Government as a consumer, the Government in buying goods on behalf of the community, faces increased prices itself and it is not facing an increasing revenue yield to compensate for those increased prices. I think that it is important for people to understand both in the House and outside the House precisely what it is that is taking place, precisely what is the nature of the economy of Gibraltar, so that if we have to be critical of each other, or of the ideas or the policies that different political entities might or might not advocate in Gibraltar, at least we are all talking about the same thing, even though we may be talking about how best the problems might be solved and we might have different ideas about how best the problems might be solved. But the essence of the problem arises that if the Government in 1978/79 spent £15m on goods as opposed to £15m on wages, then they may well find that they need to spend either £17m in 1979/80 to buy the same quantity of goods or buy less goods with £15m. If in fact the Government is mis-spending that £15m if the situation is that there is enormous waste in Government expenditure, then regardless of whether prices are going up or not that is undoubtedly a failure on the part of Government of carrying out adequately the trustee-

ship that it has on behalf of the people of Gibraltar for what is essentially something that belongs to the people as a whole.

If the money is being mis-spent it is the money not of the AACR, not of the people who sit on Government benches, but the money of the whole of the people of Gibraltar. It is immaterial whether they need to raise more money or not raise any money at all in the budget as to whether that is right or wrong. If the Government were to come in a year's time and say, "well, we have now discovered that this year we do not need to raise anything", as the Honourable Leader of the Opposition anticipates because there is going to be an election, if there is waste of public money, it is still wrong, even if they are not raising anything, and it should still be criticised. But I think it is important to distinguish between the argument that is taking place which may be finding an echo here in Gibraltar about the need to cut back on public expenditure per se because public expenditure is expanding too fast, which one hears constantly and reads about constantly, and to say that the Government is essentially mis-spending public money by using it inefficiently, by wasting it.

I am not quite sure what is the essence of the criticism on public expenditure, but let me nail my flag to the mast in no uncertain terms. As far as Government money being wasted I am totally against Government money being wasted because I can think of a lot of things, even though I think we have got a fairly high level of social services in Gibraltar which compare favourably with what is to be found in other places in Europe, I still think that if there is money there that is being wasted it can certainly be put to much better use than simply being thrown about. But if we are talking about cutting public expenditure because it is a bad thing in itself, which is unacceptable to certain schools of economics, that public expenditure should grow, theoretically one is told by these schools of economics, at the expense of the private sector, although it becomes increasingly difficult to swallow when one sees, as I mentioned in my contribution on the Expenditure Estimates, Mr Speaker, 17m people unemployed in the OECD, it is rather difficult to believe that the private sector is raring to go, raring to invest, and is being held back because all the resources in the economies of the advanced industrialised nations are being collared by public expenditure.

Now I do not think that in Gibraltar the Government is in a situation where the level of public expenditure is inhibiting expansion in the private sector, & therefore the essence



of the argument that is being used, for example, by the Conservative Party on their attack on public expenditure, is totally false in UK of course, it is bound to be coming as it does from the Conservative Party, but equally so in Gibraltar, if anybody should be attempting to use it in Gibraltar, and I am not sure whether they are or not.

HON M XIBERRAS

Mr Speaker, if the Honourable Member will give way. I think I have spoken quite clearly about wastage, abuse and so forth. And in fact when it comes to voting monies for social services, I call them loosely pensions, family allowances and so forth, obviously, both myself and my colleagues support this.

HON J BOSSANO

Well, I am very glad to hear that, Mr Speaker. It is quite obvious that the Conservative Party has no representative in the House.

Well I cannot really accuse, Mr Speaker, the Government of wanting to cut public expenditure because I think they have been defending it.

Mr Speaker, in terms of the problem, therefore, that we have in financing future increases in public expenditure, other than through the elimination of wastage which I think is a valid thing to look at, the other way that these increases have to be financed is in terms of ensuring that the growth of the economy proceeds at a pace which will enable the Government to finance the increases that people are entitled to look forward to, because those increases are going to be required in future years, as they are required in this year, even if there are no improvements in services, just to maintain existing level of services. And I think I used the phrase last year when I spoke about the Finance Bill, Mr Speaker, that we seemed to be indulging in a philosophy at budget time of saying the only way in fact that one can proceed in a budget is by robbing Peter to pay Paul. I was not referring to any specific Peter, Mr Speaker!

Now I do not think that that produces results in the long term. I do not think it can produce results in the long term, because in the long term all it can do is produce a diminishing base all the time in the sense that the Government will find that its problems along that particular road is all the time trying to find more and more ingenious ways, now ways, of raising revenue when it reaches a time when it feels that a particular means of raising revenue

had reached the end of the road. And let us make no mistakes about that, that in Government fiscal policy one of the most serious situations that the Government can face is a situation where it does not just have nil returns, it has negative returns. I think the situation for example, Mr Speaker, was one that was pointed out from this side if I recall correctly by the Honourable and Gallant Major Peliza and myself on the question of the increases being taxed on bunkering costs, where we express great concern that the increase in tax instead of increasing dues might bring about a diminished view. Now in terms of fiscal policy, one of the most serious situations that the Government can face is when it finds that whatever direction it is going to go into, the new taxes, or the higher level of taxes, produces less than the old level used to do, because then it really will be facing a situation of bankruptcy, not in terms of not having assets, because I think that that is not really a realistic danger, but in terms of having then to fall back probably on either grant-in-aid, which it obviously does not want to do - and I am not entirely certain myself whether they are desirable or not - but I can certainly take, if I may divert slightly at this point, I certainly take the point made by the Honourable the Financial and Development Secretary that in terms of ODA at least, in terms of the amount of aid which a nation like the United Kingdom makes available to help the underdeveloped, I think it is totally immoral that our recourse to that aid should effectively be at the expense of people whose standard of living is abysmally low, and whose need is immeasurably greater than ours. As Members must surely know, the United Kingdom devotes a given percentage of its gross national product to aid, there is a fixed amount of money allocated for overseas aid, and to the extent that our getting more aid out of that particular source means people who are near starvation having a more difficult time in getting it, then I take his point completely that our case is a very weak one indeed. And therefore, on the part of the Chief Minister of self-reliance I think that when I talk about a long term economic plan for Gibraltar, I am in fact talking in terms of looking towards Gibraltar's long term viability so that we should try and move towards the situation where we are less dependant on UK, not because UK aid frightens me, Mr Speaker, not because I think it is charity, because having been as staunch an advocate of intergration as I have been, I think that the British Government has got exactly the same responsibility for its citizens in Gibraltar as it has for its citizens in John O'Groats or Lands End, exactly the same and without distinction.

But if we can in fact do more of our own things ourselves



by planning our economy better and by generating our own wealth, and that means that some of the money that might come to us will go towards more needy people elsewhere in the Commonwealth, then I think it is a good thing that we should do it.

But to get back, Mr Speaker, to the point that I was making. It is in terms of the possible difficulties that the Government will face in the future, and I think the Government has already pointed to this itself, I think, in the opening speech at the beginning of the session - I am not sure whether it was the Financial Secretary or the Honourable and Learned the Chief Minister, who said - I think in fact that they both pointed to it - I think the Honourable Financial Secretary pointed out the gap between recurrent revenue and recurrent expenditure had been one that was on the increase and projected to continue to be on the increase. He pointed to figures over a number of years and said that the gap between recurrent revenue and recurrent expenditure was increasing. And I think the Honourable and Learned the Chief Minister mentioned that the projection for 1980-81 and subsequent years was again that there would be anticipated shortfalls in terms of revenue and expenditure. Now, I have no doubt at all myself that a great deal - well, perhaps a great deal is laying too much emphasis - certainly, part at least of this year's problems arise out of the fact that we have again this year failed to spend ODA money.

Of that I have no doubt at all, Mr Speaker, and I have no doubt at all that the problems that we have had in the past where, because the reserve position was greater, perhaps the dramatic needs to spend the money that we are getting was not made so clear in the minds of all of us as it is bound to be made today, although we have been, as the Leader of the Opposition pointed, we have been drawing attention to this almost since the beginning of the Development Programme, in the previous Development Programme. And pointing out to the fact that the Government was not only by failing to spend that money, not only failing to provide the level of economic activity that was required, but in fact making life more difficult for itself when it next went to the United Kingdom to ask for aid, because it is rather difficult I would imagine, Mr Speaker, to persuade Her Majesty's Government that we require £14m this time because we failed to spend £8m the last time.

I recall, Mr Speaker, that in the previous House of Assembly, when we had the arguments being produced about slippage before we had the crash Development Programme, one of the things that was said which has not in fact been repeated since but which I felt was absolute nonsense at the time,

and I asked I thought for an approach in the analysis of that situation which to my knowledge still has not been adopted but I thought it was a sensible way to look at it, we were being told at the time, the argument is not being used now except perhaps in a slightly different context by the Minister for Public Works when he talked about the ability to get the plans out for this term contract which I will deal with in a moment. The argument was being used then, Mr Speaker, that the reason why we could not spend more money on the Development Programme was because of the danger of overheating the economy, and of creating an inflationary spiral.

Those were also conservative arguments, incidentally, but I am sure that an analysis now will show that their validity in fact is very limited. I doubt very much whether their validity is really sound elsewhere, Mr Speaker. I have never been able to understand the economic thesis upon which this is based, but I can assure the House that we do not generate inflation in Gibraltar by means of overheating. We do not generate inflation in Gibraltar by means of overheating the economy for a very simple reason, because we have got a way of determining wages in Gibraltar which is almost unique, in that the whole wages structure of the whole of the labour force is channelled through a single union which negotiates similar wages for everybody, and we do not have a situation where there is competition for labour and the beating up of price of labour. So that does not happen in Gibraltar's economy.

We were being told then that it was impossible to increase the tempo of the construction industry, the tempo of expenditure on capital project, because of the limitations of the capacity of the industry. But nobody on the other side of the House could say what was the limitation in physical terms. I remember asking that for a number of years and I remember not getting an answer and I do not know whether now that we are talking about economic planning and input output studies somebody has got round to reading those Hansards and that is also included in the exercise that is going to be done. If that concept is still floating about anywhere in the inner sanctum where decisions are taken then the exercise certainly requires to be done. It certainly requires to be done, Mr Speaker, because it is nonsense to talk in terms of a capital works programme about the limitations on our capacity to carry out a certain amount of work and measure that amount of work in money. It has to be measured in volume. If there is a limitation we may say right, Gibraltar can only build 200 houses a year, or 100 houses a year, or 500 houses a year, but it is absolute nonsense to say Gibraltar can only build £2m worth of houses a year because I know of a house in Gibraltar that cost £140,000 and I know a house in

that Gibraltar has cost £14,000. And if we say that Gibraltar's capacity is limited to £2m worth of houses a year, what are we saying then, that if we build 20 houses of £100,000 each that is it, we can only build 20 houses in that year? Well, that is nonsense. The houses may cost £100,000 because they have got golden bathroom taps, and, therefore, if we are going to talk about capacity in the industry, the capacity must be measured in volume and not in money, and I made that point two or three years running Mr Speaker, in trying to persuade the Government that more could be done in expenditure on the capital work side, and I did not get any answers.

Now, if the Government is approaching the situation more rationally, and I am encouraged to think that it is, than it did, then I believe it is more important to be hopeful for the future than regretful for the past, then that sort of argument in terms of planning must continue, the Government I would hope will take my words to heart and must ensure that any limitation in budgeting for expenditure on capital works will be limited to looking at what is possible to do with a given size of labour force in the construction industry and not limited to quantities of money.

The Government this year, Mr Speaker, is putting in the estimates £7½m for the Improvement and Development Fund. Last year, Mr Speaker, I said - on page 297 of last year's Hansard - "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". Again I say to the Government that if they actually succeed in spending that £7½m then I have no doubt that the outcome of Government revenue will be considerably healthier than the figures in the Estimates, but I think the Honourable the Financial and Development Secretary is wise to act on the assumption that it is not going to spend and estimate accordingly.

I would have thought Mr Speaker, that if the Government has difficulty in spending the £28m of the 1978-81 Development Programme, then commonsense would dictate that at least the unspent money should be predominantly the money we have to find ourselves unless there is something in the agreement with the ODA that we can only spend as much of their money as we spend of ours. I am told there is not, well, then I would have thought commonsense would dictate that and, therefore, coming to the term contract for the maintenance programme which we are paying for ourselves, the non-spending of that money, of course, it is not the disaster that the non-spending of ODA funds would be. There is a serious reason why it is desirable that that money should be spent and that is because the cost of that maintenance

will keep on going up for two reasons. It will keep on going up because the properties will deteriorate the longer the work is left undone and what might have been minor repairs will become major repairs and the cost of doing those repairs will keep on going up year after year. Let me explain to the House, Mr Speaker, why it is that the Gibraltar Government section, that is of the Transport and General Workers' Union that represents the Government industrial employees, and I am flattered by all the appeals of the Minister for Economic Development to me personally to do something about the term contract, but let me make it quite clear that I am not trying to shed responsibility, I personally, am also against the term contract, but even if I were not, people who count are against the term contract, Mr Speaker, because they have experienced, our Union has experienced, in the Property Services Agency, the use of term contractors to bring about a displacement of directly employed workers, that is the essence of the fear of the use of a term contractor because a term contractor, Mr Speaker, is not contracted to do a specific job and that is the essential difference, a term contractor is contracted to do any job that the Government chooses to call it for and therefore a term contractor might well be called to repair a leaky tap as opposed to a plumber from the Public Works being called to repair a leaky tap. That is what the term contract does, it is a contract for a given volume of work which is valued at a given sum of money. DOE, for example, puts out a £1m term contract and the term contractor does not know what it is going to be doing for that £1m. It knows that if it is required to replace a shutter in a house it will charge, say, £50 and that if it is required to repair a leaky pipe it may be paid £20, and if it has to put a washer in the tap it may be £5, so what it agrees is the price for specific jobs but it does not know at the beginning of the contract which job he is going to be called upon to do. So essentially the term contractor is a privately-owned Public Works Department. That is what it is, and that is why the Government should stop wasting printing ink by putting down term contracts year after year in the Estimates because there is not the slightest hope of it ever seeing the light of day.

However, Mr Speaker, since that is the root of the opposition of the term contractor, if the Government has got a block of flats somewhere in any Estate in Gibraltar that is in a dilapidated condition, and let me assure the Government that it has got more than one, then if it wants to put that block of flats out to a contractor to be put right, there is nothing to stop this being done.

HON A W SERFATY

There are technical difficulties here, and that is that it is very difficult, if well nigh impossible, to know what has to be done, for example, to a roof unless you start removing tiles and boards etc. That is the difficulty of putting what is mainly, when we are talking of term contracts, repair to roofs out to tender. That is the difficulty.

HON J BOSSANO

I am sure that those difficulties can be looked at in the proper forum by the people who have got the authority to take decisions in this matter on both sides, on the Government side and on the Union side, and there is no reason why the Government should not find co-operation in overcoming those difficulties. I think it is important to know that the term contractor in the terms that I have explained, and as a term contract is being used in DOE, in my estimation, and I think I am close enough to the people concerned to be able to make a fairly accurate judgement, that is out, Mr Speaker, and I think there are very valid reasons why it should be out.

Mr Speaker, I believe that the Government, as the Honourable Minister for Labour has mentioned, has made a very significant move into an area of localised productivity agreements, the so-called JPC's, which could well transform the nature of its problems in terms of financing the workload of the Public Works Department. I have no doubt at all, again, because I happen to be close enough to the people who have to take decisions on this matter, I have no doubt at all that the Government's chances of success, if it really has its heart in pursuing the potential that exists there, are very high because I believe that they will get the full co-operation of those concerned. But, of course this, Mr Speaker, will make, I believe, the Government's problems in financing recurrent expenditure easier, and it may well provide an answer for a number of years, but the fundamentals of the situation, the fundamentals about the size of the economy, the direction in which the economy moves and the leading role that the Government should take in planning and controlling the economy of Gibraltar still remains.

I know that it is difficult to do anything other than come to terms with an immediate problem when one has to budget for the next twelve months at the beginning of the Financial year. I am not trying to minimise the size of the problem that the Government faces when it has to sit down and do

numbers and say to itself "Well, I expect to spend so much money on books, and so much money on medicines, so much money on bandages, and that money has got to be found". But the time must be found after the budget is over to get to grips with long-term solutions to the problem. A great deal of that, the Government must understand, the Honourable and Learned the Chief Minister must understand, must of necessity reflect a political ideology, an approach to how an economy should be run. I have in the past on more than one occasion pointed out to the Government what I thought were errors of judgement, at times using very hard language indeed, saying that the Government was not in fact guilty of errors of judgement but of deliberately cooking the figures in order to strengthen its hand in negotiating positions, but if we limit ourselves to errors of judgement and no more than that, and I do not think that it is in anybody's interest to return to the days when most of the time of the House was taken up in accusations and counter-accusations instead of in solid work for the benefit of the whole of Gibraltar, if we limit ourselves to the question of errors of judgement, let the Government have no doubt that as in the past I will continue when I think that something can be done better in another way to suggest how I think it should be done. I believe that it is not enough to say that the Government is wrong in what it is doing, it is also necessary to say how one would do it. But the alternative that Gibraltar needs is a much more fundamental one than that. The sort of advice that I can give to the Government has to be limited to advise as somebody who knows something about the area of finance and economics, of saying "Well, if I were your professional adviser, I would be advising you slightly differently", and it may well be that I may have noticed something that has escaped the eyes of the others. That, Mr Speaker, I have tried to do conscientiously in the House of Assembly since I arrived, and I will do it whoever is on that side of the House, and I say that because I do not really expect to be there myself for quite some time!

That possibility which perhaps may not be more than a glimmer in the horizon of a well-planned socialist Gibraltar, where the working people can confidently look forward to improving and continuing standards of living without the annual hustle of where to find the money to provide it, I believe that may be no more than a glimmer in the horizon at the moment, but I believe that it is indeed the only possible long-term solution, not only for Gibraltar, but, indeed for the whole of Western Europe.

Thank you, Mr Speaker.

HON MAJOR F J DELLIPIANI

Mr Speaker, the Honourable Mr Bossano hinted at one time or other during this debate that he had the solution to the future economy of Gibraltar and, of course, his solution is based, and I respect him for that, on pure socialist ideas. But one must face realities in this world that we are living in, and even in the United Kingdom where there is such a huge labour movement with the TUC, people do not vote for socialist ideas. We have to change the views of the people; and until we do that no matter what legislation we pass in Gibraltar it will not work because the majority of the people do not think as socialists do. Until we solve that problem we cannot solve the future economy of Gibraltar.

The other point touched - and I am not hitting out at the Honourable Member - is that he mentioned that the PSA/DOE have managed to introduce term contracts, he mentioned the figure of £1m and they have got away with it, but this is UK money, not our money, and yet he will not allow his section to be able to improve our financial expenditure by allowing term contracts in our own situation.

HON J. BOSSANO

I am afraid the Honourable Minister misunderstood what I said. I said that the PSA/DOE had introduced this very many years ago and that the result of that has been a reduction in the numbers employed in DOE from something like 850 to something like 600. With that experience, I can assure you, that not only will nobody else introduce another term contract in Gibraltar -, but that PSA will not have one for much longer.

HON MAJOR F J DELLIPIANI

But this is counter-productive to another argument that the Honourable Mr Bossano brought up and this is the proportion of how many employees should be in Government and how many employees should be in other sectors of employment. And if we put everything into term contracts, or just about everything, the level of manning employment in our own Government would be lower so, therefore, our spending would be less and we could recuperate from other sources. That is one point.

The other question is, I know that there are negotiations on Job Price Contracts, but you must be very careful how to deal with this, because from my experience if you say the

Public Works Department has 30,000 requisitions a year, and it is only managing to do in that year 15,000, it does not mean that if you do 18,000 this year you are going to get so much money. What must be really looked at is whether those 15,000 in a normal working day could not have been 20,000, and then the other 10,000 could be passed on as productivity bonuses etc. So we have to talk in normal terms, what is a normal workload for a day, how many requisitions a normal person without being a slave should do, not look at past history where I know cases of one requisition a day. That must be borne in mind in the negotiations between the Union and employers. Not to look at records which have been bad records but to really look at it realistically and then I am sure we can come to terms. But to talk of old requisitions and what gains can be made that can be made, that is not the way to approach a Job Price Contract realistically, if we want to save on expenditure and if we want to get through our volume of maintenance.

