GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

25 March 1980 Vol. II (BUDGET)

MCHDAY THE 21ST APRIL, 1980

The House resumed at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan CBE, MVO, QC, JP - Chief Minister
The Hon A J Canepa - Minister for Economic Development,
Trade and Labour and Social Security
The Hon M K Featherstone - Minister for Public Works
The Hon M J Zammitt - Minister for Housing and Sport
The Hon Dr R G Valarino - Minister for Municipal
Services
The Hon J B Perez - Minister for Medical and Health
Services
The Hon D Hull QC - Attorney-General
The Hon R J Wallace CMG, CBE - Financial and Development
Secretary

OPPCSITION:

The Hon P J Isola CBE - Leader of the Opposition
The Hon G T Restanc
The Hon Major R J Peliza
The Hon W T Scott
The Hon A T Loddo
The Hon A J Haynes

The Hon J Bossano

ABSENT:

The Hon I Abecasis - Minister for Tourism) who were and Postal Services) unable to The Hon Major F J Dellipiani, ED - Minister) attend due for Mid cation) to illness.

IN ATTENDANCE:

P A Garbarino Esq MRE, ED - Clerk of the House of Ascenbly

PRAYER

Mr Speaker recited the prayer.

MR SPEAKER:

Gentlemen, before we proceed with the business of the House, as you all know our Minister for Tourism and Postal Services has suffered a tragic accident. He is being taken to the United Kingdom for treatment and I am sure I am expressing the wishes of all the House when I say that I hope he has a speedy recovery and that he will be back in the House with us in the not too distant future.

HON CHIEF MINISTER:

Mr Speaker, thank you for those words. As it is probably generally known he was flown to a Neurological Unit in Scotland yesterday. He underwent a scanning immediately on arrival at about 7.00 or 7.30 in the evening and a preliminary investigative operation has been made and depending on the results of the investigations they will decide whether or not they may carry out a rajor operation today. We will all be praying for his recovery.

HON P J ISOLA:

Mr Speaker. I would very much like to associate myself with all the remarks which have been made from this side of the House. We heard the news with great grief and we sincerely hope that Mr Abecasis will have a full recovery and be with us again for a long time.

MR SPEAKER:

Perhaps I would like to say that our Minister for Education is now practically recovered:

HON CHIEF MINISTER:

Mr Speaker he will need a little accommodation from Honourable Members so that he can come just to take his part in the general debate when he will deal with departmental estimates. That is I think as far as we can take it and I think it is only fair that he should do that if he can do it.

MR SPEAKER:

It seems to be an occupational hazard now, but I see that our Financial and Development Secretary has a sort of halter. May I say that he is the first member to come to this House without wearing a tie. For a very good

reason, but I hope members will not take this as the thin edge of the wedge.

DOCUMENTS LAID

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg leave of the House to move under Standing Order 7(3) to enable me to lay on the table the Estimates of the Government's Revenue and Expenditure for the financial year 1980-81.

MR SPEAKER:

This is for the purposes of laying on the table out of time the statements and the estimates.

Ordered to lie.

HO! PINAMOTAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I beg leave of the House to move under Standing Order 7(3) to enable me to lay on the table of the House the Accounts of the Government of Gibralter for the year ended 31st March 1979, together with the Report of the Principal Auditor thereon.

Despite the determined efforts of the Accountant General and the Principal Auditor I very much regret that it was not possible to have the accounts and the report printed and sufficient copies available to bring before the House at the opening of this meeting last month. This is, Sir, regrettably the second year in which the accounts and report have been prepared but because of the hiccups in the administrative machinery it has not proved possible to get them printed and circulated earlier. I trust that the House will accept my apploagies for this delay and I assure it we will make every endeavour to improve on the timing next year.

Mr Speaker ordered the document to lie.

SUSPENSION OF STANDING ORDERS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move the suspension of Standing Orders Nos 29 and 30 in respect of the 1980-81 Appropriation Bill 1980.

This was agreed to.

FIRST AND SECOND READING.

THE APPROPRIATION (1980-81) ORDINANCE, 1980.

The Hon the Financial and Development Secretary moved that a Bill for an Ordinance to appropriate an amount not exceeding £38,325,382 to the service of the year ending 31st March 1981 be read a first time.

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

The Bill was read a first time.

HON FINALCIAL AND DEVELOPMENT SECRETARY:

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

Before I begin my formal speech, Mr Speaker, may I say that this is the first time that I have known a House stretching the neck of the Financial Secretary before and not after the estimates!

Sir, in moving this Bill I shall make a statement on the Government's estimates of revenue and expenditure which I have just laid before the House and which have been in the hands of members for some time.

At the outset I propose to review briefly the wider economic scene against which that of Gibraltar must be viewed.

In 1979 the world economy was dominated by concern about oil, initially its supply and later its price. The full impact of changes in the supply and price of this commodity has not yet been felt. Nevertheless, the increase in price, which more than doubled in a little over a year, has led to widening payment imbalances, a slowing down in world trade and the fuelling of inflation already well banked by increased earnings, steadily rising costs of raw materials and falling output. The impact of oil price rises on world trade was for a time cushicned by a higher than expected fixed investment in a number of

the major overseas economies and a fall in the personal savings ratic in the United States. Neither of these redeening features are likely to continue this year; both could be reversed.

What then are the main world prospects for 1980? Briefly, they are slow growth, falling domestic demand, rapid inflation, massive balance of payments deficits for the industrial world as a whole and projected increases in international oil prices of some 60 per cent. Even though OECD countries as a whole are giving high priority to the control of inflation mainly through tight monetary policies, the indications are of increases in consumer prices of over 11½ per cent.

In the UK despite increased production from the North Sea, the gross domestic product rose by only 0.6 per cent last year. At the same time earnings had risen by over 18 per cent and unit labour costs by about the same percentage: ram materials had risen by nearly 25 per cent. Industrial competitiveness was poor and domestic demand sluggish, despite the boost given to real personal disposable incomes by direct tax changes in the Budget and the Pre-Budget boom in expenditure in articipation of VAT increases. The underlying rate of inflation, is excluding seasonal foods. indirect tax increases and rates, was about 14 per cent. Retail price increases were of the order of 172 per cent; fixed investment declined by 4.2 per cent; manufacturing employment continued to fall but until the last quarter of the year this was offset by increases in the service sector.