That is all I am going to say. Thank you, Mr Speaker.

HON M K FEATHERSTONE

Sir, last year at budget time we were in the throes of introducing parity and everybody said that they were not fully sure what parity would bring, what its problems would be and how it would work, but they all had confidence that it would work and they hoped that in its working it would bring many benefits to Gibraltar. I think one example of how Government itself was not sure how parity was going to work was that in the Estimates last year they put some £7.5m for the back pay and the actual figures worked out to £8.25m. So there was a 10% error in the actual forecasting of how parity was going to come about. Parity did bring with it a great number of benefits. It brought approximately 50% wage increase which in real terms, in improvement of standards of living, was some 30%, and a fair measure of money was injected into the local economy - all of it because some of it went into the economy of other nations, people going away on holidays, people going back to their homeland and taking money with them, but a good measure was injected into the local economy and I think that there is very little doubt that the last year has seen a boom time for the actual local economy as such. But it has been, to some extent, a lean time for Government. A lean time for Government because the simple formula that the Honourable Mr Bossano has mentioned, and I think some other member on that side has mentioned, that if you have so much of the labour force and so much marginal rate of income tax then it is all self-financing, has not seemed to

work exactly as we would like it to have worked and we have had to finance some of the cost of parity by running down our reserves in the Consolidated Fund.

It is not a question of mismanagement, unless you want to put mismanagement at the door of certain people in the UK where they give a wage increase of say 20% this year, and 20% promised for next year, and since we are beholden to parity, need to follow suit. If that is classified as mismanagement in the UK then we would be guilty of the same, but I do not think it is such a thing at all. So the situation this year is that with our parity of wages working on us we find that our revenues are not really sufficient to balance out our budget and also leave something in reserve.

I would like to bring up the point that the Honourable Mr Xiberras made about the Honourable Chief Minister's approach to Britain for some help in specific areas. I think we have a far better chance of succeeding in our request to the UK if we say, "If you give us this money it will go to boost our reserves", rather than as the Honourable Mr Xiberras suggested, we would not have put our hands so deeply into our pockets if the UK was going to give this money to us. I am sure they would look at it much more sympathetically if they know we have put our hands into our pockets, and deeply, to help pay for our day-to-day lives, and that any assistance they might give us was only going to boost our reserves, something which is rather dear to their hearts and something which I think they would take much better than subsidising us on our normal day-to-day work.

Another point which was mentioned by the Honourable Mr Xiberras was what effect these different measures were going to have on our cost of living and he was told that the Statistician had worked it out to approximately some 3%. Well if we have had a 30% improvement a 3% drop is not such a great drop when you consider the drops that they have had in the UK over the past two or three years. But we have put in our budget one item which allows for a 10% wage increase, so that this would mean that on balance at the end of the year, even if there were to be a 3% rise in the cost of living people would still be 5% to 7% better off. So I cannot see that there is very great justification to throw one's hands up in horror and say that all these measures are going to push up our cost of living and stoke up inflation.

I would like to refer to one of the points made by the Honourable Mr Xiberras in the very last part of his intervention, in which he spoke about the Garage at the

Varyl Begg Estate. There seems to be a little reassurance of apprehension about this garage and I would like to take this opportunity to allay this apprehension before it gives rise to anything that really worries the people concerned. We have it from the Fire Brigade that the danger from storing petrol at the garage is absolutely infinitesimal. As far as they are aware nowhere has an underground tank of petrol ever caught fire anywhere in the world, and I think that there is no reason why an underground tank in Gibraltar should suffer any different fate to anywhere else.

I would also comment that there is a certain worry about pollution, and we have it from the Chief Public Health Inspector, that he cannot foresee any danger of pollution whatsoever with the garage there. After all, there has been a garage in that area for a very long time and it has not given rise to pollution worries. There is our present Public Works Garage next door to a Services' School, very close at hand, and again there is no pollution trouble. So I do hope that both these points go a long way to allay the worry that is in certain people's minds.

I would agree with the people who are a little worried about heavy lorries and traffic on Varyl Begg Road, and I think I can say with a fair measure of certainty that the entrance to the garage will not lead from this roadway that it will be situated somewhere else where it will not affect Varyl Begg or the Varyl Begg Primary School children at all.

Now to turn back to the question of some of the measures in the Finance Bill. These measures obviously are not pleasant and no Government is happy to put on taxation but they are still measures which leave us considerably better off in many instances than the United Kingdom. For example our cigarettes will go up approximately 6p a packet, to around an average of some 53p. In the United Kingdom they are about 60p a packet. Our bottled whisky will also go up but it will still be considerably less than in the United Kingdom. Our car licence will go up but it will still be considerably less than in the United Kingdom where cars are paying some £50, although I do understand there is a scheme eventually to remove car tax in the United Kingdom and put a whacking great amount on the petrol. Our TV licence will still be less than in the UK. Our import duty again in many instances is less than the UK, especially on the luxury and semi-luxury items which often in the UK attract figures between 20%, 25% and 30% import duty, and then VAT on top of that. Although our petrol, because of the difficulties in the small quantities supplied, is expensive as petrol, the actual tax on petrol again is lower than in the UK.

Much of the thinking behind the different measures of taxation that we have put, that I have just mentioned, are



based on the thinking that if you want these luxuries, then perhaps you should be expected to pay for them. If you want to drive your car round and round the Rock on a Sunday, although today it is getting a bit difficult with the amount of cars that are on the road, well, then, you must face the cost of the petrol. The number of people who really need to use their cars as a measure of day to day work, except for the gentlemen in the Public Works who get a mileage allowance, is really rather limited.

The Honourable Mr Bossano mentioned that we have £7½m in the Improvement and Development Fund and if we spend it this year, well, we would have done a jolly good job. I do not hope we spend £7½m because £1m of that is the amount we have reserved from the Varyl Begg Estate and I hope we do not have to pay them, because I cannot foresee that they will have put all the roofs right before the end of this year, although we are going to do our best to see that they jolly well get started. So that leaves us £6½m, and if everything goes reasonably well, I do not want it to go wonderfully well, reasonably well, we are going to spend if not that whole figure a very good figure approaching it. Obviously, to come back to the Public Works Garage, if we were to have to re-site the Public Works Garage, and put back everything another three to six months, this would put back the Comprehensive School again and there would be tremendous slippage, we might even lose it. So I do not think we want to press this question of the Public Works Garage going anywhere else, it is quite satisfactory where it is and we hope to get on with the Girls School, starting work some time this year in October.

I do not think over the three years, with the greatest amount of honesty, I can say we will spend £28m because some £10m of that was intended for electricity and water development; new generators, new distillers etc. This is still very much under study and I do not think we will come to any conclusion for some six to nine months, which means that even if we were to go ahead with the schemes, and the schemes come to some £10m, we would not spend it all in the next year or so.

I am happy that the Honourable Mr Bossano has brought up the question of JPC's. As I have already said we are doing our utmost to see that these should continue and really give fruitful results, but as I believe the Honourable Major Dellipiani said, we must have reasonable basis on which to work and not start from a minimum basis, because then we are only going to kid ourselves and not really get anywhere.

I am sorry that the Honourable Mr Bossano still feels that we have not got a chance whatsoever of a term contract but

perhaps even his rather diehard thinking on this may change, it has I believe changed a little bit in this intervention in which he said that if we were to put it on to specified things, then perhaps it might be more acceptable. If we do come to any ideas along that, and we are quite willing to consult the Unions on it, I would give the guarantee now that this would be on specialised work, especially what we call backlog or heavy maintenance. It is mainly doing roofs, although we might not be able to take a specific estate, we might be able to take a number of houses over a varied area especially some of the older houses, pre-war houses, and say the repair of these roofs would be the items actually covered by such a term contract. It would not be a case of saying "please go and put a washer on a tap" or anything like that. That would still be done by our own PWD Maintenance force and there would be no difficulty that the PWD force would be cut down, as I believe have occurred in the DOE because of the term contract.

The PWD force is already fully extended and we could guarantee, and I am quite willing to stick my neck out on this, that we would not make any cuts or redundancy or anything like that.

HON J BOSSANO

I note what the Member says that the PWD force is fully extended and yet he seems to have doubts about that being a suitable basis for JPC's development. If they are fully extended, surely they must be working the full 40 hours.

HON M K FEATHERSTONE

Well, they are fully extended in so far as they are producing a measure of work which is not unreasonable, but obviously you can always produce a lot more by really taking your coat off and getting down to it at all hours of the day and night. So that where there is any strong incentive, and especially a cash incentive as we have seen at various places, they are willing to do more than the normal.

On the Bill itself, the increase in electricity obviously is justified, it is not a case of mismanagement, it is simply a case in most instances that the cost of oil and the cost of spares, have gone up very considerably and these have got to be faced.

On the question of income tax we have made what we consider



to be a reasonably good package deal. It is a deal which perhaps in some instances will be a half-way house. As has been seen we have cut out the Children's Allowance for the second and subsequent children, and it is our thinking that possibly in the future we will cut out the Allowance for the first child and give Family Allowance for the first child all the way through. This would in the end bring us closer to the ideas that had been put forward by the Honourable Mr Bossano I believe, and which is what is appertaining now in the United Kingdom.

The changes in the different rates of tax in the main affect the higher incomes, not so much the middle incomes, but we have as we have always said, looked to the larger families and we intend, and we are giving them, a measure of relief by the new Family Allowance at a higher rate so that as can be seen from the figures that were circulated, even if you are getting £10,000 a year and you have four children you are some £300 better off. This, I think, has been done with a social conscience and I do not think really anybody can basically say that it is not a move in the right direction.

The Gaming Tax: well, if you want to put it in percentages it is a tremendous increase on Bingo but if you want to put it on actual money terms it is 1p on a ticket. And I think that if people can afford to spend fairly substantial amounts of their income on Bingo they can afford the odd penny or two that the Government is now asking for it. And the same, I think, with horse racing. In fact where I live there is a betting office. It seems to me very well patronised, I patronise it myself for the Grand National although I am unsuccessful, but I do not think that the persons who are trying their luck and seeing if they can beat the form are going to worry very much that the tax has increased a little bit more. In fact I do believe they do have a system under which you take the tax out of your winnings if you so desire so that as far as some people are concerned it will not affect them at all.

The taxes on alcohol: I have mentioned this already. I think if you want a drink, and I enjoy a drink occasionally and I believe my friend the Honourable Major Peliza does also, well we have to pay a little more for it but it works out, as they have said, for a bar, allowing for a slightly higher margin of profits to the bar-keeper, at 2p a tot I do not think that is going to kill anybody.

The tax I believe has not been increased on cigars and tobacco, and the fact that the Chief Minister and the Financial Secretary smoke such tobaccos had nothing to do

with the thinking of Council of Ministers when they came to this decision.

On the question of water I have already said that we do believe that there should be a measure of subsidisation on the water supply and I have already commented that the majority of persons use less than 4,500 litres a month. I gave a breakdown that we had taken some sixty flats at random and whilst I was listening at one of the interminable speeches on the Appropriation Bill I did a further calculation of all the flats at Glacis and definitely the figure is below 4,500 litres on the average, in fact, over the whole of the Glacis area it is considerably lower than that, it is somewhere around 35. This will mean an increase of some 35p per week, £1.25 per month, part of it is a slightly higher meter charge and this we feel is a little bit of safeguard for the Government against areas where we understand some people may be using what is known as the "drip" system by which you allow your tap to drip into a bucket and the meter, however good it is, cannot register it, so we will get it back as meter rent or at least we hope so. As I said, these people who are below the 4,500 litres are going to get their water at the price of 90p per ton when water costing is something like £3 odd per ton they are pretty heavily subsidised and I think we have done a great deal towards helping the families of Gibraltar in the water situation. I appreciate the kind words that have been said by the Honourable Mr Xiberras that we have managed to get the losses down from some 30% to 28%. My department as I have said before and I will repeat, is very aware of the situation of water losses, they are continually testing and continually seeing that the losses should be as low as possible and, perhaps, the two members of the Opposition who resigned from the Water Committee would be happy to come back to it because I shall shortly be approaching them, asking them to come back now that I have got the results of the night testing that was promised for one area and they could go through it and they could perhaps come back and we could get the final working out of the report on the water situation. The Honourable Mr Xiberras made a little fuss that the telephone service does not give service and yet I am astonished to see how at least the telephone outside in the ante-room of the House of Assembly seems to be used very considerably by different members of the House, not to mention members of the Opposition, so at least they are getting some service after all. The question of renewing 60% of the lines, I think has been taken a little bit out of context because from 1972 to 1979 there was a considerable increase in the number of lines available and obviously the newer equipment that came in made the other equipment which was working reasonably satisfactorily appear to be a little obsolete

and therefore one says that one would like to change completely over to a new type of equipment but this does not mean to say that the other equipment is not giving good service and I think, in the main, the telephone service in Gibraltar is as good as most areas. So, Sir, all in all, we are providing a package of different measures of taxation none of which are going to bankrupt anybody, none of which are going to bite so hard that people will have to go on supplementary benefits. Even the gentlemen who are on pension are not doing too badly when you consider that their pension, I understand, is going to be increased by 20% and it is a tax-free pension so that they are really able to meet up with these, in the circumstances of a budget of £28m, I would call modest increases in taxation.

HON MAJOR R J PELIZA

Mr Speaker, I am grateful that the Minister realises that we on this side of the House are interested in hearing what the other side has got to say. I was hoping that at least those I could hear before I stood up to speak myself would have said something that would have convinced me of the necessity of Gibraltar having to find £2.8m pounds this year but nothing that has been said to me has in any way changed my mind of the position that my colleagues and I took at the time of the expenditure. In fact, I am more convinced than ever that the problem that has faced Gibraltar today is that we have a government which is suffering from sleeping sickness. Now and again I manage to wake them up for about half an hour and after that they seem to go to sleep again. And because it is I who wakes them up they do not like me coming into the House of Assembly. Nobody likes to be woken in the morning or any other time of the day and this, Mr Speaker, unfortunately, is the situation in Gibraltar for the past eight years. I am very pleased to say that the Honourable Minister for Labour and Social Security does like to hear me in this House, not everything that I say, but I think perhaps there is some sort of mutual respect between us because I also like to hear some of the things he says and I even like it more when after considerable arguing the Minister accepts the suggestions made by this side of the House and sometimes even from me, even if I bring them over the Bay of Biscay from the United Kingdom. This is the clear sign, Mr Speaker, if I may say so, on the question of personal allowances and also of child benefit. I think that in a motion which I introduced in this House, which the Government voted against, carried the goodness that we see in the package that has been presented to the House on this occasion and which I would gladly vote in favour of if that was the only thing that was being introduced in this House to make the burden of taxation lighter but I am

not prepared to vote in favour overall of a Financial Bill which in my view and for reasons which I will explain as I go along most of the revenue-raising being introduced in this coming year is absolutely unnecessary. To say that they are making the burden of the lower income group in Gibraltar lighter when in fact they are not making it lighter, they are making it heavier but not as heavy as it would be, that is what they are saying, when in fact this was a golden opportunity with the introduction of parity, for reasons that I will explain later, precisely to relieve the shoulders of those who have been carrying the burden for quite a number of years now and, unfortunately, that opportunity has been lost. Looking, Mr Speaker, at the allowances and the final product of the allowances and child benefits we find that even now, although we have introduced parity with the United Kingdom, our taxation for that particular group of the average man who I do not know who he is and it is always so difficult to find anywhere, out assuming that the figure given by the Financial Secretary is £64 a week income, I heard £57 so the figures that I have worked out are based on £67, but anyway £3 one way or another is not going to make all that difference and certainly I am not going to change my figures. But based on that I think if one looks at the allowances one can begin to realise where the difference lies. Whilst in Gibraltar the single allowance is £550 in the United Kingdom it is £1,045 simply because it is geared to the cost of living there and automatically as the index of the cost of living goes up the threshold advances. In Gibraltar we have not reached that stage and I only hope that what I am saying today will convince the Government of the fairness in this present day of constant inflation of introducing that factor into our taxation system. It was very helpful in England because it so happened at this stage when governments were changing, if in fact that had not existed the people would have carried on paying much more tax when inflation has already eroded their pay without an opportunity of rectifying that matter and, obviously, for a few months at least the lower income group would have been suffering very considerably. I think we all know that inflation is here to stay. I do not see for the next few years a complete change of the situation. Some people think that if Mrs Margaret Thatcher comes in that will happen but what will happen is that whilst she will bring down taxation she will increase the indirect taxation and in some respects I think it will obviously hit most to the lower paid with a big family because the more children you have the more things you have to buy and to some extent this is what the Government has done here except that they have done it both ways, they have increased the income tax and they have also indirectly increased the indirect taxation. Although you may work mathematically what the

result will be, three points up, I, in my intuition and without any calculator in my hand, am absolutely convinced that it will be much more than that because you cannot expect however much you may work it out that the figures that you are going to base it on is on the increase that you have made here because what will happen is that whether we like it or not those who have to pay the import duty will have to pass it on with a margin of profit attached to it because in the end profit is based on the capital that is invested. If the import duty goes up the amount of articles introduced into the market has gone up by that amount, whatever you may call it, and eventually in order to be able to carry on trading that amount that has got to be added with an element of profit attached to it. It is not just on the import duty, the taverns have now got to pay more on the licence and it is obvious that very likely they will be forced to add a penny on beer and I do not know whether that has been taken into the calculations of the Government, and my intuition tells me that if it has not I think in fact it will happen that way. If it is just for the sake of sugaring the pill that all this has been left out, I think the Government is guilty of misleading the public of Gibraltar. May be it was an oversight, I do not know, it could be an oversight but whether the people will believe that that is an oversight or not is a different matter. So, we carry on looking at the allowances and we find that the single allowance to Gibraltar is £650 and in the United Kingdom it is £1,045. When we come to the married allowance, in Gibraltar it is £1,300, in the United Kingdom it is £1,675. I think again the difference is quite considerable. Working on that basis, let us take a comparison of the average man in Gibraltar and the United Kingdom earning £67 a week. If we work on that basis, the income would be £3,484 a year. If we work it on the different income tax rates, in the United Kingdom it is £7,050 at 25% and for the purposes of this calculation the rest is at 33%, here in Gibraltar as we know it has gone up, this is where it is wrong, it has gone up from 10% to 20% in the first £500 and then the others remain at 30% as before. On that basis, therefore, we find that with only the husband working the United Kingdom family is better off by £69 a year.

#### HON FINANCIAL AND DEVELOPMENT SECRETARY

If the Honourable Member will give way. He did not say how many children there would be in that particular family.

#### HON MAJOR R J PELIZA

I am coming to the children. The children do not matter in that we are going to get £4 here in Gibraltar and they get £4 in the United Kingdom and there is no longer any allowance either here or there, so the children do not come into it except, if I may remind the House, that in England it is going up by another £1 fairly quickly and therefore each child will be getting £5 and not £4. On the supposition that it is increased then of course the difference would be very considerable in that it will be £52 more per child and that is quite a lot.

#### HON A J CANEPA

What we have done is to retain the tax relief for the first child. We are still continuing to give tax relief worth £200 a year instead of paying Family Allowance for the first child.