The forecasts for 1980 indicate continued stagnation; a fall in industrial output of between 2 and 3½ per cent and in manufacturing production of 3.7 per cent; an increase in unemployment from 5.17 per cent to 6.6 per cent of the labour force, i.e. unemployment rising to over 1½ million; fixed investments falling by a further 4 per cent; a balance of payments deficit on current account of £1.75 billion; increases in retail prices of between 18 and 19 per cent and in the underlying rate of inflation of 16 per cent. After a sharp rise in labour costs per unit to some 23 per cent in the first half of the year, the figure should fall back to about 17½ per cent - the same

rate as at the end of 1979. Projection of increases in earnings vary from 15 to 20 per cent at the end of 1980 which compares with 18½ per cent at the end of 1979. Increases in raw materials other than oil are likely to halve from 24.8 per cent to 12.4 per cent. The auguries for 1981 are less bleak but still give cold comfort. I suggest that we should not frighten ourselves by looking quite so far ahead into the world and UK economic scene and that we should now turn to the state of the economic health of Gibraltar.

First, how have we fared on the cil front? In the year ending 31 December 1979, the percentage price increases before duties and tax were 61 per cent for mogan and slightly under 47 per cent for automative gas cil. In the first three months of this year the increases for these two commodities have been 11.7 per cent and 8.4 per cent, respectively. The effect of such increases in cil prices on the budget can perhaps most quickly and best be seen by comparing actual expenditure on fuel and fuel sundries under Head 4 - Electricity Undertaking in the Estimates now before the House. Actual expenditure on this subhead in 1978-79 was £836,039; the 1979-80 approved estimate was £1.14m; the revised estimate is £1.42m and the estimate for this year £1.92m.

In the wider context and less overtly but regrettably just as effectively the increases in oil prices, increases in other raw materials, increased earnings, falls in productivity and increases in labour costs per unit will be reflected in the cost of the goods we import. Let us now take a look at our own index of retail prices as compared with that of the United Kingdom which provides some 65 per cent of our imports. In doing so we must bear in mind that it takes time for the type of increases mentioned earlier to work through the UK economy until they are reflected in the prices we pay. It is also important to recember that our main concern is with the underlying rate of inflation, ie the figures that exclude the recent increases in indirect taxes and rates introduced in the June Budget of the United Kingdom.

Retail prices in Gibraltar last year rose by some 15 per cent - the same order of increace that has been experienced over the past four years. This compares with UK rates of 13.9 per cent for the underlying rate and 17.4 per cent for the retail price. During the same period, food prices in Gibraltar increased by under 9 per cent, an all time low since 1970, compared with 13 per cent in the UK.

It is useful to measure inflation in 1979 against increases in earnings and to assess the impact on real disposable incomes. In the year October 1978 to October 1979 average weekly earnings for full—time adult men rose by about 15% to around £80. This figure takes account of the first stage of the public sector industrial pay settlement amounting to an increase of 9% plus £1 per week and reflects an average increase of some 10% in the private sector. In real terms, therefore, the level of disposable incomes for an average Gibraltarian family rose in this period by around 2%. When the remaining stages of the 1979 pay settlement are paid this month, real disposable incomes for the average weekly wage earner will have risen by a further 5% to 7%.

Although average earnings in the official sector continued to be ahead of those in the private sector the difference is less marked for the monthly paid. The differential for the weekly paid employee was maintained at around 10% in October 1979; the corresponding figure for the monthly-paid fell to 25% compared to 45% in October 1978.

The October 1979 Employment Survey shows that there has been no appreciable change in the level of employment in either the official or the private sector. The Government, through the Expenditure Committee, continues to keep a close watch over its own employment levels and the level of recruitment. Greater emphasis being placed on redeployment to meet new demands for services rather than expansion. With the award last ficancial year of contracts to the private sector . totalling over \$10m there should be a significant increase this year in the numbers employed in the private sector construction industry. Applications for development aid licences indicate an increased level of activity within the private sector as a whole.

Gibral tar's total imports in 1979 rose in volume and value. In value by £16.1m, an increase of 41% from £39.4m to a record total of £55.5m, slightly more than half of this increase was in imports of petroleum products at around £8.34m, an increase of 103%. Non-fuel imports rose by £7.72m to £39.1 million, an increase of 25% over the previous year. In terms of volume there were increases of 8% in foodstuffs, 33% in fuels and just under 23% in wires, spirits and malts.

Cther notable features of the 1979 import figures were the continued decline of food imports as a

proportion of total consumption, the increased importation of motor vehicles, durable household goods, particularly furniture, and of basic building materials. Foodstuffs accounted for some £11 million, or nearly 20% of the total import bill. Some 1,300 motor vehicles were imported — an increase of 11% on the figure for 1978. Predictably perhaps, imports of colour television sets fell by 15%. There are indications that domestic demand for these sets is nearing saturation. Furniture imports at £0.62m increased in value by 55%, and durable household goods at £0.5m by some 30%. Imports of building materials at £2.4m rose by 40%, reflecting the increasing level of activity in the construction industry.

The total export figure for 1979 was £19.45m compared with £11.86m in 1978 - a rice of around 64%. The value of exports, excluding petroleum products, was £4.70m, an increase of 45% over the 1973 figure. The value of fuel oil and petroleum products exported as bunkers rose by 72%, from £8.6m to £14.8m, and by 11% in terms of volume from 150,000 tons to 167,000 tons.

The overall balance of visible trade in 1979 was therefore a deficit of £36.1m compared with £27.6m in 1978 and £25.7m in 1977, an adverse change of 24% over the year. If petroleum products are excluded, the deficit stood at £33.4m compared with £28.2m in 1978. It is estimated however that invisible earnings aid flows and tourist expenditure exceeded the visible trade gap and that Gibraltar last year once again enjoyed a modest surplus on the balance of payments.

The performance of the tourist industry in 1979 was particularly encouraging. The total number of arrivals rose by 24%, from 119,000 in 1978 to 148,000 in 1979, the highest total recorded since the closure of the frontier in 1969. Arrivals by air from all destinations rose by 15%, sea arrivals by 31%, arrivals of all visitors at hotels increased by 14% and tourist arrivals by 13.6%. Sleeper occupancy rates rose to 53%, an increase of over 10% on the previous year.

Tourist expenditure for 1979 is estimated at £9.0m compared with £6.9m in 1978, an increase of around 10% in real terms. This improvement is largely accounted for by increased charter air traffic, some 75% increase in seats offered and used; an increase of 12% in yacht arrivals an increase of

come 54% in excursionists and tourists from cruise ships and of 14% in the number of sea excursionists from Morocco.

1979 was also a grad year for the port. The number of ships calling at Gibraltar totalled 2,752 compared with 2,651 in 1978, a rise of 4%. Total tonnage entering the port rose by 27.5% from 17.98 million tons to 22.93 million tons.

The number of containers landed increased from 1.154 in 1977 to 2,107 in 1978 and by 20 per cent to 2.536 in 1979. These increases placed a heavy burden on port space and facilities hampered as these were by the reclamation work between Jetty 2 and 3 which in itself necessitated a reorganisation of the limited space available. The situation was exacerbated by traffic and weight restrictions over the Viaduct Bridge introduced in November last year. The problems at the Port will to an extent improve when the reclamation project is completed at the end of this year and with the release at about the same time by the Admiralty of Jetty No 4 and its shed for connercial use. Nevertheless, the start of work on a new generating station on Jetty No 5 will restrict shipping operations in that area for some time.

The Government is fully aware of the important contribution the Port makes to the economy of Gibraltar and has put in hand the commissioning of a major feasibility study of the Port, its future organisation and role. The Minister for Economic Development, Trade, Labour and Social Services will announce further details of this study in the course of this debate.

Although the foregoing statistics portray a somewhat encouraging picture of developments in the economy of Gibraltar last year, they do so against a background of cminous clouds overshadowing the world economy and, in particular, that of the major manufacturing countries. In an open economy such as that of Gibraltar we are bound to experience the effects of worldwide inflation. Turthermore, the strict monetarist policy being pursued by HHG and the high level of interest rates comes at a difficult time when, as I shall be mentioning later, we need to borrow extensively to complete the 1973—Al Development Programme.

However Mr Speaker, it would be wrong to end this brief economic survey on a pessimistic note. UK Defence spending is expected to increase in real terms and this could well have beneficial effects

for Gibraltar occupying as it does an important strategic position on the southern flank of NATO and giving access to first class naval training areas. We are also fortunate in that we are not producers of primary products at the whim of shifts in demand and supply for our commodities.

It is difficult at this juncture to quantify the likely effects for the economy of the lifting of restrictions by Spain. All that can be said at this stage is that the effects on the economy will need to be closely monitored.

However gloomy the world economic scene, let us, Mr Speaker, be confident in the resilience and rescurcefulness of the people of Gibraltar to face and overcome the difficulties inherent in the present world recession.

It might be thought Mr Speaker, that this economic preamble was the curtain raiser revealing a desperate state in the finances of the Government. This is far from so. If you will bear with me a little longer I hope to strike a happier note.

I turn now to the Government's financial position beginning with a brief comment on the out-turn for 1978-79.

The Consolidated Fund Balance as at 31st March 1979: was at this time last year estimated at £308,000. The actual balance on closing the accounts on 31st March 1979 was £898,000, an improvement of £590,000.

Actual revenue in 1978-79 fell short of the revised estimate by £43,000 or only 0.16% of the revised estimated figure for the year. Recurrent expenditure fell short of the revised estimate by £612,000. To this must be added a reduction of £99,000 in the budgetary contribution originally proposed for the telephone service fund, making a total saving ever the revised estimate of £711,000. The ret improvement of £668,000 produced by these variations was reduced to £590,000 because of a net loss of £78,000 on the management of the Consolidated Fund investments portfolio.

The revised estimates for 1979-80 show a significant improvement over the figures projected in the financial statement accompanying the approved estimates for the year. The estimated surplus is expected to rise from £1.10m to £2.6m. Despite substantial budgetary contributions amounting to some: £1.2m both the Housing Fund and Potable Water Fund are now expected to be in deficit on the 31st March 1980. The former by £91,306

and the latter by £338,700, in total £430.006. The overall improvement in the value of the reserve is nevertheless still substantial and I will comment briefly on the major factors which have led to this improvement. Recurrent revenue for the year is now estimated at £32.04m; this is £2.37m more than criginally estimated. The largest single increase is £1.05m from Income Tax. This arises from two factors. First, the public sector pay settlement was higher than estimated with a consequential increased yield. Second, there were a number of pay settlements in the private sector averaging out at an increase in earnings of 10%. As pointed out by my predecessor in last year's budget . statement, the original estimate took as account of any possible increase in revenue from that source. Revenue from import duties continues to show an upward trend and the yield in 1979-80 is expected to exceed the estimate by £0.18m. There is an estimated improvement in departmental earnings of £0.45m: £0.25m is accounted for by increased sales by the Post Office Philatelic Bureau . and £0.17m by a higher yield from the Currency Note Income Account which reflects the increase in the value of notes in circulation (from £5.65m at 31st March 1979 to a current level of £6.72m). Finally, income from reinbursements is expected to rise by £0.47m. A more substantial payment from the Admiralty to cover its share of the higher cost of running the police force will increase the yield from this head of revenue by £0.23m: the balance arises almost entirely from the recovery of expenditure incurred by the funded services. .

Revised estimated expenditure for 1979-80 is £29.43m or £0.94m more than estimated. The revised estimates of departmental expenditure now include the sum of £1.82m for the 1979 pay settlement. The more significant increases are £280,000 in the Electricity Department to meet the higher cost of fuel: £210,000 as a result of the doubling of the rate of Family Allowances with effect from the 2nd July 1979 which was part of the Government's 1979-80 "Budget Package", £130,000 being the gross additional cost of the 1979 pay settlement; £90,000 to meet the increase in employers' share of contributions to the Social Insurance Fund: £60,000 for Police overtime which had been underestimated; and £58,000 payable to overseas agencies of the Post Office Philatelic Bureau on a higher level of sales. All these items of additional expenditure have already been approved by this House. The figure of £0.94m includes £112,000 for increased expanditure on pensions and gratuities payable from Consolidated Fund Charges.