#### HON MAJOR R J PELIZA

I misunderstood that. However, the situation in England is much more better than it is here in Gibraltar. I think the Minister will realise that I was not trying to get at the Government I was just trying to be fair. Therefore the situation is that the average family is obviously much better off in the United Kingdom than here although the wages are the same but I think that a family getting that amount of money with four children stands a very good chance in Council houses of rent relief and rate relief. Unfortunately I have not brought the figures with me but that is something that of course one can always look up and I would certainly send it to the Minister for Labour when I find it. If we look then at a family where the wife is working then the difference increases even more excluding the element of the children and I think you will find that when the wife and husband are working the difference is of £168 in favour of the family in the United Kingdom. However, be that as it may, I am very, very pleased that the suggestion of a child allowance replacing to some extent the Family Allowance is a step in the right direction in that it is clear that the child tax allowance tends to help more the higher income group than the lower income group as obviously the saving is on the highest bracket and not the lowest one and consequently I think the move from tax allowance to child allowance is a very good one and I congratulate the Minister for Labour in that respect and I only hope that he will do his best to cover from the first child and that he takes note of the other points that I have

raised. Whatever the Financial and Development Secretary may say about the rises in electricity, water, telephone, rent, that they are not revenue raising matters affecting the accounts of the Government as such, whatever the definition may be given to it, what the man in the street and the family knows is that at the end of the week he has got to produce so much more out of his pay packet and that that amount he cannot use for the things that he was using to increase the standard of living of his family. So whatever the technicalities and however that may blind people with science, the human effect, which is after all what we are concerned with, is that those people will have to pay more towards those services and towards the upkeep of the Government generally. It is clear that it affects the balance of our accounts and that precisely we have introduced it to increase our reserves because if we do not do it that way it would have had to be done in some other way, through taxation. I think the difference between one term and the other is purely technical in practice and I think it affects the man in the street in more or less the same way with the exception of course that if the element of subsidy is introduced then there is a bigger margin of deciding as to who should pay and who should not pay for those services depending on their income. How that is gone about is up to the Government in power but the fact remains I think that definitions do not make all that difference. This is why I cannot agree with the Chief Minister when he says if one reads his statement: "I also said in my previous statement we have been concerned about measures which would make too great an impact on the household budget". I would suggest to the Chief Minister that if he takes into account everything that is going up at the same time, and I think we are living in a community now when most people, thank God and thanks to parity, can afford a higher standard of living and therefore I think they aspire to have a telephone, which is only fair, they aspire to have a colour television which is something Government has said that every worker I think should be entitled to aspire to. Government appears to give the impression that it is scandalised at the large number of cars coming in but as far as I am concerned and my Party is concerned it is most welcome because this is progress. We would like to see many people in Gibraltar having a colour television set and I am not saying this due to my interest in this matter, there are other dealers in Gibraltar who can supply the same as my firm does, after all it is not mine, by the way, I am just an employee, and we all hope that people will have more washing machines and refrigerators and all the comforts of modern life, or is it that we are going to regret that happening? The attitude of the Government seems to be one of "why should they have so many things, let us tax them". Well, that should not be the attitude and this is why I agree with my Honourable Friend, Mr Bossano, that budget

time is not just a question of totalling our books and balancing our accounts, it is a time to think how we can give incentives to people to produce more, so whatever line we may wish to take and I must confess that there are very few lines that we can take in Gibraltar because of our limited resources, I think this is one of the things we want to do so that those who work more are entitled to get that little extra more and that would be an inducement to productivity, but if we are going to say, "Anyone who gets more and buys a colour television is going to be taxed" then I think we are going to destroy what I call the goldmine. I am going to explain what the goldmine is, Mr Speaker. The goldmine in Gibraltar are the employees, every man is really a goldmine, Mr Speaker, except, I am afraid, as my Honourable Friend was telling me, except Government Ministers. I am succeeding in waking them up, Mr Speaker. The goldmine as I see it, are the people who are working in jobs and companies and institutions which bring money into Gibraltar, which enables the rest of Gibraltar to be able to acquire the things that we have. Because we produce nothing, Mr Speaker. Let us analyse who are the people in Gibraltar who bring the money in. They are the people who work for the Ministry of Defence. They are people who work for the DOF, they are the people who work for the Port, they are the people who work for Tourism, generally.

MR SPEAKER

In other words, the workers of Gibraltar.

HON MAJOR R J PELIZA

No, this is the point, Mr Speaker. I do not agree with you, Mr Speaker, and I see that you are beginning to get so interested that you are even passing your own ideas to the House.

MR SPEAKER

No, no, I am not. What I am trying to do is to bring the debate down to a reasonable level.

HON MAJOR R J PELIZA

The reasonable level, Mr Speaker, is that we have to analyse who are the people who bring the money into Gibraltar, this is very important, and the people who

bring the money into Gibraltar, Mr Speaker, and I have got to repeat it, are the people who work in the MOD, DOE, Port, Tourism and the Philatelic Bureau as well, who make some money, yes, they are the people who bring the money and they, who make that money, in fairness to the community have to give some of the money away for the others who run the administration.

HON M K FEATHERSTONE

What about the people who work in the Water Service and give water to ships, do they get included?

HON MAJOR R J PELIZA

Of course. Anyone who does anything who is selling something to the outside area of Gibraltar who is bringing money in are the people who we depend on, that is our export. Unluckily, Mr Speaker, our export is 100% value added in most places. What I am saying, Mr Speaker, is that what we produce is 100% value added in that in most places they have to pay a lot for the raw materials so that finally what is produced in exchange for the stuff that they can get that into the country is whatever has been imported in value less of course the amount that has to be paid in raw materials. The value added is that. In Gibraltar it is 100% and you may wonder, Mr Speaker, what I am leading to. This is what I am leading to, that we have the best opportunity in the history of Gibraltar of making the people of Gibraltar

extremely wealthy, this was due to parity, in that practically overnight the amount of money that came into our economy was colossal by any standards and if we had been able at that stage to harness that amount of money coming in and make full use of it by the way it was spent within our economy, Gibraltar would not have to be taxed today in the manner that it is being taxed. With the consequence, I am afraid, that all the benefits that could have been derived from that is on the verge of being lost, Mr Speaker. That, to me, is very sad indeed because I wonder when we will ever have that opportunity again and I do not think it is going to happen. It is no use saying that this is not so, the Government itself has admitted this and I was very pleased to hear one of the members of the Government who hardly speaks in this House, standing up and analysing this situation. I listened to him with great attention, Mr Brian Perez, their back bencher. Perhaps he should be in a Ministry after all. He said: "I agree with the Chief Minister, there is nothing wrong

whatsoever with parity. That is not because of the problem; there are other causes and the Chief Minister has said he is going to put it right. For instance, we are going to start an Expenditure Committee which will look into all this". Perhaps if he had been Chief Minister eight years ago he would have seen that then as the present Chief Minister should have seen it and certainly before parity Mr Speaker. That, unfortunately, is politically unforgivable. I am not accusing the Government of malice, of course not, what I am doing is showing their incompetence. That is what it has been, incompetence and lack of foresight. In fact one wonders at times whether the Government is governing at all or whether what they are interested in is being in government and not governing because if they had been in government to govern and they thought that parity was not in the interests of Gibraltar, they should never have accepted it. I think the honourable thing would have been to resign and then leave whoever believed in parity, obviously the Unions did, and certainly we did, to try and make the best of the situation. I think, Mr Speaker, that us and the Union, perhaps, would have produced better results than the Government has. Now, Mr Speaker, what they are saying is; "The economy is not ticking, we have not got enough money, the people of Gibraltar have got to pay. If the Opposition does not agree with that, what we are doing is playing to the gallery and preparing for the next elections". The next elections, Mr Speaker, I think are at least 12 months away unless the Chief Minister decides otherwise. But assuming and looking back at the way he has acted in the past if that at all is to give us an inclination I would say it is possible he is going to stay his fourth year which means therefore that it will be, perhaps, after the next budget. Therefore, Mr Speaker, since we, I think, are politically astute, and we should not be here if we are not, I think that bad as the budget has been painted, it is not as bad as that, Mr Speaker. I do not believe that the Chief Minister at the next elections will be increasing too many taxes. That may be alright politically in the next budget, this will be alright politically for the Chief Minister. He will be able to say if he manages to get in; "We have been elected again", as if that was the final objective of policy, Mr Speaker. But that is not the final objective of policy, not to me, Mr Speaker. You can be a very good propagandist, very good at electioneering and get in every time and you can be an awful administrator, Mr Speaker, and this in fact is what is happening, bad administration is what Gibraltar is suffering from today and I am afraid that every member of the Government is to blame, I am not pointing my finger at the Chief Minister, since there is collective responsibility



but I have noticed that during the time the Chief Minister was not here, for an hour or so, there was a lot of confusion on the other side. I noticed it, Mr Speaker. When they say that it is a one-man band I am beginning to think that perhaps there is an element of truth in that and therefore if it is so then I am afraid the blame must fall squarely on the leader of the band. I well remember, Mr Speaker, when I at one time faced the situation taking the bull by the horns as I usually do. I did what I thought was a reasonable thing and what I thought really did not affect so directly. Mind you, we had come in at a very difficult time, much more difficult than now, it was not a question of parity, Mr Speaker, as we have now, it was a question of the Frontier having closed for some weeks, nothing having been done, having chaos in Gibraltar and we having to establish order. Particularly on the labour market we were very successful and we changed the outlook of Gibraltar completely and I think we also managed to start a development programme which even today I think is unbeatable. We produced the houses but unfortunately the Government cannot even stop the roofs leaking, this is the problem. And the Tower Blocks Mr Speaker, is another case in point. They were built by them too and there are cracks, I believe, Mr Speaker, through which you can see daylight. That is even a bit more than Varyl Begg. However, let us not go into those details at this stage. What I was saying is that I tried, to minimise the burden as much as possible and I put up television licences and I put up petrol and I put up car licences and the dog licences, Mr Speaker. And what happened? There was a demonstration and I remember the names of the leaders, one was Mrs Calcutti . . . .

MR SPEAKER

Order. This is definitely not relevant.

HON MAJOR R J PELIZA

Well let me say then, Mr Speaker, that I do not know who inspired them at the time, this is what I am saying, because the people who were leading the demonstration did not have any cars and I wonder whether they had a television. So, Mr Speaker, I wonder whether that inspiration will come again or not. I do not think that the people who inspired the demonstration at the time will try and inspire them again. I leave it at that, Mr Speaker. The position is, Mr Speaker, that those things that are going up now by a much higher percentage than before are exactly the same things that I introduced

in a very mild budget and in those days it was practically going to destroy the local homes and now, apparently, it is not going to have the slightest effect, in fact, by the way they speak it seems that people are going to be better off than before. If one hears the comparison in the income tax, the amount of money they are giving, £300 in certain cases, anyone who reads this without knowing the other facts will say: "What is the Government doing? I thought we were on the verge of bankruptcy and now they are going to give me £300 a year. Well done for the Government of Gibraltar". No wonder, Mr Speaker, that they win elections, but at the end of the day when people realise this, they will see, Mr Speaker, that literally they have been taken for a ride. There is no way of telling the people that they are not getting £300, but paying more than £300. This never gets to their ears Mr Speaker, because there is no way of telling them. The only way that we think in this House who have no control or any influence on any newspaper, is through the radio, direct broadcasting, and that Mr Speaker, we find the Government is not so keen on and they say they cannot afford £7,000 in a Budget of £28m. Mr Speaker, unfortunately, that is the situation, so far. But it is even more tragic than that in that the Government mis-spends all the money of the people of Gibraltar and the money that is given to us from abroad they do not use at all. How can you explain a situation like that? The money that is given to us to sustain and support Gibraltar - the Chief Minister may laugh - but this is a fact and it runs into millions of pounds. That is not spent. That is a reality, Mr Speaker, that we take a lot of trouble in going to the United Kingdom to ask for money after a lot of pressure from this side of the House, and having got it they do not spend it. But on the other hand, the money that is derived from taxation that goes away in the same manner as if it was a leak from our potable water distribution. On the question of the Varyl Begg Estate Mr Speaker, we have lost a lot of money in the collection of rent and we may still be losing because I understand that people are not prepared to pay. Why? because no one decides that the Estate has got to be repaired and then, if necessary, clear it in Court, that is why, Mr Speaker. That is not being done and the point is that to have it repaired is going to cost much more money because the cost of repairing is going up month by month not year by year, month by month, so when the bill for repairs comes along whoever pays for it will have to pay a lot more because of the indecision of the Government, Mr Speaker. It is no use blaming the Peliza Administration because I do not think we ever started it Mr Speaker. We got the contract and we got the undertaking for so many houses, and now we are blamed. That



is a shame, Mr Speaker, and it is unfair. This is the incompetence that I am talking about. But that is not the only one, JBC, Mr Speaker, the same thing again. Taking God knows how long in making a decision. If we have decided to go colour and I think they have the support of this side of the House, right from the beginning of 1976, Mr Speaker.

HON CHIEF MINISTER

We did not go colour in one year because of the obstruction of the Leader of the Opposition.

HON M XIBERRAS

The eventual tender for GBC was reduced by a considerable amount, over £100,000, because I insisted that the matter should go out to tender and I will take the Chief Minister up on that any time.

HON MAJOR R J PELIZA

Mr Speaker, the reason why I am introducing this matter is to prove why the Opposition is not only entitled to vote against this, based on logic and a sense of responsibility, but also because they have got a duty to do so. If we vote in favour of these measures we are condoning this bad administration. The people in Gibraltar do not deserve it and this is why we are taking such a firm stand.

This is why, Mr Speaker, one has to bring out the points that are very relevant to the very unpleasant situation that Gibraltar finds itself now, to the extent that the Chief Minister, who always objected to going for grants, has found it necessary to go cap in hand to the United Kingdom to ask for money. This is the point, Mr Speaker. It is even affecting our dignity, because when we did it, Mr Speaker, it was due to the closure of the frontier. That was the cause for it, and I think that this Government understood it very clearly, and again I do not object to it when it is necessary. In fact I am great believer that we should have some kind of economic link to secure our position in case, Mr Speaker, the element of income to Gibraltar, which is mainly DOE, Defence and others, if that were to go down for reasons beyond our control, not for reasons of our not administering ourselves properly but for reasons beyond our control, we would have a possibility of enduring and surviving and retaining all our freedoms and our rights in this Rock of ours. This

is why, Mr Speaker, I think of the economic link. But failing that, and let us forget about economic links now, Mr Speaker, the fact remains that all these issues, one after the other, total up to a loss of money, and if they carry on in this way it will carry on increasing very consistently. If they expect, Mr Speaker, the Expenditure Committee to do now the dirty work for them, then I hope they are mistaken, and I hope that the Leader of the Opposition never accepts that situation. In the normal running of the Government I would be the first one to say, yes, by all means, we are going to participate in a non-political frame, but for the sake of putting the place in order, Mr Speaker, which is not going to be an easy one, because it may call upon a number of people having to reduce their earnings, Mr Speaker. This is the truth. Things that should have been sorted out when Parity was agreed upon and not rushed in any old way and created chaos. If this thing had been done in order and all these points taken one after the other and all sorted out, the situation would not be faced now.

The situation will have to be faced because the tendency in England is for salaries to go up, and in my view it is going to go up even faster with a Conservative Government than with a Labour Government, except that they may start trimming here and there. Their philosophy as you know is to help those who need it more than the others. And since the people in the United Kingdom, Mr Speaker, are tired of taxation and they are beginning to say I would spend the money better than the Government is spending it as it might happen in Gibraltar, Mr Speaker, and that is a very dangerous situation. I am a great believer in the social services, but the people who administer the Social Services can literally destroy the social services. That is the danger. Because if people do not believe that they are getting value for money, and we are talking now about much more particular people than there used to be before. For instance suppose they were to find, as I discovered the other day, that a repair to a water closet had cost £40 plus. I mean if that were to be done by a private concern the Consumer Protection Unit would be straight on top of them and a prosecution might follow. I commend to the Minister for Labour that he has a role to play not just with private firms, but also with Government Services. He should find out whether this Consumer Protection Officer agrees that an emergency call should cost about £40 or £50. Find out if that is fair. It cost much more than a doctor! In some instances it has got to be repaired again on the following morning and God knows what that cost totals to.

Now we say Term Contract, Job Price Contract, whatever it is, but whatever the Government is going to spend let

him do it. Alright there might be some disagreement between the Government and the Unions. Now, if the Government is going to do it let them be fair but if they are not going to do it they might as well come to a deal now, and not later when all the repairs are going to cost much more. We are then back to square one as has happened with all these points that I have been bringing forward. The Government has no longer any credibilities. After the PWD Garage who would have any credibility? No wonder the Minister had to stand up yesterday and say: "This time I categorically say that that is going to be done today". I do not believe it. The PWD Garage is another item, Mr Speaker, because of the indecision of the Government, because the Government is incapable of governing. That is what Gibraltar is suffering from, Mr Speaker, and I can bring you many more instances and I could carry on, Mr Speaker, but I think that the last thing I want to do is to send the Government to sleep again, although they might when I stop, I do not know. But I am going to give them the benefit of the doubt. Let us suppose that I am driving them to sleep in order not to take the blame, Mr Speaker, so I think it is probably time for me to sit down and shut up. I have said enough except perhaps - I welcome that Mr Speaker, as I have said before they do not like being woken up, no one likes waking up.

Oh, yes, there are one or two things more I want to speak about. I have just got my notes mixed up with other papers but there are one or two which I think are important, however interesting I may wish to make my contribution, there are certain important things which I think one has to bring out. We have noticed how in fact the income from import duties was slightly less than was estimated for. Well, I would have thought, and certainly I believed it would be, that it would have been much higher than all that. And again that is derived from the problem that the money did not come in in the way that it should have done. If the Government had not conceded parity, and if they have seen the sense of it, and the need for it, how could Mr Montegriffo hope to have any doctors in the hospital if they were not paid a reasonable wage which they could not without parity. And even when they are being paid a reasonable wage, we cannot find them. We are short of nurses and I believe if we are not short of doctors we were until recently. We certainly took a long time in finding an Eye Specialist anyway and if we look at the teachers, the same problem. We have the same problem with teachers. How can you expect them to come to Gibraltar if they do not get that pay? For that matter the expert in the Development Programme, all the extra bodies, all the Surveyors and these people, whose

complement is gradually getting bigger and bigger in numbers who are there to find the forces are not produced. From that point of view it would have been better if we had not introduced parity because perhaps we would not have had so many of them doing nothing, or at least not producing. But what I am saying is that because it was not faced as it should have been, and the money not held back for so long and then given all at one go the people would have gradually been acquiring the things in Gibraltar and that would have generated shall we call it economic activity that is helpful to the economy. And the type of economic activity, Mr Speaker, that we see here, is throwing rubbish down Dead Man's Hole and collecting it at Eastern Beach! That is economic activity in Gibraltar, Mr Speaker. This is a total waste. This is the sort of thing that they must avoid, Mr Speaker. That is not economic activity. This is where we have got to save money. Some concentration, some real examination of our situation, and then I think carrying out a sensible administrative change that will produce the result that Gibraltar needs so much.

So, Mr Speaker, let us not get away from the point that in Gibraltar it is the working class who basically pay for everything that we have. The people as I have said before who produce the income for Gibraltar basically. They are giving a lot of their money for the rest of us. We must not abuse the situation. We may find certainly that that sector of the population may start objecting very seriously as to the way that the money that they bring into the economy is being used, and they would be quite justified to do this. But even more important, and I have touched on this before and I must emphasise it, that if this money that we spend in Gibraltar is not spent wisely the time may come - and it probably is going to happen in England - when all the goodness that we get from the welfare state will become unbearable and we must try and preserve people to start rebelling from it. Even those who depend on it as it seems to me likely to happen in Gibraltar.

I think the Government has a great responsibility. I believe that the way they have tackled this budget is not in the interest of Gibraltar. I think that they are working on figures that in my view will probably produce a lot more than they say. They are driving it too hard and too fast, and I hope that what we have had to say today, as in some previous occasions will not have fallen on deaf ears and that some of the hints that my colleagues and I have been giving today, whichever way they may wish to take it, but they probably will agree that there is some element of constructive contribution, I hope that they have listened

carefully and that they will do their best in the next twelve months that they have to govern Gibraltar.

HON A J CANEPA

Mr Speaker, I would divide that contribution by the Honourable Major Peliza into three parts. During the first part of his speech, I thought that he was trying to be positive and that perhaps we were beginning to get somewhere. During the middle third he went completely off the rails. In the last third he has tried to get back onto the rail but unfortunately that middle part of his speech, as far as I am concerned, leaves a very nasty taste in my mouth.

I do not come to the House of Assembly to be amused or to be entertained. I do not wish to be entertained at 8.30 in the evening after I have been working from 9 o'clock in the morning. One is very tired, one does not like to have one's time wasted, and one does not like to waste the time of the House.