All these increases, totalling £940,000, were unavoidable some were partly or wholly offset by revenue. It i must be emphasised that the improvement in the Government's finances stems not merely from a more bouyant revenue position but is a direct consequence of the Government's determination to exercise tighter control over departmental expenditure. The Expenditure Committee has played and will continue to play an important role in the control of public expenditure and in obtaining value for money spent. There is no room for complacency and every effort will be made to improve budgetary control and to contain growth in public expenditure.

The foregoing figures indicate that the expected out-turn for 1979-80 is more satisfactory than originally projected. Recurrent revenue should exceed recurrent expenditure by £3.82m. After provision for budgetary contributions to the Potable Water Service Fund and the Housing Fund amounting to £1.21m the net surplus for the year is estimated at £2.6m. The revised estimated Consolidated Fund balance on 31 March 1980 is thus put at £3.5m or £2m more than originally estimated.

A Consolidated Fund balance of £3.5m represents approximately 10% of recurrent revenue. The size of the reserve is a matter of judgment and must depend not only on the current level and cost of the Government services but also on the size of the public debt, the cost of borrowing, the general health of the economy and potential lenders assessment of cur credit worthiness.

I now turn to the Funded Services.

The revised estimates for 1979-80 and the estimates for 1980-81 for the Public Utility Undertakings and the Housing Fund are set out in Appendices A. B. C and D to the printed estimates. Let us now examine the funancial operations of each fund taking the out-turn for 1978-79 as the starting point.

The Electricity Undertaking Fund brought forward a surplus of £176,452 from 1978-79 when it received a budgetary contribution of £634,694. As the result of the higher tariffs introduced at the last Budget and the operation of the fuel cost adjustment formula the fund is expected to pay its way in 1979-80 and to carry forward a surplus of £101,400 into 1980-81

compared to an originally estimated surplus of £35,600. The cutlook for 1980-81 is less favourable. The surplus to be brought forward from 1979-80 will be absorbed by rising costs including salaries and wages and by an increase in capital charges arising from the urgent need to develop the power services. The estimated deficit for the year is £549,000.

The Potable Water Service Fund received a budgetary contribution of £236,000 in 1978-79 but an estimated surplus of £2,500 for the year did not materialise; on the 31 March 1979 the fund showed a deficit of £36,000. Notwithstanding the higher tariffs introduced with last year's budget and a budgetary contribution of £356,300 the revised estimated out-turn for 1979-80 shows an estimated deficit of £338,700. The main reason for this was an overestimate in the value of bills issued and, to a lesser extent, higher than projected operating costs. The projected deficit as at 31st March 1931 is £957,600.

The Telephone Service fund showed a modest surplus of £11,108 on closing the accounts for 1978-79. It was possible during that year to bring to account accumulated profits from the trunk call service and to credit the fund with the sum of £199,000 from that source compared to £90,000 originally estimated. As a result of this improvement a proposed budgetary contribution of £149,000 was reduced to £50,000. The revised estimated out-turn for 1979-80 shows a slight improvement over the original estimate and the fund is expected to show a surplus of £11,200 compared to an originally estimated deficit of £19,200. There was no budgetary contribution in 1979-80.

The out-turn for 1980-81 is less encouraging. A projected increase in income will be more than offset by estimated increases in expenditure. The effects of the 1979 pay settlement, the estimated cost of a further pay settlement in 1980, rising costs generally and the repayment of amortised expenditure on the development of the service are expected to raise expenditure in 1980-81 by some 34% to £1.02m. In the result the fund is estimated to show a deficit of £187,200 on 31 March 1981.

Finally there is the Housing Fund. The out-turn for 1978-79 was very close to the revised estimated operating result for that year. The fund showed a deficit of £107,000 after receipt of a budgetary contribution of £968,000. The revised position for 1979-80 shows a deficit of £91,300.

There is little change for 1980-81. Estimated expenditure for the year is £157,000 less than in the previous year.

This reflects the Government's decision to introduce revised tenancy agreements with a view to reducing expenditure on minor internal maintenance. This saving will however be more than matched by increased expenditure on backlog of heavy maintenance under the Improvement and Development Fund. This saftch in priorities from internal to external maintenance should improve the value of the Government estate and provide a better opportunity for improved productivity by the Public Works Department labour force. Income from rents is expected to rise by £75,000. The uncovered deficit on the 31st March 1981, at £699,900 is therefore less than in 1978-79 and 1979-80.

The Draft Estimates 1980-81.

For reasons allowed explained there has been a considerable improvement in the Consolidated Fund balance which is currently estimated at £3.5m. It is with this level of reserves that we move into 1980-81.

The outlook for that year is encouraging. Recurrent revenue estimated at £36.11m exceeds recurrent expenditure, at £32.40m by £3.63m. This is the estimated operating surplus for the year. There are however uncovered deficits on the funded services amounting to £2.39m and the net surplus is therefore £1.24m. The projected consolidated Fund balance as at 31 Karch 1981 is thus £4.74m. This is the basic position reflected in the Draft Estimates before the House. The Chief Minister will amounce to the House during the course of this debate the policy which the Government has decided to adopt to reduce the burden of these uncovered deficits on the general revenues.

I turn now to the more important items of revenue as well as those that call for special comment. By way of general comment I should say that the review of the level of fees and charges for various Government services is an engoing process; a number of these fees have been revised during the year 1979-80, others are still being examined.

Take: on income are estimated to yield £14m, that is almost 40% of the Government's total revenue. The estimate is based on the current rate of collections and takes no account of possible pay awards in the private sector. As provision for £1.8m for the projected cost of a pay settlement in 1980 has been included under expenditure provision has had to be included for the Income Tax effect of this settlement which is estimated at £1.3m for the whole of the public sector.

The estimate for indirect taxation is as usual based on

the yield in 1979-80 with an appropriate addition for the effects of inflation on ad valorem duties

The estimated substantial increase in the yield from Head 5. Revenue from Government property reflects the Government's intention to review charges for hostel accommodation. These charges were last increased in 1978. It is essential because of rising costs to introduce the higher charges early in the new financial year.

Total revenue from Head 6 Departmental earnings shows very little change from the revised estimate for 1979-80 or indeed from actual collections in 1978-79. An estimated drop in revenue of £150,000 from the Philatelic Bureau is largely cffset by a number of increases under various items of revenue within this head. Worthy of mention is the currency note income account which in 1980-81 is expected to yield some £700,000. As I said earlier this increase in a very useful source of revenue reflects the growth in the value of notes in circulation and the prevailing high rates of interest.

Revenue from Head 7, interest, is expected to be slightly more than twice as much as in 1979-80. There are two reasons. First, the income from Consolidated Fund investments is expected to rise by £150,000 from £200,000 because of the improvement in the Consolidated Fund Balance and the current high rates of interest. The estimate assumes that these rates will not vary substantially throughout the coming year. Second, the interest recoverable from the funded services for amortised expenditure will rise by some £200,000 from £114,000.

Finally, a brief comment on Head 8 Reimbursements which projects an increase of £550,000 over the Revised Estimate for 1979-60. This results mainly from increased expenditure by the Public Utility Undertakings. The expenditure is recoverable by the Consolidated Fund in accordance with the regulations governing the financial operations of the undertakings.

Total estimated recurrent expenditure for 1980-81 is £32.40M: £3.65m more than the revised estimated for 1979-80. It provides £1.6m for the estimated cost of the 1980 pay settlement. As in previous years this figure can only be regarded as a tentative estimate; the actual cost of the settlement will clearly depend on the increases to be awarded to the numerous grades concerned and the possible staying of any such award. There is no provision for any budgetary contributions to the funded services in the recurrent expenditure.

Departmental estimates now reflect the full impact of the 1979 pay settlement and accordingly show significant 147.

increases over the approved estimates for 1979-80. The largest increase is in expenditure from Consolidated Fund Charges which now includes at 04 miscellaneous subhead 3 £536,000 being the cost of the employer's share of contributions to the Social Insurance Fund. Provision for these contributions was previously provided for under the Treasury. This Head also reflects the higher cost of servicing the public debt. The latter reflects the cost of servicing an additional £2m borrowed in 1979-80 to meet the local costs element of the Improvement and Development financing and the proposed borrowing of £4m in 1980-81 for the same purpose. The cost of pensions and gratuities also payable from Consolidated Fund Charges continues to increase significantly as the result of the higher level of salaries and wages and the annual award of increases related to movements in the cost of living index.

The second substantial increase is to be found under Head Electricity Undertakings Subhead 5 Fuel and Fuel Sundries. This reflects the ricing cost of fuel. However, the application of the fuel cost adjustment formula, enables the Electricity Undertaking Fund to recover increases in the cost of fuel from consumers.

As mentioned earlier in this speech there is a substantial reduction in recurrent expenditure by the Housing Department. This is explained by the Government's decision to accelerate the pace of work in the backlog of heavy maintenance programme, met from the Improvement and Development Fund, and at the same time to reduce the Government's commitment for internal repairs.

The Improvement and Development Fund.

Total estimated expenditure from the Improvement and Development fund in 1980-81 is put at £9.8m. £5.6m of this amount falls to be met from CDA grants and the balance from local funds. To complete the 1978-81 Development Programme a further £13m will be required of which some £9m will fall to be met from local funding. The total net public debt at 31st March 1980 was some £5.6m. This sum already includes £2m borrowed from Barclays Bank International Limited last financial year, It is intended to raise some £2m internally from the Note Security Social Insurance and Post Office Savings Bank Funds. The balance will probably need to be raised partly on the London Market by borrowing and partly through export credit guarantee department loans for power development and the international subscriber dialling service. An enabling Bill will be brought to the House later this year.

I mentioned earlier the heavy cost of borrowing on the London Market now that the minimum landing rate is at 17%. We are currently paying slightly over 19% for leans, negotiated on the open market. If these high interest rates

continue and the best indications are that there will be no substantial fall in interest rates over the next few years, we shall need to review the extent to which we should borrow commercially.

It is because of the quantum of this projected borrowing that we need to ensure that the Consolidated Fund Balance remains at a level which will enable the Government to meet servicing costs as well as demonstrate its credit worthiness to potential lenders.

I should make it clear to the House that the Estimates were prepared, scrutinised, approved by the Council of "inisters and then circulated to members before it was known that Spain was proposing to suspend restrictions against Gibroltar. Clearly the lifting of restrictions will necessitate some amendments to the Estimates. During the course of the Committee Stage of this Bill an amendment will be proposed for consideration by the House. I mill mention the nature of these shortly. At the same time the Treasury and all departments will need to menitor the economic situation and the implications for both Government Revenue and Expenditure closely throughout the year and to keep the House fully appraised of the position.

I would like to remind members of the House that the field work of the input-output study of our economy will reach its final and most important stage during the course of the next two months. It may appear that this study has lost its value in the context of likely changes in the economy once Spanish restrictions are lifted. This is by no means 50. The study is still critical to give us a detailed insight into the structure of the economy and the inter-relationship between the various sectors. This information will enable us to assess the impact of the lifting of restrictions on the economy as well as identifying those areas of economic activity which should be stimulated and developed.

Now for the Hansard record Sir, I will summarise the Government's financial position and changes to the Estimates as they will appear in the Revised Financial Statement which will be circulated as soon as the Honourable and Learned Chief Minister has speken.

I am now able to be much more accurate about certain revised estimates than when the Estimates were printed a month ago. Actual collections to the 31st March on Income Tax are now expected to fall short of the figure shown on page 9 of the Draft Estimates by £100,000. The Revised Estimate is £11.4m. But there are a number of improvements totalling £222,300. The more important is £130,000 from inport duties. Other minor improvements are Head 3 Subhead

1 Ceneral Rate £29,500; Subhead 2 Salt Water Charges £12,200; Subhead 7 Taxes, Companies (Taxation and Concessions) Ordinance £16,600; Head 4 Licences. Subhead 5 Wireless £6,000; Head 6 Departmental Earnings Subhead 26 Post Office Savings Bank - surplus £18,000. The accounts for the Savings Bank have not yet been closed. Nevertheless, it is now possible to assess the operating result for the year on the basis of actual figures for deposits and changes in the value of investments. The revised figure for the year is-£30,000. Finally, there is an improvement of £10,000 on interest from Consolidated Fund investments which is expected to produce £210,000. The net improvement on the revised Estimates of Revenue for 1979-80 is thus £122,300. The net operating surplus for 1979-80 is accordingly estimated at £2,725,900 and the Consolidated Fund Balance on the 31st March 1980 is put at £3,623.923.