Apart from that during that middle third he said two things that I resent, and this is a personal resentment. He said that there was confusion on the Government benches for about an hour the other day when the Chief Minister was away. That I take as a personal dig at myself as deputy to the Chief Minister. When the Chief Minister left and the debate on the Improvement and Development Fund was on, and the question of Catalan Bay came up, I was having my tea in the Ante-Chamber and I did not realise it was going on. I came into the House and immediately at the first opportunity I laid the Government's policy on the line and what our attitude was with regard to the six dwellings at Catalan Bay. I doubt if the Chief Minister had been here whether he would have been more positive than what I was. As I say I cannot but understand that but as an attempt to undermine me personally with an eye to the future, and I resent that.

I also resent on behalf of the Government as a whole, and as a member of the Government, any allegations that all that the Government is interested in is winning elections. Obviously it is important to win an election. If you do not win an election you do not get into Government. But I certainly am not in Government in order to strut around and feel that I am big or feel that I am somebody because I happen to carry the term Minister. I would be quite happy if it were to be Councillor. I would be quite happy to be a School Teacher. I am not in Government for that purpose. I am in Government because I think it is

exciting to be at the centre where decisions are taken. It gives an opportunity to one to try to implement policies, to be creative, to get things done, to shape policy. One may go about it the wrong way, but I am not in Government just for the purpose of winning elections. And if we go about it the wrong way, if we make mistakes, the remedy is in the hands of the people. And if they feel that we have made a mess of things in the last seven years then they have an opportunity next year to kick us out of office. And I shall be delighted, from the Government benches, if I am re-elected as a Member of this House, to make a contribution to the good governing of Gibraltar to the best of my ability. That is what I think we are all trying to do in the House. and that is why I most strongly resent any insinuations or allegations that all that we are interested in on this side is in winning elections.

Now, I want naturally to be much more positive than that. In this budget we have tried to design and shape a package which contains a number of political elements, and I thought that Major Peliza was very good when he was dealing with that aspect of the budget, when he was comparing UK tax with Gibraltar tax, and when he was speaking about the thinking, the philosophy, that should shape the introduction of higher Family Allowances. In fact what I consider to be the two most attractive aspects of this package are the facts, in the first place, that by paying much higher Family Allowances than what we would otherwise be able to afford by abolishing tax relief completely, we are really helping the family right at the bottom of the income ladder, the family which does not pay tax at all because it is no good to a family that already does not pay tax to see tax relief for children increased from £200 to £300. That is meaningless to the poor family. But when as a result of the revenue that you acquire by doing away altogether with children's relief you are able in a creative positive manner to inject a real increase in disposable income into the family right at the bottom of the ladder, then I think that one is doing something. One is shaping to the extent that one can for the poor family, one is shaping and creating a better society for them. That is one aspect that is particularly attractive.

The other one is that although the Honourable Mr Featherstone mentioned that perhaps the only way that we can move in the future is to do something similar with respect to the first child, for whom we are not yet paying a Family Allowance, that might well be the way for the future, but in this present budget it also fits in with my view that in a difficult situation, whatever funds have become available should be used to provide the greatest benefit to the families that need it most. I have

mentioned the poor, the really poor people and the larger families. Again I think that there can be no doubt that we have achieved that and whatever other unattractive aspects there may be about this budget, I for one, in-so-far as my own ministerial responsibilities are concerned and in-so-far as my social philosophy is concerned, am not entirely unhappy because I think that we have bettered the lot of a considerable number of people.

Now, there can be no doubt that people are paying more income tax in Gibraltar than in the UK, except pensioners, yes. Except people aged over 65, because the old age pension is a very big part of their income and it is not assessable income, it is not taxable. So the pensioner in Gibraltar with an assessable income of £4,000, or let us say £2,000 - in fact if he has an old age pension he has an actual income of £3,500. And he only pays tax on £2,000. And, therefore, he is better off than the person who would normally be his counterpart in the UK because in the UK a pensioner with an income of £3,500 has it all taxed. And, therefore, to compare like with like you must compare in Gibraltar pensioners with an income of £3,000 with pensioners in the UK who only have an income of £2,000. So those people unquestionably are far better off in Gibraltar.

But the rest of the population, by and large are paying more income tax. We try to move in this package in the direction that we would all like to see it. We have tried to move nearer to the UK set-up whereby net incomes after tax are higher than in Gibraltar. But we cannot succeed entirely because of the nature of the income tax base. And I think that the Leader of the Opposition has recognised that when he accepted what the Financial Secretary had to say about the facts of life. But of course I can appreciate the Honourable Major Peliza has done some homework. He has information from the UK and he felt he needed to point out that we are paying more than in the UK. And not only do allowances in Gibraltar have to be lower because of the base of the tax, because of the nature of our population here, and incomes, but from my own point of view because I believe very strongly that there are certain people in Gibraltar who have a duty to contribute more through payment of income tax than what their counterparts do in the UK. And I am referring to single persons and in particular young single persons, people who are not married, people who do not have the responsibility of raising a family or of running a household, people who live with their families in Gibraltar. And that is why in the UK the single person has a very high allowance of £1,045, whereas in Gibraltar it is only £650, but notice that we give the same £650 to the wife whereas in UK in fact, in

respect of the wife the husband only gets £630 tax relief, less than in Gibraltar. So you have for a married couple £1,300 of tax relief equally divided between husband and wife, whereas in the UK because the single person gets a much higher relief you have £1,575 of relief. But in the UK the single person tends to become independent, tends to live in flats, and become independent to a much greater extent than is the case in Gibraltar. And so a young man in Gibraltar who is bound to be earning at least £48 a week, as a labourer, that young man has a duty and an obligation to contribute because he is able to contribute, because his parents are looking after him at home, because his parents are exacting very little from his wages by way of contribution to the running of the household and, therefore, it is only fair that that disposable money that he has, the coffers of the Government to take a big chunk of that, for the benefit of the community at large. That is our philosophy, that is our thinking, and I would not for my mind whilst the nature of our community is what it is, I would not want that to change.

I hope I have dispelled very firmly, Mr Speaker, that whilst Gibraltar can have parity of wages and salaries to the United Kingdom, it cannot have parity of income tax. And in fact it cannot have parity on everything that a whole lot of people would like to see.

Thank God we do not because otherwise we would not have the kind of weather which we have had today, and of course then pensioners would be having to pay a good deal more.

Now, what is important is that the package be seen in its totality and I think that any attempt on the part of anybody, the Opposition, Unions, the private sector, anybody, to present it merely as an increase in taxation is just being misleading to the public and perhaps even trying to be mischievous. Family Allowances for some time now have been inextricably becoming part of the income tax structure as they have done in the UK. It cannot be otherwise. This is the approach these days, and that is why if you just look at it, if you separate the income tax aspect of it from the Family Allowances aspect you are presenting a false, a mischievous picture.

In Gibraltar's financial position, and the Government's financial position, we cannot contemplate measures in the Income Tax structure which are going to result in a net loss of revenue. We have tried to design a package which would not bring any money in increased revenue, and not only would it not bring in nothing, but we would have nothing to give away, because we have nothing to give away and it has taken very many hours of thinking for many, many

months, from the beginning of January, and of course we were thinking about it beforehand because there was an important debate in the House on the 18th of December precisely on this matter, and I did tell members of the House then that this was a matter which was very uppermost in our minds and we were looking at it in depth. Well, we have done this and this is the best package, a successful one I think in many ways, that we have managed to design.

The package is very much on the lines of ideas, points made during that debate on the 18th of December by various members of the Opposition. It also very much follows the lines of suggestion made by the Trades Council, and indeed I think I could even mention Mr Xiberras' generalisation I think again in the course of that debate, when he said, and I quote: "It is more important to reach equivalence of living standards with the United Kingdom than slavish imitations". Well I have explained why we cannot have slavish imitation to the set-up in the United Kingdom and I think that there can be no doubt that we are trying to move in the direction of equivalence of living standards without accepting the full attitude that would go hand in hand with that. So much for the package.

Mr Speaker, again today, the Government has been accused of mis-management, of bad administration and of wastage. One thing that the Opposition throughout, and there is still an opportunity because there are two speakers to come, on the question of wages they have not made clear whether they have been referring to high levels of overtime. I remember at the time when the negotiations on parity I think were on, either being asked directly a question in the course of a supplementary, that the Leader of the Opposition drew the Government's attention to the need to maintain the present income levels. I know he was referring to the level of overtime, particularly in the rest of the public sector, because precisely of the multiplier effect. If there was a slump in earnings then this would inevitably be seen as on the one hand in-so-far as the other official employers are concerned less money coming by way of increased income tax into the Government coffers, and in the case of Government there would be hardship caused to the Government's own employees, and that is why last year we cut overtime in stages. There were two stages. At the moment industrialists employed in the Public Works Department are only doing an hour a day. I am sure that the Honourable Members opposite would not like to see the Government cut that level of overtime to nothing in anticipation of future wage increase because otherwise what would happen is that hardship would be caused. So of necessity, the Government has to wait until there are

further increases in wages and salaries before it can even contemplate a further reduction in overtime. But it is our intention to put it into effect and it is our intention to examine very carefully the levels of overtime being worked by the non-industrialists and to carry out cuts wherever it is possible. Indeed if we did not go in depth into the question of the non-industrialists I think we would be doing an injustice to the industrialists, because they would then themselves through their tax be supporting an elite within Government that is able to earn £5 - 6,000 a year through very high levels of overtime.

The Government is not a private firm, the considerations which the Government has to take into account in shaping its budget are not those of a private firm. There is no profit motive in the Government. The Government has obligations which go over and above its role as an employer. It has obligations to the whole of the community and these cannot be lost sight of, and that is why quite honestly I think that the extent to which members opposite are being advocates and spokesmen for the private sector has been seriously exaggerated. They are making too much of it and have been making too much of it for the last couple of years.

I explained in my contribution during the course of the Appropriation Bill that such increases as there had been in government employment had been in the social services amongst the non-industrialists. My words seemed to fall entirely on deaf ears and let me tell Honourable Members opposite that that is likely to be the pattern, it is likely to continue. The Government for instance has committed itself as an aim of policy to build a residential home for handicapped. On pre-parity levels of wages and salaries we estimated that to run such a home was going to cost £50,000. We are going to have to employ quite a few people there because it is a question of care on a 24-hour basis. Now, if these desirable, nay essential, services have to be provided, we have got to employ the people to run them. So as far as the non-industrialists are concerned that is likely to be the pattern for the future.

But that is not what has happened with industrialists. We are not today employing more Moroccans in the Public Works Department than what we were employing seven years ago, and had I been speaking tomorrow morning I would have had figures available that would have substantiated that. Indeed the Public Works is not employing more industrialists than what it was six or seven years ago other than in fact that a new distiller was made operational and therefore you had to employ people to run the distiller; other than you have the Victoria Stadium where there are a number of



industrials employed; and other than you have a maintenance gang employed in housing and also a number of industrials employed under the Warden Structure. Those are the only areas which I can identify where over the last few years there has been an increase in industrial employment in the Gibraltar Government.

Now the revenue measures provide - and they are not £2.8m they are over £2 million but not £2.8m - they amount to something approaching a 10% increase in revenue. But from the point of view of inflation alone it is less than that. The rate of inflation for the last year has been 15%, parity accounts for perhaps 5% or 7% of that, otherwise it might have been single figures, but if the United Kingdom get into double figures the likelihood is that we shall be in double figures next year, so I do not think it is unrealistic that purely from that point of view alone, given greater inflation, that the Government should be looking for greater revenue. It has to do that. The problem is of course that, as I think Mr Bossano explained, the rate of growth, in particular of social expenditure, has far outstripped the normal rate of growth of Government revenue. Not all the reasons, for crying out loud, are due to wastage or mismanagement. If we were to close down GBC today we would have another £1m, but then we would have no television service and there would be forty people unemployed. This is a very big factor £1m for GBC.

The mistake perhaps which I think we made was not to have gone the whole hog last year. I think we should have increased revenue measures, rents and so on last year in one fell swoop. We would have more money today in the reserves if we had done that, and this is what was being argued by the Leader of the Opposition in 1977, that we should take it slowly, we should allow people to adjust. He was advocating what we in fact had done: and I quote, during the budget debate of March 1977, the Leader of the Opposition said: "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 of 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, or almost immediate, liquidation of the deficit outstanding." That is what he was advocating in 1977, before the introduction of parity, and it was an important consideration that we had in mind. We felt that people needed to adjust and he was arguing in the same way last year. On the 24 April, pages 234, 235 of the Hansard, he

was saying: "As regards taxation, Mr Speaker, the figures are there. We all know that there is a price to be paid in terms of electricity, water, telephone and housing. We all know that there is a price to be paid for parity and that we cannot go on living in such a manner as to forget that we are responsible as a community for keeping up those 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 we in the Opposition had in mind to suggest". He was consistent from one year to the other and that is what we did. We introduced this in stages. If not the million or so that we are seeking in this year's budget, I think it is about £1m, in respect of the funded services, if we had introduced that last year, today again we would have an additional million. So if that had been done - and if you close down GBC we would have £3m for next year's election in our pockets.

Now, that as I say, to my mind was perhaps the one mistake that we made, but I hope that the Honourable Member of the Opposition stop really trying to find just too simple an excuse in a matter which is really much more complex than that. As far as United Kingdom aid is concerned, if it becomes available, it will be something very welcome naturally. It might mean for instance as has been mentioned today that the surcharge is of a temporary nature. I hope it will not have to be temporary as many other temporary provisions that have lasted for a decade, but this is something which if the Government were successful in getting assistance from the United Kingdom could go by the board next year. Perhaps the surcharge could be abolished completely or it might only be 10% next year. That is the extent to which the United Kingdom assistance such as it might be could help, but what should we do, instead of going for £1.1m in respect of duties and so on should we only budget for increases that will bring in £1m in the expectation that we get another £1m from the UK? And if we do not where would the finances of the Government, where would they stand in a year's time? Again I think we have to be realistic.

The Honourable Leader of the Opposition mentioned, I think he was then dealing with the funded services, and if you link that with the question of a family of four and the provision that we were making for the improvement by way of Family Allowances and so on, he said that they had computed that the bill in respect of the funded services would be something like £153, a year, which would leave only a balance of £173. They would still have £173 left for such a family, not to mention, of course, an increase later on this year in salary of at least 10%. It is bound to be



10% in July, and with average earnings being over £60 that would be another £5 a week. If you take away £2 for tax that would still leave that family with an additional £4 a week as from July.

And what about the average man, the average man whom the Honourable the Leader of the Opposition said likes to have a small car and in respect of whom we said from this side when he likes to have a big car if he can afford it. And why not. But that average man does not bat an eye lid when he buys a big motor car with all the extras imaginable, hi-fi, and special seats and what have you, and the price is increased inexorably. Year after year the price of motor cars increases particularly the fancy ones. That average man does not bat an eyelid. That average man does not seem, and good luck to him, does not seem to mind paying the increases in insurance premiums that we have all had to suffer in the last seven or eight years. I estimate that insurance premiums have gone up by over 300%. If one gets a notification of payment of a premium containing an increase of only 20% one is fortunate. It is usually 25%, 30% even 40% increase and the people go there and they pay regularly, and they do not seem to mind. But I have no doubt, you just wait and see the row that there is going to be because after seven years the Government is going to increase licences by 50%. This is where I think we need to keep a sense of proportion, Mr Speaker.

I know that my own, and I have now a 10 year old car, my own premium has trebled from £20 to £60 in no time. And that is the pattern, and that is a 10 year old car. I cannot imagine what it might be like for new cars that cost over £3 or £4,000. Now, the fact of the matter is that that average man that we are speaking of, has had real increases in earnings in the last year of about 30%, so he is still extremely well off. The budget is going to eat into that but after July, with the additional wage increases, his real earnings I still think are going to be somewhere in the region of 20%, allowing a 10% eating away by the budget into real earnings.

The Honourable the Leader of the Opposition mentioned the plight of the single person, the elderly single person and here I have a great deal of sympathy with the point that he was making and in fact this is something that we have looked into. The Honourable Major Dellipiani has also been very keen about looking into this. Of course, people over 65 do get additional tax relief of not less than £320, but the advice that we received when we took up this matter, our thinking was that perhaps provision could be made for a higher allowance for widowers or widows who run a house-

hold, who live in their own and have to run a household, precisely because of the kind of consideration that I said earlier on does not apply to young persons. We took the matter up and the advice is that it is liable to abuse. The advice we have from the Commissioner of Income Tax is that it is going to be extremely difficult to implement this, but I can assure Honourable Members opposite that this is something which I have not forgotten, and I shall continue to press about it because I do feel very, very strongly. If nothing is done it is because the advice that they may receive might be unimpeachable, it might be completely and utterly correct, and one has got to abide by it.

The problem of the budget the Honourable Mr Bossano said was - rather I think he was saying that what the Government, when he was developing his analysis of the problems in this budget, he was indicating that he thought that the Government had tried to place the burden on the broader shoulders, to hit less those who could least afford to pay. Now, the measures undoubtedly fell by and large on the working class because of the income structure of our community, but I ask the Honourable Mr Bossano: who is not a worker in Gibraltar today, 98% of the community are workers. A few companies, perhaps, but virtually everybody is a worker, and, therefore, the burden is being placed on the working class, indeed on a working class. But when has such a working class received increases nine months ago of 50%, 50% and 70% in wages and salaries? When have there been real increases in earnings of 25% to 30%? And, therefore, against that background, in my humble view, having regard to the reservations we have made and to our desire to give a certain shape and policy to the budget to protect those that most need to be protected, I think by and large that working class today can afford, and having said can afford to pay the increases in the budget and having said those increases, will still be enjoying a higher standard of living than ever before in Gibraltar, and certainly higher than at this time last year.

Thank you, Mr Speaker.

MR SPEAKER

I will then recess until tomorrow morning at 10.30 a.m.

The House recessed at 9.27 p.m.

Tuesday 24th April 1979

The House resumed at 10.50 a.m.

MR SPEAKER

Well, Members will recall that we are still on the second reading of the Finance Bill. The last speaker on the general principles and merits of the Bill was the Honourable Mr Adolfo Canepa and therefore the floor is open to any other contributor who wishes to participate.

HON P J ISOLA

Mr Speaker, I have to congratulate the Government's Public Relations Department. Whether that may be in respect of taxation measures and budgets generally, in Gibraltar prior to the budget there were strong rumours all around town that the Government had to raise £4,000,000 in taxation and so forth. People were gradually getting used to the idea of £4,000,000 having to be raised in taxes of one kind or another and of course by the time the budget comes this is reduced to £2.4m or £2.6m, everybody breathes a sigh of relief and everybody says it is not as bad as we thought it was going to be everything, everything is fine.

Unfortunately, Mr Speaker, that is not the position. Everything is not fine. In fact the taxation measures that have been brought before the House are extremely tough. They are going to hit everybody very hard, there is no question about it at all. What is being called the package taxation deal of course only refers to a very small part of the budget, the income tax restructuring. That is really only a very minor part of the budget because the income tax restructuring is estimated to yield an additional £290,000, of which £200,000 - odd are given back in Family Allowances, which is a different way of putting the "taking away", if I may call it that, of the child's allowances for the second and third children, because although the allowances have gone up slightly the Government has juggled around with the figures to try, I agree, to try and present a fairer income tax structure. But the whole exercise I think, when one judges exercises, one has to judge at the net effect, the net cost, at what it raises or what it produces, and the net result is £90,000 more of additional taxation. That is the net result.

So when you are talking of revenue-raising measures, because they are all revenue-raising measures, you may call

one thing taxes you may call something else - giving money to the funded services, but as far as the public is concerned it is money out of their pockets, so as far as the general public is concerned, the fairest tax structure is really a smoke screen which is laid across the rest of budget, because it is only £90,000. That is what the public is paying, £90,000 in increased taxes. That is nothing, of course. But it is the other £2m that is a lot of money. That is conveniently put to one side and I will say a bit more about those measures in a minute.

The income tax restructuring, what is the position, Mr Speaker? The position is that tax has gone up from 40% to 50%. Has the Government looked at the results that this will have generally on the economy, on investment in Gibraltar, on development investments: has that been regarded, has it been discarded? For the sake of trying to give the image of a fairer tax structure, tax is up to 50%. Now, that is not good from the investment in Gibraltar. As has been said here, as far as the local man is concerned, the tax paid is basically on people who have to work for their living in Gibraltar in all shades of life. That is the tax base. The fact that the Government puts up tax by 10% from 40% to 50% does not produce, as it might produce in other economies, does not produce what one would expect a higher tax band of 10% would produce. It does not, it produces virtually nothing. Well, not virtually nothing, obviously, it will produce a certain amount of money but not the sort of money that the Government requires to maintain its services to the public, so therefore, the increases on tax are insignificant as far as the budget is concerned, as far as raising the money for the economy is concerned.

There is only one point that I would make, and I think that is important: the average earnings we were told were £64 a week, which is about £3,280 a year. The Financial Secretary talked of Mr average man as being somebody £3,000 and below, or not the average man but the people they wanted to help, £3,000 and below. Well, of course with the provision the Government has made for the 1st July, the chappie who has average earnings of £64 a week today, that position is going to be changed very shortly of course, and the Government has recognised this by making provisions for a £1m for nine months which is about a 15% increase in salary, which would mean that the average man Well, Members opposite will say "no" now but we were told that the Government had taken 10% of the total wage bill, which is £15m which is £1m but that is only for nine months from 1st July. So it is not 10%, it is 15%.

## HON FINANCIAL AND DEVELOPMENT SECRETARY

If the Honourable Member would give way for a moment. I would like to make it clear that he is in my view attaching far too much importance to what I stressed in my statement was just a figure used for estimating purposes. It has no significance at all other than providing an amount against the day when there will be an increase this year and also using that as a base to indicate the increase in income tax revenue for the purposes of the estimates. There is no other significance, and I did stress that.

## HON P J ISOLA

Yes; I am grateful to the Financial and Development Secretary for this. I know he has stressed it but other Ministers in their contributions, obviously taking account of what is going on in London, have obviously taken into account the nature of wage claims being put in in England now by the Civil Service Association and so forth, and have been mentioning figures of 15% and 20%. In fact it may even be more. If I judge the Unions correctly I think I am being conservative, when I say it will be in the order of 15%, and if it is in the order of 15%, the chappie who is getting £3,282, the average £64 a week man will be getting £3,880/£3,900 a year. That is what I make a 15% increase on £3,280 or something, I have not got my calculator, and that is just 1979/1980. By 1980/81, assuming it is another 10% or 15%, assuming the Government cannot control the rate of inflation, which they cannot quite obviously and certainly not the British Government unless there is a change, and even they may not be able to control it, it may be a higher rate of inflation, therefore, in 1981/82 an average earning will be over £4,000. That will be the position, and, therefore, the increase in the tax structure the increases in rate, will then start to bite a much greater percentage than the 8% that has been referred to here.

This is where I think the Government has been very clever, they have done their income tax restructuring and in fact they have told everybody you are all going to pay less. Well, no Government is as beneficent as that, Mr Speaker. Everybody is going to pay less, only a few are going to pay more than is today, April 1st. Assuming these things happen on July 1st, which they will not of course, they will be backdated and it will take a few months, when everything is sorted out, it will be more than 8%. And next year just after the elections, a much greater number of people will be caught up in the new structure, so that we will have, for any reason that Honourable Members may say, we will have quite a number of people who will be working 50% for the

Government and 50% for themselves.

I cannot leave this question of the income tax without referring to the statement made by the Minister for Labour that he was after the single young people, because they were very comfortable. They were making money, they were at home and their parents did not ask them to contribute and so forth. Well, Mr Speaker, all I can say is that if parents can afford because they make sacrifices so that their loved young ones put it that way . . . . The Minister calls them "pampered"? Some people may think it is pampering, some people may think that a parent prefers to invest his money in giving his young son or young daughter a comfortable life than spending it on holidays in Spain, or spending it on other things. That is their privilege. Why should they not. Why should the Government turn round and say, now I am going to tax young men out of proportion to the rest of the community. Where is social justice going, Mr Speaker? A parent may say: don't you pay anything to the house because I want you to save for when you get married, I want you to really start life off well. There are hundreds of reasons: why should they be singled out to pay for anything, why should they pay more than their share. Is this not an egalitarian society? Why should they be asked to pay more because the Minister for Labour does not like the idea of a young man not contributing to the family household budget for good reasons. He may feel his own children should pay in their own house. His wife may have a different idea, she may say: well, whilst they are in my home I do not see why they should pay anything. People have different ideas on the matter. But I think that when it comes to income tax you should not go round saying, that chap is having a good time knock him. I think that the singling out by the Minister of a particular category of person is unfortunate, because I do not know whether he is going to say that young men under 25 will pay 50% and men over 40 will get a preferential rate. I do not know whether he is considering that but if he is we will look at it when it comes. It seems to me that singling out any particular person in our society for punitive measures, what is in effect punitive measures, is an unfortunate remark on the part of the Minister.

Mr Speaker, so that in actual fact this smoke screen, this package has been spoken about is nothing more real than a smoke screen to hide very, very severe measures that have been brought in by the Government. And severe measures that have been brought in by a desperate Government which is in serious trouble, and here I would like to digress a little, as I always like to digress a little on the contribution of the Honourable Mr Bossano.

I always listen to him with great interest because there is always one thing about the man, he is logical and he is consistent and he sets out the position as he has seen it. He has been consistent for many years and it is interesting to listen to his economic appraisal of the situation. Of course I think, Mr Speaker, that when he starts talking about bankruptcy and tries to liken the Government position to that of a private company, I think he is making the wrong comparison, and I will say why. Because, Mr Speaker, a private company depends for carrying on on its assets, on its resources which are not limitless and of course depends on the banks, whether the bank gives him credit or not. And when it gets to a stage where it cannot pay its debts it becomes bankrupt, insolvent and once the process starts it just goes on.

Now, Mr Bossano tried to compare the Government finances with a private company, and he said: well, the Government has assets, the Gibraltar Government is far from being in a dangerous situation because it has assets. Well, it is true the Gibraltar Government has assets. It would be a terrible thing if it had got to the stage that the Gibraltar Government had to realise assets in order to pay for a year's bills, because once it starts to do that it would be broke. But, Mr Speaker, the Gibraltar Government can not realise the major aspect of its assets, Housing. It can not even sell it at cut down prices. They have got no takers! Who is going to buy that housing stock? Who is going to buy the Generating Station? How can he sell the Distiller that the Government side seem to want to get rid of so quickly. That would not sell, would it? All the major assets the Gibraltar Government has are unrealisable, they cannot sell them. So the assets that the Gibraltar Government has to dispose of to pay for its bills, as Mr Bossano said, you can even contemplate that. If the Government sold one building, anywhere in Gibraltar, just for the sake of paying its bills, can you imagine what would happen. So that, Mr Speaker, is out. So, therefore, as far as the Gibraltar Government is concerned, and as every Government in the world, the major asset it possesses is to go on taxing. If it needs the money it has to produce it and it therefore taxes people in one way or another. Whether it is to make the funded services self sufficient, or whether it is to make people pay for their drink or pay for whatever they want to do, the Government has no problem in raising money. It does raise its money. But what a Government cannot do is to be itself the cause of inflation, because once a Government by its acts sets everybody on the road to inflation and once a Government by its act taxes people beyond their taxable capacity - and when I am talking of taxing people I am not talking of direct taxation I am talking of indirect taxation as well - I am talk-

ing of the funded services, I am talking of import duties, I am talking of duty on drinks as well. Once a Government starts taxing people beyond their taxable capacity it is then that the Government is broke, to put it in those terms. It is then that the Government has to look elsewhere; it is then that a Government finds that despite the extra taxes because it has driven people beyond their taxable capacity, that the revenue is not being received.

It finds for example because it has put drink too high or cigarettes too high, whatever they have reasons for it, finds that the revenue starts coming down, that tourists do not come and therefore, it does not get revenue from somewhere else. That is what happens. And then it finds it has to do what any Government does not want to do, what no Honourable Member on this side of the House and I hope on that side of the House wants to do, it has to reduce the social services. It is no use the Minister for Labour coming to this House as he did in the Appropriation Bill, on the budget as if he was the only man in this House, the only Minister who had to support the social services, as if he were indispensable, as if he had discovered Gibraltar, or not Gibraltar discover the world, on social services: "We would have the money for the social services and we shall have them". What he has not told the House is that maintaining the social services is now becoming a very heavy burden on the economy; what he has not told the House is that apart from giving money, which is an easy operation, to increase the Family Allowances, to increase the Old Age Pension, that is just easy but what he has not told the House is that the expansion in the social services that any progressive community wants is not taking place. Mr Speaker, we look at the budget of expenditure we look at Education and expenditure has been held back as the Minister for Education says: "We are only doing what is 'necessary' not what is 'desirable'". So in there there is already as it were a cut in a social service. And what the Minister for Labour cannot do is just to say "I will maintain the social services", because when he comes up next year and he is told "Well, look here, Mr Minister, we have put up the price of drink and we have put up the price of cigarettes and our revenue has come down. I do not think it is going to happen this year. Our revenue has come down, we do not have the money now". What is the Minister for Labour going to say, when everybody pays everything they earn for the Government to keep the social services going. That is how you get a cut in the social services. Nobody wants a cut in the social services. No Honourable Member in this House wants a cut in the social services, but if you are running the economy in a way that you cannot fund your social services, eventually you have to take a cut in the social services and you have to give the best excuse you can.

That is the problem, Mr Speaker, that the economy is going through in Gibraltar. Mr Bossano told us yesterday about the 1972 position, the surplus there was then, for example, and the fact that the unpaid bills were not taken as money in the kitty because it was not paid. Just consider that position in 1972, over seven years where the Government takes into account the unpaid bills as part of its assets. They have to take it into account and the Government has to produce £1m in taxes because if it has got £1m at any one time as unpaid bills it could be in the position of not being able to pay people because they would owe the money and they could not pay people to whom they owed on due days, and, therefore, that is why the Government today has to have a cash reserve, and all the tax measures that we have heard yesterday, as opposed to the Budget time, all those cash measures are there to enable us to have working capital. Cash to run the place. That is the position that we are in, Mr Speaker. So the position of the economy is not a good one, there is no question about it, it is a very poor one. How have we got into it is a matter for argument, is a matter for discussion.

The contribution of the Honourable and Gallant Major Peliza yesterday I thought put the position very well. Put it very clearly. There has been, and we use the word "mismanagement" of the economy. We have put it that way, and we are voting against the tax measures because of that. We consider that there has been mismanagement of the economy because there has been this tremendous influx of money that has been frittered away. As the Honourable, Mr Bossano, said, and like the Honourable and Gallant Major Peliza said, development: we have been crying about this question of development, and development not getting on, it has not got on over the years and we are suffering the consequences of it. I mean, this is a reality.

The Government does less and less for more and more, and that is the mismanagement. It is not a question as the Honourable the Minister for Labour said yesterday, try to throw in the red herring. He said would the Opposition tell us what it was, are they referring to overtime? This of course I suppose in an endeavour to try and engravate himself with the Honourable Mr Bossano with whom he is constantly trying to engravate himself. Why are you talking about overtime, so that you can tell the workers the Opposition are against you, the workers. Fine, that wins an election, but it does not solve the economic problem. The question of overtime is only one aspect of the matter. Nobody objects to overtime. Nobody objects to higher earnings on this side of the House. We have always gone for it. But what we have objected to, and this has been

the whole of our charges against the Government, what we have said is that the leadership has to come from the top, Management has to come from the top; management must govern, the Government must govern. It is no use the Minister for Public Works and the Minister for Economic Development turning round and asking the Honourable Mr Bossano for permission to do this and for permission to do that: term contracts; please co-operate, please allow us to have term contracts. And Mr Bossano says "no, you cannot have it," and the Minister says well at least he has now agreed that it should go to tender.

Mr Speaker, I do not know how the Government governs. I do not know how the Government manages, but I do know and the people of Gibraltar do know that there is a backlog of heavy maintenance, that there are hundreds of leaking roofs, I do not know how many public health notices there are within the Government, I do not know. From what I hear of £1m in backlog the public health notices must go into the thousands. But what does the Government do, it digs squares. What the Opposition expects, what the people of Gibraltar expect of the Government is that they govern. If this is what has to be done, do it and face the consequences, and explain to the people why you are doing this. What the Honourable and Gallant Major Peliza said yesterday I am sure the Government cannot quarrel with. The objective of a politician in power and in Government must be to achieve positive benefits for the community, not just to stay in power. What is the point of power if you have got it and you do not use it as you think it ought to be used. It is not worth having power on those conditions and one gets the feeling on this side of the House, and I am sure Ministers have it, that there are severe constraints on the exercise by the Government of their power. But even then one can even accept constraints on power as long as Government governs, as long as it is efficient. In the last twelve months, for example, this I think is a good example, when we were complaining about the lack of achievement in the development of Gibraltar by the Government, its inability to spend the money the British Government gave us, we were complaining about that last year, not this year, last year, we got all sorts of excuses, and we got them every year. One of them was the industrial confrontation. This last, year, Mr Speaker, we had a whole year of industrial relations paradise, if we are to believe what the Government tells us and if we are to believe what the Honourable Mr Bossano tells us. There has been no dispute apparently, there has been a year of peace and the performance of the Government has been no better than the previous year with industrial problems, with industrial stress. The British Government that gives us £14m looks at Gibraltar and says:



"But you do not spend it". What is the point of Government delegation to England, what is the point of money being spent on trips to England, on all the preparation of civil servants, everything stops whilst the development plan is prepared by the Public Works Department, by the Lands and Surveys Department, by everybody, the Economist and everybody, this tremendous development plan, it goes to the British Government, the British Government approves it, there is a roar of triumph, faith and so forth, you have got the £14m and we are going to spend £7m in 1978-79. The Chief Minister says, we are ready for it, in his budget speech, the Minister for Public Works says it, or the Minister for Economic Development I do not know which, we are ready for it, and then performance comes and instead of £7m it is £2.9m. And if one looks at the statement the Minister made in the House only a week before, it is less. And, therefore, wealth does not come to Gibraltar, there is no economic activity. Now if one looks at the budget, Mr Speaker, at the present budget, does the House know, whatever may be said of what it represents to the average family, because Mr Speaker, if you look at the income tax budget everybody with four children, everybody with three children, and two children, are in fact getting money from this budget as far as income tax is concerned. We are all getting money from this budget. The one child fellow gets hit. And the married couple with a single child all get hit. It is not very much, £90,000 worth, not very much. But the Government is still going to raise £2.6m! And then we are told the average man is not going to pay either, the average family is not going to pay either. Mr Speaker, listening to Government Ministers, one feels that they really are magicians: they raise £2.6m from the people of Gibraltar, who have to pay it, and it turns out that hardly anybody is going to pay any of this. No one is going to pay!

But, Mr Speaker, the fact is that the people of Gibraltar are going to pay £2.6m or £2.4m, I have forgotten what the figure is, in taxes, and that is a lot of money. And I think Mr Averageman is going to pay a lot more than he has been told he is going to pay. I think everybody is going to pay more. You know, Mr Speaker, when I remember, in 1972 it was I think, television licences, as the Honourable and Gallant Major refers to it, was put up 60% £4 to £6, car licences, I do not know whether it was 25% or 50%, dog licences, perhaps this demonstration and the noise Honourable Members opposite made about it, my goodness me, Mr Chairman! And now, today, television licences go up by 300% - not 50% - 300% colour television, 333%, I think it is. Is this very reasonable and is this very nice, and everybody is jolly lucky to have to pay 333% more for a

television licence! And then, Mr Speaker, we go to water, water, that is an essential commodity. The Government always speaks of water in terms of the ordinary household. Water, Mr Speaker, the Government speaks of the average family expenditure of £1 or whatever it is, I do not know whether it is, £1.80. But I say this, water has gone up in two years by 100%. That is the statistics. Water has gone up 100% in two years. That is the order of the percentages we are talking about. The Government uses percentages when it suits them, and when it does not suit them to use a percentage they say so much per week or so much per month. It is a very clever speech, the Financial Secretary's statement and the Chief Minister's statement, because they switch from percentages to figures whenever it suits the equation. Well, I am just going to talk of percentage, because that sort of thing people understand and in the end they find it.

In two years, Mr Speaker, water has gone up 100% for the consumers of Gibraltar, and that I got from just looking at the Finance Ordinance of 1977 and 1978. In two years: 100% since 1977. For the hotels and the people who are classified with the hotels the price of water in two years since 1977 has gone up 120%. And there are more interesting figures when you go to other things.

Water is used for soft drinks, as we know, water is used by hotels, it all makes up the economy, it affects every aspect of the economy. Then Mr Speaker, there is electricity, and I think that the Government should seriously consider this question of the fuel cost adjustment, under which people's electricity bills are put up automatically, for good reason, but still automatically, it does not come to this House for approval. I think the Government should look at that. I think that electricity prices should not go up automatically, they should go up at budget time so that everybody should know. I do not think it is fair on the public that this so called fuel cost adjustment was put into the Finance Ordinance 1979. I think it should come out, or not necessarily come out, but it should be considered because it is no use telling people your electricity bill has only gone up 5%, we are putting up electricity 5%, and then people find that their electricity bill has gone up 25% because of the fuel cost adjustment formula. I mean people should know how the bills are going up.

Now, Mr Speaker, electricity affects a lot of activities, so that we are talking of 100% in water, 50% this year, 100% and 120% for the hotels; electricity this year alone of the order of 25% and then we go to other things in the



budget, Mr Speaker. For example drink. The Government we know, and we take that into account and we respect them for it, are against drink. That we know. They are snocking testotalers Mr Speaker, but we are not going to them for that. They are always sober, we are told. So what do they do. They say, "You can pay on drink, it does not matter". Well, it is very interesting to see how they have dealt with drink.

Mr Speaker, in the Finance Ordinance of 1977, that is only the last but one budget, whisky, for example, the position then was 332p per gallon, that was the duty in whisky, and it was changed in that budget to 452p. Now, when you come here to this year's budget measures the Finance Bill this year, you find that whisky, page 5 of the Bill, whisky in bottles, item 3 of the first Schedule, has gone up in the course of 2 years has gone from 332p to 452p and today it is 834p a gallon. So it has gone in the course of two years, the tax has gone from 332p to 834p. The Government says it does not matter, let people pay for their drink. Yes, but a lot of people who pay for their drink, Mr Speaker, happen to be the people who come to Gibraltar because they think that drink is cheap, that cigarettes are cheap. They bring their money, they spend it in the hotels who pay their taxes to the Government, they spend it in shops who pay their taxes to the Government, and so forth.

The Government has taken no account, I have noticed of the tourist industry. Well, the Minister for Sport laughs, but I think that the way we are going the Government has to get its money and it forgets policy, and this is where I think the Honourable Mr Bossano is right, it has no policy for Gibraltar. It needs the money, says whisky is a luxury, hit it. You hit whisky, and you hit beer, and you hit the taverns with their licences, you double them, you hit the duties and so forth, anything to do with drink and cigarettes is hit hard. Alright, the Government can nit hard and they tell them it is only 1.4p more a tot of whisky. It is crazy, how can it be 1.4p a tot more. What about the capital investment? Till the Wholesaler keep the same prices? How can he, if he has had a 300% increase in duties: that is 300% increase in his investment in stock. Of course it is going to go up. What about the Retailer, the Bar, why, 1.4p? He has got to pay more, he has got a bigger investment. But he has got to pay more for his Tavern Licence, he has got to pay more for his Beer Shop Licence, he has got to pay more for his rent, he has got to pay more for his rates, and water and electricity. Who has worked out these figures Mr Speaker. Who has worked out the figures of 1.4p for

the tot? Who has worked it out?

You need this commodity, Mr Speaker, so what will happen. The effects are cumulative, Mr Speaker. Nothing will happen this year. The tourist who bought his holiday will say, God it has gone up a bit since I was here three years ago. Well it is alright, he pays or he does not pay, or he has less whisky. They are very careful with their money, tourists, as I believe. Spend less money on cigarettes, spend less money on whisky, they may do that, and that affects of course the revenue obviously. And then the Tour Operators. They will say Gibraltar is not such a good place to go to, Mr Speaker.

The Government must have some policy towards tourism. The Government must surely believe that people come for their holiday to Gibraltar not just because of the sun. But listening to Government measures on cigarettes, whisky and so forth, I am convinced that the Minister for Tourism should be made redundant. I am convinced that the £200,000 that is spent on tourism should be used for something else because, Mr Speaker, the only thing that is going to bring tourists to Gibraltar is the sun. There will certainly be no other advantage from it.