Given the revised revenue figures it is desirable to reconsider the Draft Estimates for 1980-81 in respect of certain revenue items. In particular the estimate for import duties for the coming year can be increased by £150,000 to £5,450,000. Other minor changes will be made to the estimated yield from the taxes - Companies (Taxation and Concessions) Ordinance and to Wireless Licences. The former will improve by £15,000 and the latter by £5,000. The revenue improvement is therefore £170,000. But as a result of additional capital expenditure to be incurred on behalf of the Electricity Undertaking Fund which I will explain shortly, the Revenue Estimates under Head 7 - Interest from Public Utility Funds must be increased by £12,400 and under Head 8 reimbursements Subhead 9 Public Utility Funds -Electricity by £9,200. The total estimated increase in revenue for 1980-81 is therefore £191,600.

There are also two changes to be made to the Draft Estimates of Expenditure in respect of the Education and Medical Pepartnents. The amount provided under Head 3 Education Subhead 6 as a contribution to the scholarships fund is being reduced by £40,000 as a result of the British Government's decision not to apply the higher tuition fees to students at universities from the EEC. In the Medical Department it is necessary to improve and rationalise the Dental Services and provision is being made under Subhead 82 Dental Equipment for £20,000 to meet the cost of providing new dental equipment at the Health Centre. The necessary amendments to the Appropriation Bill will be moved at a later stage in these proceedings.

The Improvement and Development Fund estimates of expenditure for 1980-81 also require to be amended.

The amouncement that Spain proposes to suspend restrictions will give rise to essential expenditure on customs control at the Frentier as well as the provision of car parks. Other works may be necessary to cope with an increased flow of vicitors. Accordingly provision is teing made under Head 104 Miscollaneous Projects Subhead Il Restoration of Communications with Spain for £250,000. This item will be reserved and funds released on proof of need to the Treasury. The House will be kept informed on the need for the utilisation of these funds.

Since the Estimates were prepared the Government has been able to consider fully in consultation with its advisors how best to proceed with urgent repairs required on No 11 Engine at the Generating Station. It is intended to purchase a new crankshaft at a cost of £92,000. This is the expanditure which I mentioned earlier in connection with the Electricity Undertaking Fund account and its effects on the estimated revenue for 1980-81. Finally, it is also necessary to provide £4,000 for site investigations at Bayside in preparation for the proposed building of a number of bedsitters in the area.

Total expenditure from the Improvement and Development Fund for 1980-31 is thus expected to rise by £346,000 to £10,129,182. The fund is now expected to be in deficit by £184,886 on the 31st March 1981. The Revised Financial Statement will show the new rosition. The Appropriation Bill will also have to be amended to provide for the new services I have described.

I take this occasion, Mr Speaker, to thank all the members of my staff, Ministers and Heads of Departments and all the 'backmoom' boys who never come to public notice for the help they have given in the preparation of the Estimates now being considered by the House. The Estimates and my speech are the product of many weeks of hard mork, long discussions and compromises. As a newcomer to the Gibraltar scene I have in many areas had to be led gently by the hand to avoid the snares and mitfalls that are found in every economy but are not intendintly apparent to the unitiated. I owe a great debt of gratitude to all who have helped me and in particular to the staff in my immediate office. To them and to you all I say thank you.

Mr Speaker I commend the Bill to the House.

MR SPEAKER:

I will now call on the Chief Minister to make his contribution.

HOW CHIEF MINISTER:

Mr Speaker, the draft Estimates of Revenue and Expenditure now before the House were as the Hon the Financial and Development Secretary has stated, formulated before there was any indication that the restrictions might be removed in the near future. The announcement on the question of the restrictions came only eleven days ago and, while the new situation will no doubt bring about changes in the pattern of our economy, it would obviously be premature, and wrong, to attempt to re-cast the estimates until the changing pattern can be discerned more clearly and with greater certainty. If adjustments are seen to be necessary as the situation develops, we will come back to the House; in the meantage, it is the Government's intention to proceed with the estimates as drafted, subject of course to the amendments that the Financial and Development Secretary has already indicated.

Our economic policies must, therefore, be seen as being conceived in pursuance of aims conditioned by circumstances as they have existed and continue to exist up to now. Thought is, of course, already being given to the changes that are likely to take place in the future so that any adjustments of policy that may be required might be made promptly.

Before outlining the Government's policies and proposals for the coming financial year, I would remind the House of the main planks of the Government's budget policy at this time last year. The Government was advised by the then Financial and Development Secretary - and, as we all know, the figures amply justified his assessment - that we were in a difficult, even grave, situation. Perhaps the most significant and depressing feature was the Consolidated Fund balance on 31 March 1979. The original estimate had been £1.6 million: the revised estimate was £300,000. On closing the accounts the actual balance on 31 March 1979 was £398,000.

Faced with these figures, and of course only because of these figures, the Government had to take quick and tetermined action both to increase revenue and to curtail expenditure. Neither of these courses was popular but to have failed to take them, in the situation before us then, would have been rash and irresponsible. We increased the charges for electricity, water and telephones and raised the rents of Government housing. We introduced a package on Income Tax and Femily Allowances which, while benefitting those in the lower income groups with families, would raise additional revenue from those who could afford it. We taxed the luxuries — tobacco, alcohol and gambling. We

levied extra charges on the motorist. We brought television licence fees up to a more realistic level. We introduced a 20% surcharge on general goods except clothing and footwear.

Our policies last year were based on realism and fairness: the realism of facing up to a very serious situation and the fairness of placing the main burden of additional taxation on non-essentials as well as of providing relief to those with lower incomes and families to support.

So much for revenue raising. In so far as curtailing expenditure was concerned, it will be recalled that I amounced the appointment of a committee, under the chairmanship of the Minister for Labour and Social Security, charged with the task of examinging Government expenditure right across the board and to select those areas in which expenditure could be reduced or eliminated. A parallel committee of officials was appointed to make detailed departmental investigations into the working of overtime with a view to eliminating all but the most essential.

The result of these measures, designed to keep Government expenditure to the minimum, was to hold supplementary provision throughout the year to about £lm, representing 4.2% of total expenditure compared with annual supplementaries over the last 3 years averaging 15% of expenditure.

I want to take this opportunity to pay particular tribute to my Hon Friend the Minister for Labour for his conscientious, determined and successful work in the very difficult area of reducing and containing public expenditure. I wish to thank also all those who assisted him in this task in the Expenditure and Overtime Committees.