Fortunately the Government has a lot of people working in the tourist industry, tour operators are going to help them to bring the people, but if, Mr Speaker, and it is not as simple as this, the man who wants to drink or smoke can jolly well pay the moon. Well, I mean the Government need not put up any income tax at all. Why change the bands of income tax to get £90,000, apart from the fact that of course they are hoping to get it next year or the year after. Why not just put up everything, put up drink 500%, 600%, Mr Speaker, or 700%. Do not worry, people would still go on drinking, people will still go on smoking.

I think the Government is going to get a few surprises from this respect. I think they are going to get a few surprises. I think that if you go and put luxuries up you may get the position that people do not buy them. The Government is hoping that people are still going to go on buying cars and everything else. On cars of course as always happens, the Government has really closed the stable doors after the horses bolted. The main purchase of cars has occurred already and now they put the duty, Mr Speaker. Now they put it up when they should have put it up last year. If they had done that then they would have got the duty on the 1,150 cars that have been imported. But no, they have put it up now. I think that is probably the Government protecting that 30%

section of the economy which has bought all its cars on the back money. Does the Government think it import duties on cars are going to go up, its receipts on cars so much in 1979 and 1980. I wonder, Mr Speaker.

Now, what has been the effect on the private sector, and it is interesting Mr Speaker, that the Government has not mentioned the private sector in the revenue raising measures. The Government has not mentioned the private sector at all. The private sector is just there to be good boys and produce the revenues that the Government needs to run its services in Gibraltar. It has not talked about the effects on the private sector of all these measures, because it is the private sector that has to pay and meet the bills, or pay part of it obviously. But the private sector has not been mentioned. But the increased capital investment that will be required by all these measures, how is it got back?

Imagine, Mr Speaker, that the Government instead of being the Government, let us suppose, Liptons and the Government were to go to Liptons, the Honourable Minister for Labour, and he was suddenly told that a packet of Kellogg's Corn Flakes has gone up 100% in 2 years and he complains. How can this be, it is impossible and the Minister for Labour would want a price control on Kellogg's Corn Flakes. Well, that is what they have done to water. And then you go to import duties and the shopkeeper would say, look Mr Minister I am sorry what is 100% anyway, a pound 50p on the packet, what is 50 pence. It can be a lot to the Minister for Labour, but we are told now that a 100% increase in water it is only £1.80 or £2.00 that is nothing. How can the Government justify the adoption of a criteria for private sector and a different criteria for the Government.

Increases, Mr Speaker, of the order of 40%, most of the increases on the Finance Bill are of the order of 40% up, apart from the income tax, which is a minor revenue raising measure as far as this budget is concerned. It is £90,000. But most of them are of the order of 40% upwards, and this is bound to have an effect. Of course it will have an effect on the private sector. Of course it will. I think it is unfair of the Government to tell people this would just mean an increase of 1.4 pence on a tot of whisky, and then a bar puts it up 5p and it will be said that they are profiteering; they are criminals and they are this and they are that and they are the other. The Unions will start shouting because you said 1.4p and it has gone up 5p and the Minister for Labour puts on his

sanctimonious hat as protector of the consumer and will say it is all wrong.

HON A J CANEPA:

As Minister for Consumer Protection earlier on in the year, in January, I authorised increases in cigarettes for instance 3p, increases in whisky and other drinks to meet increases in wages that had been paid in October 1978 by the industry, and the Government authorised that. They put in claims and they were considered, allowed and authorised. If a trade feels itself that it can come to Government with a request for an increase of 3p in a packet of cigarettes then the Government itself is free surely when it needs revenue to put the duty up on cigarettes.

HON P J ISOLA:

Mr Speaker, no one is disputing that the Government is not free to put up the duty of cigarettes. No one is disputing that, of course, Mr Speaker, but what I am saying is that the Government is free to do so and does put up prices by enormous percentages and that is alright, and then not only even does it say nothing of the private sector, we are not going to do anything to help the private sector, they just pay more, but then it makes the position of the private sector more difficult by making statements such as a tot of whisky will be 1.4 pence more when it knows perfectly well that that cannot be the position.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable Member would give way. I did comment that allowing for an extra margin for the actual bar it would probably be 2p a tot.

HON P J ISOLA:

Oh, how generous the Honourable Member is!

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That is 60%.

HON P J ISOLA

That is 60%, on what, on 1.4p. Yes, but then he does not add the 100% on water, the electricity, the rents, the rates. Tavern licences, have they gone up 100%? Have Tavern licences been touched?

MR SPEAKER

No, no they have not been touched for years.

HON P J ISOLA

They have not been touched for years. No, Mr Speaker, that is not correct either. Perhaps the Chief Minister - I am not going to start looking through my books - will tell us when they were last touched, but certainly they have been touched.

HON FINANCIAL AND DEVELOPMENT SECRETARY

They have not been touched since the time of Major Peliza.

HON P J ISOLA

There you are, and then it was not touched again. But look at the Tavern Licences, Mr Speaker. It has gone I think for most bars because it is talking of an annual value of £1,500, and looking at that one, a tavern licence with an annual value of £1,000, which is the equivalent, Mr Speaker, of about £100 a month rent. The annual value, of £1000 so they will be paying £320, that is £80 a quarter.

HON A J CANEPA

If the Honourable Member would give way. Liquor licences were last revised in 1972, where in fact the increase then was very much more substantial, in some cases as much as 300%, by Honourable Members opposite.

HON P J ISOLA

That is why the Honourable Members opposite were able to organise a demonstration or whatever. Whoever organised a demonstration against my Honourable Friend the Honourable and Gallant Major Peliza. But here you are £80 a quarter. I do not know what percentage rise that represents, but I suspect it is about 100%. So that as far as the private sector is concerned, Mr Speaker, and I mention the private sector because I think they must be mentioned, it seems to be a dirty word in some people's minds but the private sector does contribute through its services, through its taxes, and as the Honourable and Gallant Major so rightly pointed out does bring in income from outside. I mean, really the only entity in Gibraltar that does not bring any income from outside, any new money into Gibraltar, is in fact the Government because you have got employed 30% of the population. You have got the Ministry of Defence, the Department of the Environment. I will not repeat what he said yesterday, as he himself pointed out. So that, Mr Speaker, the Government has said nothing of economic policy. This is what has been worrying about this particular budget, and what has been worrying about these taxation measures. All it can say is that people can pay more and that is it. But how does Government see its position in 1990/1991. It has left itself raising £2.4m, or whatever it is, because I have got to say raising, Mr Speaker, because what is a tax? A tax is the contribution that people make so that Government can run its services. Well, water is one of the services it provides for the public. So is electricity and so forth. I do not call them taxes, they use another name, but it is money out of people's pockets. So what has the Government done, it has produced, it has taken £2.4m out of people's pockets in the coming year. But what does that bring in as far as the public is concerned? As far as the public is concerned it is left with a very shaky position of fifteen days working capital. That is all the Government is budgetting for. Now, it was going to have some surplus of £1.4m but that of course is reduced because of the Family Allowances appropriation, so it is there £1.2m. That means, Mr Speaker, that if the Government comes with an appropriation during the year, as it does - how many Appropriation Bills did we have last year, we must have had four or five - if it comes with a couple of them it may not be able to meet its bills. So it is a heavy budget, it is a tough budget, it produces £2.4m but the people of Gibraltar at the end of the year will be in a worse position than they are now. It is a deteriorating position which the Government has tried to salvage, that is the only word one can use, by tough measures, by

increases in areas the result of which it does not know. It has hit areas hard and tough, the result of which it does not know, and it does not know whether this will create problems for them next year.

So, although I agree with the Honourable and Gallant Major that with an election next year it is impossible for the Government to come with a tough budget next year, this is what my Honourable and Gallant Friend did and lost an election and Government will not repeat that mistake. It is impossible for them to do that, therefore, obviously, there must be some money hidden away in different places, there must be money hidden away in different places. But Mr Speaker, the Government has just hit people, has just raised taxes, and has not told us where we are going. It has not told us where the lining is in clouds. It has not told us. We do not know what will happen and all we can look forward to is increases of this order again next year. That is all we can look forward to, increases of this order again unless the Government gets money from the British Government. And whether the British Government will give money or not, I do not know. I presume we will get some because otherwise I find it difficult to imagine the Government would announce that they had asked for money if they had not got some hope of getting some. But I cannot see, Mr Speaker, the British Government financing mismanagement. I cannot see the British Government financing a Government that has found itself compelled to start looking at these expenditures. Or I can see the British Government saying, I will help you once I am sure that you are helping yourself, because when my Honourable Friend Mr Bossano - it is a pity he has not come in earlier - started talking about cutting expenditure before, Mr Speaker, in the course of his address, nobody wants to cut expenditure if that expenditure is being economically productive. Of course not, but we do want to cut wasteful and unnecessary expenditure, because the Government and the people of Gibraltar are reaching their taxable capacity, if they have not already passed it. They are reaching their taxable capacity and there is a limit to what you can get out of the economy, because once, Mr Speaker, if you tax too much, you put prices up too much, and you begin downward trends they are very difficult to stop and they bring consequences that are too disastrous to imagine. The UK economy was going that way and the British Government had to take very, very drastic measures, measures that really hurt, that really hit people, and I think the UK economy today is recovering from those drastic measures and there is a tendency in the UK public to forget what happened four years ago and to start asking for the moon again, and the inflationary spiral is started again.

Mr Speaker, I would like to ask the Chief Minister to tell us the way ahead, to tell us what is the policy of the Government, to tell us that the Government will ensure that - the new word used this time - that the Development Programme does peak during 1979/80, and that it will peak during 1979/80 come what may, with no more excuses for non-production. That it will peak and tell us the way ahead, because this is an inflationary budget whatever anybody may say. The order of increases of water, electricity, import duties, drinks, cigarettes, the order of the increases will have a very severe inflationary effect on the economy, because prices are going to go up whether the Government likes it or not; the cost of living is going to shoot up, not by 1.5% that we have produced on the revenue and all this business that the Government has admitted is wrong anyway, it is going to be a lot more, Mr Speaker. Yes the Government has admitted it is wrong . . . .

#### MR SPEAKER

Order, I think the amount mentioned by the Government after correction was 3%.

#### HON P J ISOLA

This is the direct effect, 3%, but it is going to be a lot more, Mr Speaker, because as the pinch is felt, as investment goes up or has to go up, as prices go up, as costs go up, and we have only talked of the 1st July effect of the Government expenditure, but if there is an increase in wages of 15% in the Government sector obviously this will be repeated everywhere else, so all the costings will go up.

This budget is inflationary. The Government in its measures, it may have had to produce, maybe I do not know, because of mismanagement of the economy, because of the way it has managed the economy, it has had to put these measures. But they are inflationary measures, Mr Speaker, let us have no doubt about that and the effect of these measures will be felt right through our economy, and we will see the result at the end of the year.

So, Mr Speaker, the Opposition cannot support these measures because of their severity, but principally because of the principle we have announced from the moment these estimates were laid on the table, that we believe the economy is being mis-managed, we believe the

Government has mismanaged the economy, and that the need for all these taxes have been brought about by the mismanagement of the economy, and that is why we have to vote against the Bill as a whole, although we will vote in favour of individual items if we agree.

Thank you, Mr Speaker.

MR SPEAKER

Well if there are no other contributors I will call on the Chief Minister to exercise his right to reply under the Standing Orders.

HON CHIEF MINISTER

Thank you, Mr Speaker.

I will deal with the last speaker first because what he has said is fresher in our mind, and I must say I have been very disappointed. I normally listen to the Honourable Mr Isola with great interest since his contributions in this House are very valuable as was the case in the Appropriation Bill. In this case of the Finance Bill it gives me the impression that Mr Isola is living in cuckoo land, talking about inflation as if inflation was not the curse of the Western world. There is no inflation in the Eastern world, they control everything from the top and nobody has any figures. In the Western World inflation is the order of the day, everything that has to do with public expenditure is inflationary and all that can be done is to contain inflation to a certain extent. And as he was talking about this I was reminded of something that I am going to quote from this week's Economist, and that this the very first article of April 14th, the leading article about "The choice is between" referring of course to the elections, and this is what it had to say: "If one prediction can be made with certainty about the British Government that will take office in May 4th, it is that its life will be dominated by a simple fact. It will lack the cash as Britain lacks the wealth to do anything other than keep cutting Government expenditure more severely than most public servants, politicians or beneficiaries in Government spending have began to realise or admit. The scale of public spending commitments entered into over the past 10 years, many of them irreversible, coupled with the clear pledge of both major political parties in this general election to reduce taxation, means that the public sector is in for

a period of unprecedented restraint."

Now, this may not be the case here, but this is the picture against which we have to deal with our affairs in Gibraltar. I do not subscribe to the statement, and if I am quoting him wrong please let me be corrected, of the Honourable Mr Bossano that that situation in England may not be that bad in Gibraltar. I think that with parity, and all that that entails, if England is poor Gibraltar must share its poverty to some extent; if Britain is rich, Gibraltar must share that richness in many respects, because of our dependence in general terms and of our situation with regards generally to Government spending. So that to speak about the fact that the measures of the budget are inflationary is of course true, but they are not as inflationary as has been made out to be by the Honourable Mr Isola. They are inevitable in the situation in which we find ourselves, precisely because of that statement that I have quoted of the mounting changes and betterment of which my Honourable Friend, on my left, Mr Canepa spoke so clearly the other day about the increases in the social services and in the services rendered to the general community and because of the general prosperity that has been experienced in Gibraltar in the last ten years.

Now there is one point that the Honourable Mr Isola makes that is of course in complete contradiction to what the Honourable and Gallant Major Peliza was saying last night on the question of taxation and all the comparisons that he made about taxation and allowances in England. Mr Isola says, and I entirely agree with him, that we have increased the top scale after a certain figure from 40% to 50%, and that 10% does not produce very much, or does not produce what one would expect. Now that is a clear indication that our structure of taxation cannot follow the pattern of taxation in the United Kingdom where you can go 40% to 50% and to 60% and to 70% and to 80% and to 83%, or whatever it is, because there are simply not the people with high incomes sufficient to make any appreciable effect on the collection from income tax. I am following an argument which has been used by a speaker to whom I am now replying, but I entirely agree that it makes very little difference, but we have to take all the consequences because we could not have made the package that we have done. I think we have certainly reached the limit from a practical point of view in respect of the percentage of taxation. We agree that

it does not produce what people might think that it produces because beyond the figure at which you start paying more than 40% there are a couple of dozen people who could enter into that category, and that, however much you tax them, you can tax them up to 80% as you do in England, but you would never get any money of any consequence, yet it does have a deterrent effect, even if you wanted to do that and penalise them, it has the deterrent effect that it would not encourage people from abroad to come to invest in Gibraltar if at the top level the measure of taxation is going to be very similar to what it is in England. So really, in my view, we have reached at this stage, I do not know what will happen in the future, the very top, and of course it is at the very top of the scale where people with assessable incomes of well over, I think £10,000.

Now the Honourable Mr Isola said that they were not against, the Honourable Mr Isola said that they were not against overtime and that we were pampering the Unions by saying that we were against overtime. Well it is exactly the opposite. We did make it a condition as I stated in my statement of last year inevitably, that on the introduction of parity what was normally called "social overtime" had to come to an end and I entirely agree. And if agreeing with Mr Bossano means trying to win him over, as Mr Isola appeared to have suggested that we pamper Mr Bossano in this House, perhaps Mr Isola does not know Mr Bossano well enough, even though they have been sitting on the same side of the House for some considerable time. Mr Bossano's independence of judgement, which I respect in that case, is absolute, and he very well judges who is pampering or who is fighting for the sake of fighting. Really we do not agree with the suggestion made by Mr Isola that it does not matter about overtime. Of course the question of overtime matters. Overtime has been mentioned on various occasions in the course of this budget. It was mentioned by me and it was mentioned by the Financial and Development Secretary as being in the region of £2m, a lot of which was essential and which had to carry on, let there be no mistake about it, the sum of which can well be proved, and it does not affect only the industrial workers, we said that it was equally divided between the industrials and the non-industrials. So that is one area in which we are not in agreement.

The other matter is this question of the increased charges on the funded services. I think Mr Featherstone

made a very good contribution in respect of water and went very far in explaining to what extent water was subsidised for the average household despite the fact that water had to be paid at a much higher rate by others. He also spoke of the price of water. Now, first of all, the Honourable Mr Canepa quoted yesterday two statements by the Leader of the Opposition in 1977 and 1978, about the fact that the funded services had to pay for themselves, but that this should be done gradually and not all at once as one had been advised, and perhaps that might have been the better result. We might have had one big demonstration of indignation from the opposite side, but I felt, and I am fully responsible for that, I felt that in the long run the inevitable measures of trying to get some of the funded services to pay for themselves would be much easier achieved in the way that we have done it.

But it was a condition again of the acceptance of parity that considerable increases would be necessary in rents for housing, charges for electricity and water and telephones. They had hitherto been heavily subsidised out of general revenue and that is what I said in my statement last year which I quoted this year.

Once you know exactly what the position is there are certain funded services on which as a matter of social policy you can decide to subsidise. What was happening before was the other, and let me also say, and I should have mentioned this before, that on the cut in social overtime I entirely agree with what Mr Bossano said yesterday - without any intent of pampering him - I entirely agree with what he said yesterday that of course it was impossible to cut social overtime when the wages were £34 a week because we well knew that people could not make ends meet and we were fully conscious of what was happening, and this was the only way to cushion the effect. Whilst there were negotiations and subsequently, unfortunately, industrial unrest, we had to ensure that the average worker, whatever the conflict between the Union and the Government, should not be punished or deprived of a reasonable take-home packet in order to meet his essential needs. And that is why that remained throughout until the final settlement came on the question of parity.

It is surprising that a converted integrationist that Mr Isola became when he joined that Party, should make these references. The point is that of all people he, a converted integrationist should complain about the fact that things are more expensive in Gibraltar than they are in England. Surely, integration means integration on



everything: integration in prices, integration in everything. And yet he is surprised, even though the prices for luxuries and for drinks have gone up so considerably in Britain that the increases that are made here in relation to the increases that have been made to these items in Britain still maintain a considerable level of lower costs in Gibraltar than it does in the United Kingdom. And that of course is one of the things that we took into account.

Now, he spoke very concernedly about the taverns and about the rates of tavern licences and so on. I remember that when we introduced the Duty Free Shop at the Airport hearing the former Minister Mr Caruana saying that the whole of Main Street was going to become impoverished and that it was dreadful what was going to happen if we were to sell drinks at a very low rate in Gibraltar. What would the tavern people do, it would be the ruin for Gibraltar. Well we are getting a very nice income from that source and there have been no complaints from victuallers of any substance, and indeed even if they were to complain the fact that nowadays you get more and more bars means of course that the bar industry if anything is on the up grade and that in fact they make money. Nobody opens a business for the sake of serving the public only. They open a business for the sake of making money, and very rightly so. That is the test I think to the extent to which the private sector and its demand for the goods that have been taxed in the private sector can take it. The fact that the bars are opened and that in fact the money that changes hands when bars are sold is sometimes very substantial. Very substantial.

Now, before I leave Mr Isola, he asked me a question and I am quite happy to reply to him. He asked the Chief Minister to ensure that in 1979-80 the peak of development would be reached. All I can say is that before that figure was put on the estimates, the matter was discussed at very great lengths. We examined our resources and the prospects, at the things that had been approved by ODE, at the general level of the work force and the potential of the construction trade and other works that could be carried out, and without positively giving an assurance on a matter over which I have no direct control, because there are many factors that can come up in the year, I can give an assurance to the Honourable Member that I will do my utmost. I have already indicated to my colleagues that I will take an interest - the responsibility - is properly delegated and in the able hands of Mr Serfaty - but I will take a particular interest in monitoring the

progress, because we really believe, and I think Mr Serfaty being the candid person he is - I often wonder when I see how candid he is in politics how he ever makes money in business, but he is candid and he tells exactly what he feels, he spoke about all the difficulties that are encountered in these matters with the best will in the world and so on, but I can assure the House that we are convinced now, as never before because we knew precisely that this would be a fair criticism, that the peaking of the Development Programme will take place this coming year for obvious reasons, unless of course something untoward happens and we are stopped with the garage, stopped with the school because there is another lot of people saying the garage should not be there and so on, and as somebody said even if we built it at the top of the Rock we would still have a conservationist or the apes complaining about pollution.

Now I would like to take some of the points made by speakers in the order in which they were made.

I think my Honourable Colleague, Mr Canepa, dealt adequately with the rather morose and monotonous performance of the Leader of the Opposition. The speaker who deserves some consideration in respect of quite a number of the things he said is the Honourable Mr Bossano. But I have a quarrel to pick with him, and I hope this will not prejudice the rest of the "pampering". I have a quarrel to pick with him because he said he had the solution to the Gibraltar problem and he will not tell us what it is. He has the answer to all our problems; he has explained a few here, just given us a glimmer of his ideas on that. He has the answer to all Gibraltar's problems. The point is that he will not tell us. He will only tell us in the context of our becoming again, I think that is what he meant, a socialist, and you commit yourself to a socialist state in Gibraltar. Now, I consider that to be blackmail, really blackmail, because I do not think that if he has the answer to the problem that we have he should withhold it from us. I have not lost hope that perhaps if not publicly some day privately and without authorising me to say where it comes from he might give me a hint or two. And let me tell you quite frankly that I am prepared to take it. Even though we are crowded on these benches, and there is no attempt to entice him, I think he is very well placed where he is.

He did give us credit for starting to realise that we were getting a sense of direction, and this is precisely what I want him to define for me when we have the opportunity because perhaps we are not conscious of it. We have done

it instinctively, as if he only tells us what the reason is we can then define the direction much better and get to the essence.

I would like to ask him certainly to tell us on the first opportunity he has why we have a potential that few people in Europe have. I have mentioned in my final remarks from my speech in the Finance Bill that we thought we had a blessing that the rest of Europe has not got, and that is that we have not got unemployment, which is perhaps the worst feature of Western Society nowadays. For that we thank God and in fact are able to provide work for others from abroad.

He said that the criteria for a sound economy had never been definitely defined. Yes, I agree to some extent with him on that, but one of the difficulties that we encounter is that though we are masters of our own budget, unlike an independent territory we cannot steer all the way the course we would like. We are dependant on so many outside factors over which we have no control whatsoever, which can have good effects on Gibraltar or can have a bad effect on Gibraltar, and now more than ever with parity, though I think that at least it has set a pattern for the solution of industrial problems, has given us a lesser independence on the managing of the economy because matters are settled on terms over which we have no control.

One for example, of the features of parity is the very high increase and the high cost of running the Police Force. Why is that? Because in England, if you heard the news this morning, the Police were pelted and insulted and were in trouble against people who were manifesting against the National Front. A person died, not a Policeman, but a person died that is serious enough in an election in England, and many Police injured, and these are the risks for which they are being paid properly. Now we have to pay them the same in Gibraltar. I am not saying that they should earn their full keep by having to put up with that kind of thing, but these are the factors over which we have no control. There are other factors in the economy of the world over which we have no control which have a bearing, and that is why there can be principles and a criteria, but there cannot be a definite one that you can rely on if in the course of the year you are not put off course by problems over which you have no control whatsoever.

I suppose to some extent it is true that the exercise of

budgeting is a matter of balancing the books. That is one factor of it. They have to be balanced because if you do not balance the books then you are in trouble, that is obvious. But there are other criteria, there are other criteria over which the Government have not ideas.

They say we have not helped and we do not care anything about tourists and we should not have a Tourist Office and so on. But we have to the extent that it is possible. For example last year the increase in the cost of water in respect of hotels was postponed until October. That is a concession, a very special concession to hotels which nobody else gets, not the Government hostels, not anybody. That is a concession in respect of an item which we know is of particular burden to the others.

In 1977, Members opposite voted in favour of the Fuel Cost Adjustment formula. It is part of the automatic mechanism and Mr Isola has now raised certain objections. It has required an amendment this year because the pattern of the increase in the cost was made on a basis which is no longer realistic, and that is that further increases have taken place in the price of oil that have differentiated, and burdened much more heavily light oil than heavy oil. That is why the formula now would not cover the increases, and if we have to follow the pattern of the United Kingdom in these matters I think this is a very sound way of not having to come here, as we hope we will not have to do for a long time, to adjust the tariff on other expenses, because on the 5<sup>th</sup> which will take effect from the 1st July we can now make electricity pay for itself.

Turning back to the point made by the Honourable Mr Isola, now does he expect - he does not answer questions he asks questions - us to pay for water, to pay for electricity? Does he expect us to pay out of taxation for all these things? Is it not the policy, as announced by his own leader in two successive years, that the charges were properly to be made self sufficient and they should be done gradually? Does it not present a much more realistic pattern in respect of spending and in respect of the services that we have to provide, and in respect of the real extent to which the cost of living is a reality and not just an artificial way of keeping things down.

HON M KIBERRAS

If the Honourable the Chief Minister would give way.

The Minister for Labour quoted me on two occasions about making up gradually the deficits in the funds, but I have said several other things in this House which are not inconsistent with the quotes of the Minister for Labour.

HON CHIEF MINISTER

I am sure you have said many many things in this House. Of that there is no doubt. But the point is that the money to pay for these increased costs must come from somewhere, and to the extent that they are not a social injustice, they must come from the consumers themselves.

What has happened even under the Labour Government in England with the nationalised industries? About two years ago they ceased to subsidise them. They said, no more will you get subsidies for the nationalised industries. You will have to make the industries pay for themselves. If you have a Public Utilities Board separate from the rest of Government to run those services on a paying basis, despite grants that could be given for subsidising certain services, they would have to pay for themselves. And if we are not going to allow them to pay for themselves and we have to raise more taxes, then we will get him complaining that we have imposed further taxes. If these services do not pay for themselves they have to be paid either by the consumers or by the tax payers, and it is more reasonable to the extent that it is socially bearable that they should be paid by the consumer rather than by the general body of rate payers. Much sounder economically and much healthier for the future of the whole economy of Gibraltar.

Well, Mr Speaker, I am sorry the Honourable and Gallant Major Peliza is not here but I really feel that his performance last night was a sad performance in a way, even though we had one or two laughs. We are awake even though he is not speaking. There has been a suggestion on two or three occasions in which it has been suggested that Members on this side of the House are responsible - it has not been a direct accusation but an insistent insinuation - for the demonstration that took place after his budget measures. I can give him my word of honour, for what is it worth to him, and that of Honourable Members on this side of the House, that we had nothing whatever to do with that demonstration. Moreover, the

Honourable Mr Canepa, in an intervention on television, complained bitterly about the manner in which the Honourable and Gallant Major Peliza had been treated. He complained openly and bitterly. So please, for God's sake, forget about that. We do not raise it. The only thing that we can say is that demonstrations were less common than they are now. We had one this morning here, we do not suggest that it was organised by Members opposite in order to embarrass us or any other ones that might come as a result of it? No, we do not descend so low as to do that. At that time we were just not particularly interested. And let me tell the Honourable Member who last spoke before I did, that the elections were not lost because of the budget measures, the elections were lost for much more deeper reasons, and they know it only too well.

Thank you, Mr Speaker.

MR SPEAKER

I will then call on the Financial and Development Secretary to reply to the motion.

HON FINANCIAL AND DEVELOPMENT SECRETARY

I do not really convince myself that under our procedure my reply is not something of an anti-climax. I think the important substance of what Honourable Members opposite have said during the course of this debate have been fully and most ably set forth by speakers on this side, and mostly of course in the winding up by the Honourable and Learned Chief Minister, which rather leaves me out in limbo, scratching around amongst a lot of pieces of paper to see whether any of the notes that I made at the time are of sufficient relevance to warrant being commented upon. I do have, as a matter of fact, I have unearthed just one or two.

The Honourable the Leader of the Opposition had quite a bit to say about the film outstanding at any one time through unpaid bills for the Public Utilities and Housing and so on, and I got the impression that he thought that that figure was exaggerated. Well, I think a moment of thought and a moment's glance at the estimate will show that it is not, because the total income of the Electricity, Water and Housing Funds for the year has been put at £5.1m. That means, therefore, that roughly speaking, amongst the issue of bills for electricity and water

and of course, the four weekly rental demands, represents something like £430,000. If we add telephones which are billed quarterly, we can say that it is not very far to go, talking in local terms, to £1m. That means, therefore, that there is £1m of bills in value the moment that they are issued. So that even if they were issued in every case on the day following the day that the meters are read, or the demand for rent were actually handed over to the tenant, and if they were paid, every single one of them were paid let us say within a month, the Government has got £500,000 outstanding for one month. Well, we all know that that utopia does not exist. It does not exist either as regards the issuing of the bills for many reasons although every effort is made and will continue to be made to improve the speed with which the bills are issued, and it certainly does not exist in relation to the payments. And I think it is not an unreasonable assumption, or generality shall we say, that one allows about twice the monthly average: and there is your £1m. It may be rather more. Hopefully it would be a little less.

The other point that I think the Honourable the Leader of the Opposition made was that on his side of the fence it has been calculated that an average family would pay £157 more per annum as a result of the increases in the funded services. Now, the Opposition's arithmetic, as so often is the case, is at variance with the arithmetic conducted on this side of the House. As far as we are concerned there is no one figure for the simple reason that rent has not increased uniformly, and there is a very widespread in the percentage increases of rents for certain flats as against rents for others. So depending on the particular rent involved where this average family may be living we spread the figures between £79 and £178. We think that with the Fuel Cost Adjustment surcharge, electricity represents an increase of about £23; water about £15; telephones just over £9; and rent will vary between £31 and £130. And so we have our spread of between £79 and £178 depending upon the particular flat in which this average family happens to live. It is not just one figure of £153.

The third point which I would like to deal with rising out of what the Leader of the Opposition said is in relation to the Government Statistician. I think I heard him, alright to say that there was no longer a Government Statistician. If I misheard him or if that is not what he said he will I am sure correct me, but I think he said there is no longer a Government Statistician.

HON M XIBERRAS

I referred to Statistics Office. If the point the Honourable Member wishes to make is that I am disputing the impartiality of the Statistician then he is barking up the wrong tree. What I did say was that 1.5% seemed to me to be a very low figure for the effect of the measures on the IRP. Since then it has been established that it is 3%, a figure which I accept, as a direct result of the measures taken and I would like to hear the Honourable the Financial and Development Secretary say what the induced effect is going to be.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, I welcome that, and I am going to take it as an assurance, although I must confess it did not seem to me to be particularly happily phrased that he was not imputing any degree of lack of impartiality on the part of the Statistics Office, because the figure of 1.5% I gave in my statement was the figure related to the indirect taxation increase, and as subsequently emerged the other increases in public utility charges are calculated to double that, making it 3%. He now asks me whether or not it is possible to compute the induced charges, and the answer there is, no. And it does not take very much thinking to realise why one cannot calculate or compute induced effect on the IRP. How is one to know, until in fact it has happened, the extent to which for example a retailer of anything is going to put his charges up. How can one say now that a particular retailer or a particular line of goods is going to put his charges up let us say in September or in October. How can one say that the increase when it comes is directly and only attributable to the duty increase or to the increase in water charges. There may be many other factors which could have come in in the meantime. So the answer to the question is, no, it is not possible to compute the induced effect on the IRP of the measures which the Government has taken in relation to the indirect taxation, nor in relation to the increased charges for water, electricity and telephones. The Honourable the Leader of the Opposition is getting agitated so he may stand up if he wishes to answer.

HON M XIBERRAS

The Leader of the Opposition is not getting agitated or anything else. The Honourable the Leader of the Opposition wants the Government to function properly including the Government Statistician, and what we want to

know is in fact what the prediction by the Government is. It is a figure which the Honourable the Financial and Development Secretary knows is common practice in the United Kingdom, where an estimate of the inflationary effect of the measure is given not only by Government Statisticians, but also by the press in General.

#### HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, that is what has been given, 3%.

I shall have to quote quotes to the Honourable the Leader of the Opposition before the day is over, I can see that.

Now Mr Speaker, what else have I got.

Ah, my Honourable and Learned Friend sitting opposite. It is all very well to accuse me and my Honourable Leader of deciding whether we should quote percentages or actual figures in order to put the best gloss on the case. I have a feeling that in choosing percentages he was taking a leaf out of our book and putting the best gloss he could on his own. He made quite a song and dance if I may so describe it, about the importer of spirits and tobaccos and how this would represent a very substantial increase in the amount of capital which he had tied up in those goods. Now, in absolute terms obviously it will, but how much is very much I think a matter of judgement because the purveyor of spirits, the purveyor of tobacco goods, only pays duty when he draws his ready-used stock from the Bonded Stores, and until that time the capital tied up in his import is represented by the value of goods and not on the duty which subsequently becomes payable. I do not dispute, as I said, in absolute terms, that increases in duty on such things as spirits and tobacco will have some increase on the amount of capital which the importer has tied up, but I would certainly think it is a matter of judgement, and I would doubt that it would be so substantial because he has to some extent the ability to regulate the flow of goods out of Bond into his shop, or ready-use store.

Now, let me have another look at these. Ah, again my Honourable and Learned Friend I thought almost lacrimose, I think is the word listening to him, when he was talking about the perilous state into which Gibraltar had fallen. I do not think that by any stretch of the imagination the economy of Gibraltar can be said to be over stretched. After all, as we know, something like 30% in real terms has been the injection into the economy as a result of the parity settlement and the other things

that have come along in its tracks, but I do not think that the economy as such is in poor shape. Possibly the Government could express but that is not what they think.

Now, when we are talking about the Government's reserves and so on, consider what one might be getting out of Government housing if one adopted the rule of thumb formula that, for example, a Building Society adopts when it is considering a mortgage loan for a prospective borrower. And it is a very common rule of thumb and as far as I know it is pretty general all over the place. I think that on average a Building Society looks at a man's wages, salaries, or income, and as a rough guide to what he can afford to house himself and his family. Over the years of that experience I suppose it has settled on a figure of somewhere in the region of 18% to 22% of growth income. Now, it depends on whether or not you throw in insurance, whether you throw in rates or any other incidentals. But if we say a rough fifth and if we apply that rough fifth to the total of the gross earnings of all those employed with the Government, one is getting within striking distance of the rent level of nearly £3m., a lot more when it is actually going into the housing fund. Now, I am not making any suggestions, nothing is to be read into that, I am merely pointing out the fact that on that kind of basis, which is a fairly general basis, what the community would be paying in aggregate and complete total to house itself is clearly a lot less than let us say perhaps a corresponding community elsewhere might be paying to house itself.

Now, I am sorry to appear to be picking on my Honourable and Learned Friend over there but I think he tried to claim that with the 1979 pay settlement, whatever it may be, the average man would find himself being taxed at 50% . . . .

#### HON P J ISOLA

I said it would have been the solution to the 1979 settlement. The average man would be getting £3,900 as opposed to £3,282, roughly that is. In 1980/81 he would be gradually getting nearer to it.

#### HON FINANCIAL AND DEVELOPMENT SECRETARY

Well, I think for the record it might be interesting that for anybody to pay 50%, if single, his taxable income would have to be £8,150; if he is married without any children it would have to be £8,800; and if he has two

children it will have to be £9,000. Now, that does not seem to me to be a particularly onerous tax progression, certainly not onerous by the standards of quite a lot of European countries, not least Britain.

Now, just one general point about funded services. The thing that rather mystifies me and a lot of what I hear in this House about paying for the cost of the funded services, electricity and water in particular, telephones, is that I do not myself see that there is any fundamental difference between paying what it costs to produce a glass of water, any more than paying for what it costs to produce a glass of lemonade, a glass of whisky if you like, except whisky is taxed. In other words you are paying for something which is costing something to produce. Now, if you subsidise that, that is a political decision. Entirely a political decision. The only point that I would make, and I have made it before in reply to the Appropriation Bill, is that across the board subsidies tend to be inequitable, because I myself am not at all sure that is right for a man who earns let us say £35,000 a year to have any subsidies in his glass of water. He can well afford to pay what it costs. But a man on £2,000 that is a different story. What I am really arguing, therefore, is that my objection, and it is a personal objection, to across the board subsidies is that they do not discriminate, and I would much prefer to see a subsidisation system which subsidises needs and, therefore, if one can proceed on that basis there is, it seems to me, no good reason why the actual cost, charge, the tariff, of what is being sold should be sufficient to cover the cost of production, but I do say that in commodities, especially in places like Gibraltar, water, quite clearly the cost of producing water in Gibraltar inevitably is likely to be more than it is in a country which has abundant water supply, etc.

HON J BOSSANO

If the Honourable Member will give way. I think he has chosen a particularly bad example in water in order to illustrate what he wants to say. In fact in water specifically the cost of production surely cannot include the 30% that is produced and not consumed, because that is not a subsidy to the consumer. If we have in fact 30% of £1m, Mr Speaker, which is almost £400,000, then the cost of producing 100 gallons I cannot accept that it is inherent because if it is inherent in producing water why has the House been told year after year that the Government has taken all sorts of measures to establish why there is a 30% loss. If it is an inevitable thing

then there is something very seriously wrong.

HON CHIEF MINISTER

I am sorry, if the Honourable Member will give way. I did not mean that. Of course any abnormal wastage is not the one I mean. I mean that inherent in a water distribution system, and it has been accepted in the United Kingdom, whether you accept it at 20% or 15% or 20% there is a wastage. That is in the normal production of it. Now, when there is an abnormal wastage I entirely agree with the Honourable Member that it must be put right and that that part of it is not a subsidy but a difficulty, if I may put it that way.

HON J BOSSANO

The cost still has to be met undoubtedly, but it can hardly be described as a subsidy to the consumer if the water is not being consumed. The other point which I have made which I think the Government has not answered is that if in fact there is still a problem of faulty meters, it seems to be a great injustice to charge the people whose meters are not faulty to make up for meters which are faulty, those who are not presumably getting away with it.

HON FINANCIAL AND DEVELOPMENT SECRETARY

I had no intention in what I said being taken as an overture for a mini debate within a debate. I wanted just to make two points; the first one is in relation to paying for services as you would pay for anything else; and secondly I want to raise again my point about not liking across-the-board subsidies.

One final point, Mr Speaker. I think at the outset of his contribution the Honourable the Leader of the Opposition took umbrage, if I may put it that way, in saying that I was questioning the Opposition's right to vote against a certain Head of Expenditure. I certainly was not questioning their right. They have a right to vote howsoever they please, but in the exercise of that right they must surely expect that other people will draw the obvious and logical conclusions. And if people vote against the provision of any funds at all, not merely a reduction of some of the funds, but any funds at all for the Telephone Service, surely the conclusion is that the



Telephone Service has got to come to an end because there is going to be no money for it if they had their way. And that is the point which I was making. I certainly had no intention, and I would not dream of doing such a thing, they can vote how they like, I am not criticising that, I was merely drawing a conclusion, and I think an obvious conclusion, from their actions which, as I say, is their perfect right.

HON M XIBERRAS

Mr Speaker, if the Honourable Member will give way. The right in fact to vote, as I very well know, is not dependant on the Financial and Development Secretary or anybody else, to vote as we choose that is one point. The second point is that because we vote against any particular measure the Government does not come to an end. He should know better than that, and he knows better than to suggest that. The vote of the Opposition has been a vote of protest at the mismanagement of the economy and of the Government finances.

MR SPEAKER

Right, we will leave it at that then.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, I bow to your ruling. I was going to reply to that because there is a way of doing these things the right way and the wrong way.

Mr Speaker, to conclude, I think I should give formal notice to the Chair of the Government's intention during the Committee Stage of the Finance Bill to move two amendments, one to Clause 10 and one to Clause 11. Both these amendments relate to the transitional provision for a fifteen month year ending on the 30th of June, 1979, and they are both drafting amendments which in the opinion of the Honourable and Learned Attorney-General are necessary to perfect those transitional arrangements.

MR SPEAKER

Yes, we will deal with those at the Committee Stage.

HON FINANCIAL AND DEVELOPMENT SECRETARY

I thought I had to give a formal notice.

MR SPEAKER

Yes, by all means.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Thank you.