Although, as Hon Hembers will have seen from the draft Estimates, our financial position today is better than had been expected, it is my intention to keep in being both the Expenditure and the Overtime Committees. They will continue to meet regularly and to apply the same strict criteria as last year.

Unpopular though our measures of taxation and curtailment of expenditure undoubtedly were, it is clear that, generally speaking, and as I predicted at the time, the increased charges were absorbed by the average household - mainly because of pay increases arising from parity - without too great difficulty. I think that today we can afford to express some satisfaction at the results of the policies we adopted last year. This would,

I think, have been fully justified even if we had succeeded only in achieving the aims we had set ourselves, ie a projected Consolidated Fund balance of £1.2m at 31 March this year. As it happens, the estimated balance is of the order of £3.5m.

As the Hon Financial and Development Secretary has explained, in his very lucid and interesting report, the main reason for this improvement was an increase in revenue of some £2.4m whereas expenditure increases, as I have said, were held to about £1.0m. A little under half of the increase in revenue is attributable to direct taxation. There were also marked increases in reimbursements, interest and departmental earnings. Provisions for supplementary expenditure were held to a lower level both in money and real terms than in the last few years.

Our policies for the coming year, as will be seen, will continue to be based on realism and fairness. We have added one further dimension this year: a degree of consolidation.

In so far as expenditure is concerned, the Expenditure and Overtime Committees will, as I have said, continue their sterling work. I believe and trust that they will find their work a little easier this year because I think that those who are at the receiving end of their activities are under firm and direct instructions from me to ensure that every possible effort is made, at every level in every department, to achieve the utmost economy in public expenditure. During the course of February and March I held meetings with Ministers and Heads of Department and senior officials who work to Ministers and impressed upon them the need to concentrate on three main issues:

- greater efficiency in carrying out departmental responsibilities, which of course in itself leads to economies;
- (2) greater and constant awareness of the need to contain the growth of public expenditure;
- (3) a greater awareness also of the need to keep the public informed of departmental activities.

In so far as the last of these is concerned, some sectors of the press, who, rightfully, are domanding in the service they expect from the Government, have already commented on the improvements which have been achieved. I hope that further improvements will be made. As to the efficiency of departments, I have no doubt that all

concerned are fully awars of what is expected of them and that even higher standards of performance than in the past will be achieved. What concerns us most closely today - the containment of public expenditure - will also, I am certain, be before very much in mind by those who are responsible for the alministration of public money as well as by those who monitor that administration.

To look now at the figures for 1980-81, the estimated operating curplus, after allowing for uncovered deficits on the Funded Services amounting to £2.4m, will be £1.24m. This is tetter than last year's projection but, as I have said, it is our carefully considered view that this year there is a need for consolidation and for setting our finances on a firmer and more stable foundation than has been possible in the recent past.

It must be apparent to all that, with a few exceptions for whom we shall be taking reasonable provision the continuation of parity of pay on the one hand and the
degree of business activity on the other together add up
to a general prosperity. This cannot be denied. Nor can
anyone deny either that the provision made last year for
the Consolidated Fund balance was minimal, not to say even
risky. It is therefore our intention, as I have said, to
consolidate and build upon both the more satisfactory
cut-turn for last year and on the general prosperity which
exists.

The view could be taken that, in general terms, the re-opening of communications with Spain and the deval.pment of numbal economic activity in the private sector will be beneficial to Gibraltar's economy. I would not dissent from that general view but there are two good reasons why this should not deflect the Government from the course it had set itself when formulating these estimates. The first reason, as I have already explained, is that we must wait and see: the second is that prudence demands that, whatever happens, we build up a more reasonable reserve than in the past. If in fact, and as is to be hoped, Gibraltar's economic prospects improve that will be a bonus. In any case, with so many unknown factors that may arise out of the opening of the frontier it is vital that we should be in a strong financial position to meet any unexpected eventuality.

I do not wish to alarm the House. What I have said does not mean that this is going to be a tough budget; certainly not the kind of budget that people have been led to expect by the suggestions made before the general election to the effect that that election had been called in order to enable a power-hungry party to regain office and then impose harsh measures on the electorate. That is not the case at all.

First of all, it was already clear to me at the time that the position was going to be better than we could have expected, and indeed was predicted, last year; secondly, in recommending a dissolution of the House, I was motivated solely, as I made clear at the time, by the additional costs and by the practical aspects of having a bye-election and, within a relatively short space of time, the general election which would have been necessary in any case. Indeed, had I not considered that the reasons I have referred to were public interest considerations, purely political thinking would have pointed to a bye-election followed by a general election later this year after what was likely to be a not too unpleasant budget. We do not. however, indulge in this kind of political playing about and, in any event, we were confident that the Gibraltar electorate, with its well-known wisdom and common-sense, would have made the same choice in autumn this year as they did in February.

The actual measures that we are proposing to the House are consistent with our economic philosophy. In my statement on the estimates two years ago I said that the funded services should be made self-sufficient in gradual though substantial stages, depending on the way the economy developed, and that it was beyond question that a progressive reduction of subsidy to final self-sufficiency had to be our aim. We went some way in this direction last year when I stressed that electricity, water, telephones and housing are commodities, no different from others such as food and clothing, which must be paid for by the consumer.

We continue to pursue this policy again this year.

In so far as electricity is concerned, a budgetary contribution of £265,000 will be made mainly to offset that part of the deficit on the Electricity Undertaking Fund which relates to power development. The talance of the projected deficit of £570,500 will be met by a modest increase in tariffs which will add about £2 to the monthly bill of the average consumer.

We will continue to subsidise the potable water service for the domestic consumer at an estimated cost of some £600,000 in 1980-81. This is generous by any standards. The tariff for all non-domestic consumers will be increased to cover the costs of this service and that for domestic consumers increased by around 23% which will represent an increase of 75p a month for the average consumer.

Pending the outcome of discussions with Cable and

Wireless on the Government's share of trunk call fees, part of the additional cost of running the telephone service will be passed on to subscribers. Tariff changes of 15% on rentals in order to achieve this will be introduced later in this meeting of the House. The additional cost will be of the order of £135,000.