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

The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Volarino  
The Honourable H J Zimmitt  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

The Honourable J Bossano  
The Honourable P J Isola  
The Honourable Major R J Peliza  
The Honourable G T Resteno  
The Honourable M Xiberras

The following Honourable Member was absent from the Chamber:

The Honourable I Abecasis

The Bill was read a second time.

## COMMITTEE STAGE

The Honourable the Financial and Development Secretary moved that the House resolve itself into Committee to consider the Finance Bill, 1979, Clause by Clause.

This was agreed to and the House went into Committee.

## THE FINANCE BILL, 1979

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

## Clause 2

MR CHAIRMAN

We will take it in sections. Clause 2 as Members will see, deals with electricity. It has got a certain number of sub-clauses; it goes on to the bottom of page 4 in fact. If there is no contribution, I will put it to the vote.

HON M. XIBERRAS

Mr Chairman, are we taking the Clauses, separately?

MR CHAIRMAN

Most certainly.

## Clause 2

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty

The Honourable Dr R G Valarino  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

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

Clause 2 stood part of the Bill.

## Clause 3

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable P J Isola  
The Honourable A P Montegriffo  
The Honourable Major R J Peliza  
The Honourable J B Perez  
The Honourable G T Restano  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable M Xiberras  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Member voted against:

The Honourable J Bossano

Clause 3 stood part of the Bill.

Clause 4

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

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

The following Honourable Members voted against:

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

Clause 4 stood part of the Bill.

Clause 5

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

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

The following Honourable Members voted against:

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

Clause 5 stood part of the Bill.

Clause 6

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

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

The following Honourable Member was absent from the Chamber:

The Honourable J B Perez

Clause 6 stood part of the Bill.

Clause 7

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable P J Isola  
The Honourable A P Montegriffo  
The Honourable Major R J Peliza  
The Honourable J B Perez  
The Honourable G T Restano  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable M Xiberras  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Member voted against:

The Honourable J Bossano

Clause 7 stood part of the Bill.

Clause 8

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable P J Isola  
The Honourable A P Montegriffo  
The Honourable Major R J Peliza  
The Honourable J B Perez  
The Honourable G T Restano  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable M Xiberras  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Member abstained:

The Honourable J Bossano

Clause 8 stood part of the Bill.

Clause 9

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

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

The following Honourable Members voted against:

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

Clause 9 stood part of the Bill.

Clause 10

HON ATTORNEY-GENERAL

Mr Chairman, I move that Clause 10 be amended by omitting sub-clause (3) on page 14. There is a separate amendment which is in fact related to the subject matter which will come in Clause 11. Perhaps if I could explain the purpose of the amendment. Sub-clause (3) was originally drafted as an aspect of the transitional provision relating to the change of the income tax year. We will have a long fifteen months income tax year. On further consider-

ation it is felt that the point which is being covered here, which is the question of a business ceasing to carry on in a year, is better dealt with under Clause 11 which will then be a completely self-contained part on the transitional arrangements.

I therefore move at this stage the amendment of Clause 10 by deleting sub-clause (3). I wish also to move that sub-clauses (4), (5) and (6) be renumbered accordingly.

The Chairman then proposed the question.

HON M XIBERRAS

Mr Chairman, the Opposition will abstain on this and will vote against when the Clause is put to the vote.

HON CHIEF MINISTER

This is one which I think is of general interest and perhaps Members opposite should address their main attention to it. That is that the year of assessment should commence on the 1 July. This makes it much easier to plan ahead. You have time to alter the codes and other things and you avoid having to introduce retrospective arrangements or for necessity having a meeting at the end of March to bring in measures effective on 1 April. It is an administrative matter, the transitional arrangements are complicated and it is bound to be helpful to any Government with this as is done in England.

MR CHAIRMAN

What I would like to point out is that we are now voting exclusively in the amendment. I shall put the Clause to the vote once we have dealt with the amendment. The Government is in favour of this amendment and I must ask the Leader of the Opposition what is their vote on the amendment.

HON M XIBERRAS

Mr Chairman, the Chief Minister has made a contribution to this. This, we have been assured, will not result in anybody paying more tax because of the assessment, but there

might be other implications which we would like to study. Therefore we are going to abstain on this one so as not to give our consent to it without knowing the full implications, knowing that the Government will carry it.

HON ATTORNEY-GENERAL

This Clause does not contain any transitional provision. This Clause, for the future, changes the tax year to the twelve-month period beginning on 1 July. It is the next Clause which contains the transitional provisions on which the question of protection of people's interest will arise.

HON M XIBERRAS

I am grateful to the Attorney-General for that. However, our argument still applies to this. We wish to study this and pay closer attention to it. We would not like to commit ourselves to voting in favour at this stage.

HON J BOSSANO

Since I am voting against the whole thing, which means that I do not want any of it, I am in favour of omitting the sub-clause, so I vote in favour.

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

The Honourable I Abecasis  
The Honourable J Bossano  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammitt  
The Honourable D Hall  
The Honourable A Collings

The following Honourable Members abstained:

The Honourable P J Isola  
The Honourable Major R J Peliza

The Honourable G T Restano  
The Honourable M Xiberras

Clause 10 was amended accordingly.

Mr Chairman then put the question on Clause 10, as amended, and on a vote being taken the following Honourable Members voted in favour:

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M A Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

The Honourable P J Isola  
The Honourable Major R J Peliza  
The Honourable G T Restano  
The Honourable M Xiberras

The following Honourable Member abstained:

The Honourable J Bossano

Clause 10 as amended, stood part of the Bill.

Clause 11

HON ATTORNEY-GENERAL

Mr Chairman, I have the honour to move that Clause 11 be amended by the addition of the new sub-sections (4) and (5) to the new Section 77:

"(4) Where a person is permitted to make up his accounts under section 8 (2):

"(a) In the year of assessment commencing on the 1st day of April, 1978, and ending with the 30th day of June, 1979, his assessable income shall be the income in accordance with that sub-section, multiplied by fifteen and divided by twelve; and

(b) Where, by reason of the extended period of the year of assessment specified in paragraph (a) of this sub-section, there are two dates within that period up to which he may make his accounts for the year of assessment commencing on the 1st day of July, 1979, and ending with the 30th day of June, 1980, his assessable income for the last-mentioned year of assessment shall be one-half of the aggregate of his income for the year ending on the first date to which the accounts may be made up and his income for the year ending on the second such date.

"(5) Where the assessable income of any person is to be determined under sub-section (3) or sub-section (5) of Section (3), and under either of those sub-sections the assessable income of the person for the year of assessment commencing on the 1st day of April, 1978, and ending with the 30th day of June, 1979, is to be calculated otherwise than by reference to the amount of income received by him in that year of assessment, the income so calculated shall be multiplied by fifteen and divided by twelve".

In the Income Tax Ordinance there are special provisions in sub-sections (2), (3) and (5) of section 8 which relate, first of all to a Company which may make up its account for a year which is different from the standard year; and secondly to a person who commences business for the first time in a year, and finally to a person who ceases business in a year. The purpose of this amendment is to provide that for the extended year there will be a fifteen month calculation in those three cases in the same way as there will be for the general position. Sir, I move accordingly.



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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammitt  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Member voted against:

The Honourable J Bossano

The following Honourable Members abstained:

The Honourable P J Isola  
The Honourable Major R J Peliza  
The Honourable G T Restano  
The Honourable M Xiberras

Clause 11, was amended accordingly.

Mr Chairman then put the question on Clause 11, as amended and on a vote being taken the following Honourable Members voted in favour:

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammitt  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Member voted against:

The Honourable J Bossano

The following Honourable Members abstained:

The Honourable P J Isola  
The Honourable Major R J Peliza  
The Honourable G T Restano  
The Honourable M Xiberras

as  
Clause 11, amended, stood part of the Bill.

Clause 12

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable F J Dellipiani,  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable P J Isola  
The Honourable A P Montegriffo  
The Honourable Major R J Peliza  
The Honourable J B Perez  
The Honourable G T Restano  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable M Xiberras  
The Honourable H J Zammitt  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Member abstained:

The Honourable J Bossano

Clause 12 stood part of the Bill.

HON J BOSSANO

Mr Chairman, I know that it is not really the right moment in which to raise this, but I did want to raise in the context of the income tax a point which I thought the House should look at in connection with the taxation of women who are either separated or divorced from their husbands.

I think the Leader of the Opposition made a reference to the fact that he would be raising it and I have been hanging fire because of this. It seems to me - just before we move on to the liquor licences - it seems to me from the information that I have had that when there is a case of a separation the husband loses the married person's allowance. One particular case that I have looked at suggests to me that there is an anomaly here, in that the husband loses the married person's allowance and instead can claim the actual amount of maintenance payment ordered by the Court.

The whole of that maintenance payment is offset against the assessable income of the husband, so it reduces the husband's assessable income. However, it increases the wife's assessable income. That is the whole of it is treated as income in the hands of the wife. But as the wife is in fact getting a single person's allowance, and the husband is getting a single person's allowance, surely the married person's allowance that the husband would be getting anyway is lost. That is to say that if we look at the new rate of allowances, for example, we would have a situation where a husband with a working wife would be getting £1,300 himself and his wife would be getting £650 tax-free. Where there is a separation the husband goes down to £650, the wife continues with her £650 and then if the husband is paying £1,000 his assessable income is reduced by a £1,000 and her assessable income is increased by £3,000. But in the course of that £650 of allowances has been lost, because the husband has lost it and the wife does not gain it. That seems to me to be an anomaly which cannot have been intended, but that seems to be the way it is working.

HON M XIBERRAS

There is a particular case which the Honourable and Learned Chief Minister referred to. There are other cases involved and I have represented to the Chief Minister, rather Mr Bossano has, that there should be changes in respect of this particular provision of the Income Tax Ordinance.

The only thing I would add to what Mr Bossano has said is that in some cases we are not dealing with alimony, we are dealing with some decision of the court affecting people who are not separated, but in which custody of the children has been given to the wife. So that it appears that the wife is fit to take care of the children but does not get the advantage, tax-wise, to provide for them. The proposal is to give some advantage to the wife in these circumstances and take it away from the husband, or at least to share the advantage. The main point is that in some cases there is no actual separation or divorce and there is no provision for this person going into the one-parent family category either.

HON CHIEF MINISTER

This matter which has also been brought to my notice is covered by a considerable number of case law. This is not a fiscal measure and therefore it cannot go into the Finance Bill but we shall have to bring, I am told by the Commissioner, and I am speaking purely on his advice, another Bill amending the Income Tax Ordinance in respect of certain technicalities etc. In the meantime, the case law which has just been shown, will be looked at and considered and the views of the Government then explained, but the point is taken.

HON M XIBERRAS

One other thing, Mr Chairman, is the question of the ceiling. If the person is receiving as a result of a separation order of court a very high amount then there might be need to put a ceiling on such allowances. This is just another consideration but in essence the case is a very deserving one.

#### Clause 13

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo

The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

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

The following Honourable Member was absent from the Chamber:

The Honourable P J Isola

Clause 13 stood part of the Bill.

Clause 14 was agreed to and stood part of the Bill.

Clause 15

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

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

The following Honourable Members voted against:

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

Clause 15 stood part of the Bill.

Clause 16

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

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

The following Honourable Members voted against:

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

Clause 16 stood part of the Bill.

The Long Title

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez

The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

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

The Long Title 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 Finance Bill, 1979 has been considered in Committee and has been agreed to, with amendments, and I now move that it be read a third time and do pass.

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M F Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

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

The Bill was read a third time and passed.

#### MR SPEAKER

Perhaps we should now adjourn until 3.30 this afternoon when we will finish the business on the Order Paper.

#### HON CHIEF MINISTER

Mr Speaker, if you will allow me to say something in respect of the Landlords and Tenant (Miscellaneous Provisions)(Amendments) Bill, there were three proposed amendments which were announced in the budget speech. There were the increase of the rent of pre-war dwellings, independent flats, by 33%; tenement building by 25%; and post-war flats by 50%. Well, we feel the provision of controlling post-war flats should require publication of a draft Bill in order to hear objections, so we will not be proceeding with that. We are proceeding with a purely formal increase in respect of pre-war protected accommodation and we will publish the proposed amendment for the post-war accommodation in order to be able to hear representations so as to take it at the next meeting of Council, because it is rather a departure from set policy and we do not feel that we ought to take it as a budget measure just like that.

#### MR SPEAKER

Right, so we will now recess until 3.30.

The House recessed at 1.15 p.m.

The House resumed at 3.40 p.m.

MR SPEAKER

You will wish to move first the suspension of Standing Orders.

HON ATTORNEY-GENERAL

Thank you, Mr Speaker. I have the honour to move the suspension of Standing Orders Numbers 29 and 30 in respect of the Landlord and Tenant (Miscellaneous Provisions)(Amendment) Bill, 1979.

MR SPEAKER

I will then put the question which is the Standing Orders 29 and 30, which deal with the publishing of Bills in the Gazette and the giving of seven days notice, be suspended in respect of the Landlords and Tenant (Miscellaneous Provisions)(Amendment) Bill, 1979.

This was agreed to.

HON ATTORNEY-GENERAL

Sir, I have the honour to move that a Bill for an Ordinance to amend the Landlord and Tenant (Miscellaneous Provisions) Ordinance (Chapter 83) be read a first time.

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

The Bill was read a first time.

HON ATTORNEY-GENERAL

Sir, I have the honour to move that the Bill be now read a second time. Sir, the Bill gives effect to the measures already indicated by the Government in relation to pre-war dwelling houses.

The operative provision of the Bill is Clause 2, which will put a new sub-section 3 (b) into Section 7 of the principal Ordinance which will have the effect of

permitting an increase from the 1st July in respect of dwelling houses which are communal service tenements of 25%, and in the case of all other dwelling houses 33 1/3%.

The measures dealing with post-war dwelling houses, as already indicated, will be the subject of a separate Bill.

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

HON M XIBERRAS

Mr Speaker, when a similar Bill was moved, I think it was last year in connection with the budget, the Opposition opposed the Bill because it had opposed the increases which had been announced by the Government in respect of Government housing. Similarly the Opposition will vote against this Bill for the same reason and others that have been adduced in the course of the general debate on the estimates of expenditure.

For the record, Mr Speaker, it seems to us that it would be unfair to allow landlords in the private sector to increase their rent if we have objected to increases in rent in the public sector, and we feel that certain considerations which apply to the public sector equally apply to the private sector. Our main concern is in fact that even though it might be justified to increase rents in certain areas of the private sector, there is not sufficient protective legislation for tenants so that any increases in rents carry with them a commensurate responsibility on the part of the landlord to set things to right.

In the course of the year we have heard that a number of statutory notices have been served on landlords in the private sector and we have compared these to those cases in which the Government has been notified of similar offences and the disproportion, as announced in the report of the Department of Medical and Health Services, is quite marked. We would like to see a regularisation of matters in private sector housing fair both to landlord and tenant. I would not think that the Landlord and Tenant Ordinance as it exists now provides such protection for the landlord and it is only of late that the Government is moving to allow increases in rent for the private sector.

Mr Speaker, in the United Kingdom protective legislation

does exist mostly centred round the Housing Acts, but there is no similar protective legislation in Gibraltar. I think I have described the private sector housing situation as a "jungle" on occasions and a jungle in which either Landlord or tenant can be gobbled by the beast. And the beast is one of lack of care, Mr Speaker, in this particular sector. We have urged the Government on occasion to regularise the position and I think the Minister for Housing said at one time that they intend to carry out a comprehensive revision of the Landlord and Tenant Ordinance. But for the purpose of this occasion, and for the reasons that I have outlined, my colleagues and I will oppose this Bill.

It is perhaps an unfair situation, but Government's inactivity on this matter causes us to take this stand.

#### HON CHIEF MINISTER

Mr Speaker, as I said this morning this is purely to give effect to the proposals announced in the budget speech. There is in the pipeline a proposed legislation and amendment to the Landlord and Tenant (Miscellaneous Provisions) Ordinance in respect of a number of matters, particularly with regard to the protection of remaining tenants, some points of which were raised by the Honourable Mr Isola some time ago and they were taken up. It has just crossed my mind, I do not know what progress has been made on that, but may be that is a better in which to put the other proposed amendments which we are not proceeding with now. But in-so-far as restricted rents are concerned, except that the provisions of Section 7 (a) protect the status quo of increased rent freely negotiated by landlord and tenant under the same provision, will remain protected. Until the increases which are made in this way reach the level of the other one, then they will stay safe with those, but this is purely for the purposes mentioned by the Attorney-General.

The other provisions I do not know what the Honourable the Leader of the Opposition has in mind but certainly certain points that have been raised by the Honourable Mr Isola and others that we have raised - we have seen weaknesses in the non-protection of the present protective legislation - are being subject of the separate Bill which will be coming before the House in due course.

#### MR SPEAKER

If there are no other contributors I will most certainly ask the mover to reply if he so wishes.

#### HON ATTORNEY-GENERAL

This is a Bill of a technical nature Sir, and I do not think there is anything I can add to what the Chief Minister had already said on the Second Reading.

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable H J Zammitt  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

The Honourable P J Isola  
The Honourable Major R J Peliza  
The Honourable G T Rastano  
The Honourable M Xiberras

The following Honourable Members were absent from the Chamber:

The Honourable J Bossano  
The Honourable Major F J Dellipiani  
The Honourable Dr R G Valerino

The Bill was read a second time.

#### HON ATTORNEY-GENERAL

Mr Speaker, I have the honour to move that the House should resolve itself into Committee to consider the Landlord and Tenant (Miscellaneous Provisions) (Amendment)



Bill, 1979, Clause by Clause.

MR SPEAKER

Well, we will have to get the consent of the House since all stages are going through on the same day, otherwise you have to come tomorrow morning. Standing Orders say that if you want to take the three stages on the one day you have got to have the unanimous consent of the House, otherwise we have to adjourn or recess until tomorrow.

HON M XIBERRAS

I was on the point of asking for a recess but out of consideration for my colleagues, and not so much for the Governments' proposal, and in our magnanimity, we will accede to that request.

MR SPEAKER

The House has now granted its consent.

HON ATTORNEY-GENERAL

Mr Speaker, I thank the Honourable Members for their co-operation. I, therefore, move that this House resolves itself into Committee to consider the Bill, clause by clause.

The House went into Committee.

THE LANDLORD AND TENANT (MISCELLANEOUS PROVISIONS)  
(AMENDMENT) BILL, 1979.

Clause 1

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

The Honourable I Abecasis  
The Honourable A J Canessa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo

The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

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

Clause 1 stood part of the Bill.

Clause 2

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

The Honourable I Abecasis  
The Honourable A J Canessa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammit  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

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

Clause 2 stood part of the Bill.

Clause 3

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammitt  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

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

Clause 3 stood part of the Bill.

The Long Title

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammitt  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

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

The Long Title stood part of the Bill.

The House resumed.

THIRD READING

HOW ATTORNEY-GENERAL

Mr Speaker, I have the honour to report that the Landlord and Tenant (Miscellaneous Provisions) (Amendment) Bill, 1979, had been considered in Committee and agreed to and I now move that it be read a third time and passed.

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

The Honourable I Abecasis  
The Honourable A J Canepa  
The Honourable Major F J Dellipiani  
The Honourable M K Featherstone  
The Honourable Sir Joshua Hassan  
The Honourable A P Montegriffo  
The Honourable J B Perez  
The Honourable A W Serfaty  
The Honourable Dr R G Valarino  
The Honourable H J Zammitt  
The Honourable D Hull  
The Honourable A Collings

The following Honourable Members voted against:

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

The Bill was read a third time and passed.

HON CHIEF MINISTER

Mr Speaker, I beg to move the adjournment of the House sine die.

MR SPEAKER

I will now propose the question, which is that this House do now adjourn sine die.

As Members know we had received notice from the Honourable Mr Bossano that he wished to raise on the adjournment the question of the good running of the Boys' Comprehensive School. Mr Bossano has now informed me that he does not wish to exercise this right.

Before adjourning perhaps I should express the gratitude of the House to both Mr Ballantine and Mr Reyes for the assistance they have given us.

Honourable Members concurred with the views expressed by Mr Speaker.

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

The adjournment of the House sine die was taken at 3.55 p.m. on Tuesday the 24th April, 1979.