In so far as housing is concerned, the provisions in tenancy agreements requiring tenants to meet the cost of minor internal repairs and maintenance will be strengthened and more firmly enforced. This will enable the Government to redeploy its funds and labour to the more essential tasks of external and heavy maintenance on the government estates. Provided that progress can be made in the course of the year in implementing the Government's new proposals that will shortly be announced for the sale of flats to tenants it is not intended to increase rents this year. The situation will however be reviewed in October. If progress in the sale of dwellings is not satisfactory, some increase in rents will be essential to keep pace with building and maintenance costs. The estimated deficit on the Fund in 1980-81 is £699,900. A budget contribution of £700,000 is proposed.

The Government's aim is a Consolidated Fund balance of between five and six million. This is, in our view, modest, prudent and necessary. The Hon Financial and Development Secretary has referred to the need for substantial borrowing and for this reason alone, that is to say, that we establish our credit-worthiness as a Government and as a community, a reasonable reserve is desirable. There are, of course, other reasons as well.

The measures I have described in respect of the public utilities will reduce the budgetary liability for 1980-81 to £1.57m and the Consolidated Fund balance on 31 March 1981, allowing for this reduction and the changes announced by the Hon Financial and Development Secretary, will rise to £5.89m.

There has for some time been growing pressure both inside and outside the House for improved income tax allowances. The changes to the Income Tax Ordinaice made in the Finance Bill 1979 provided for a more graduated system of income tax. Personal allowances were increased but these increases were to a great extent off set by higher rates of tax. The financial position last year precluded any substantial relief except for those with large families or on low incomes. In the light of the improved financial position reflected in the 1980-81 Estimates, I can now announce, against the measures I have described, that we propose to provide relief on Income Tax Allowances and Family Allowances in order, once again, to help those with

family commitments. As far as Income Tax is concerned, there will be an additional £100 for a single person, £200 for a married person and £50 for the first child. Family Allowances will be increased by £1 per week per entitled child. The tax relief and the increased Family Allowances will represent benefits to the taxpayers amounting in total to £820,000 this year and to £1.1m in a full year. There will therefore be a need for some increases in indirect taxation if we are to achieve a reserve of about £5.5m which, as I have said, we consider to be prudent and necessary.

The programme presented in the draft Estimates reflects the Government's determination to increase Gibraltar's stock of social capital in the form of housing and schools. At the same time a start will be made on the construction of the first phase of a new generating station at No. 5 jetty North Mole and the installation of a Subscriber International Dialling Telephone System.

The estimated expenditure on development projects in 1975-90 was £4.5m. Inat is an improvement of 70% over the previous year's figure of £2.6m. During the last financial year contracts totalling £10.8m were awarded for projects financed from the Improvement and Development Fund. Of this amount £9.6m was for new projects and £1.2m for modernisation or renovations. The Girls' Comprehensive School represents slightly less than half of the amount for new projects.

Total projected expenditure on the Improvement and Development Fund for 1980-81 is £10.12m. Whether or not this target will be achieved depends very much on the performance of contractors and the supply of materials from outside Gibraltar. In detailed and probing discussions with consultants and contractors the Government has been assured that the expenditure target can be met. I can assure the House of the Government's determination to ensure that the work represented by this expenditure figure is carried out during this financial year.

The Financial and Development Secretary has pointed out that it is currently extremely expensive to borrow. There are no indications that interest rates are likely to fall significantly in the immediate future. Too heavy servicing charges of the Public Debt could impose constraints on future fiscal policies. If the spending targets are met and interest rates continue at their present levels, the Government considers that it would be prudent to reduce borrowing on the open market to the absolute minimum for as long as possible. It is accordingly proposed to borrow at least £2m from internal

funds, namely, the Social Insurance Fund, the Note Security Fund and the Savings Bank. During the course of the year the situation will be kept under close review and, should the need arise, the Government may approach the House with a view to a transfer of funds from the Consolidated Fund to the Improvement and Development Fund. But that will only be done when it is clear that this is absolutely necessary.

Additional funds will be required for increases in staff for Immigration, Customs and Labour and Social Security. This will be necessary to ensure that the requirements of the new situation will be met with efficiency and for the convenience of tourists and the public generally. The strengthening of staff will also serve to ensure that adequate controls are exercised both in immigration and in the taking of all reasonable measures to further the smooth development of legitimate trade but at the same time to prevent Gibraltar being accused of illegitimate trade.

The new situation means that, to some extent, we are entering into the unknown. We do so with confidence and in the knowledge that, working hard and closely together, our unity as a people will enable us to preserve a secure and prosperous Gibraltar.

Thank you, Mr Speaker.

MR SPEAKER:

Gentlemen, before I put the question to the House does any Honourable Member wish to speak on the general principles and merits of the Bill?

HON G T RESTANO:

Mr Speaker, first of all I would like to associate myself with what what was said earlier wishing a speedy and full recovery to Mr Abecasis. I would secondly like to congratulate the Honourable the Financial and Development Secretary on his very full and detailed account of the state of our affairs and also for his comments on the worldwide implications such as they affect Gibraltar.

This, Mr Speaker, is an unusual budget. I realise that when the Estimates were processed it was not known that the frontier restrictions would be lifted. But the frontier restrictions are going to be lifted and the economic repercussions that they will have on Gibraltar as a whole will be quite acute, and in fact the consequences of lifting those restrictions on the

revenue and expenditure will mean that the exercise that we are going through today of the Estimates of 1980-61 may well perhaps be a rather unrewarding exercise. The expenditure which the Government will have, has been estimated at a notional £250,000 to cover the contingencies of an open frontier. I think that that is if I may say so, a very conservative estimation, and I think that little has been estimated about the possible revenue. I agree that it is a very difficult situation but I would have been happier to have had some more details from the Government side as to exactly what — rather than monitoring at the time which of course is necessary — calculations or what estimations has been done as to now for the consequences of the lifting of restrictions.

Now, as presented the Estimates this year represent a very much healthier position than they did last year, And this of course has been explained by both the Timano: al Secretary and the Chief Minister by the heavy taxation, the harsh budget that we were faced with last year, and the directives which were given to the two committees, the Expenditure and the Cvertime Committees, which as the Chief Minister said consisted of three points: greater efficiency, and the great need to contain public expenditure. Well of course this is what we have been saving from this side of the House for the past 3 years. And I know that it has taken a long time for that advice to at last sink in, but I am glad and pleased that at last it has. But that money which has been taken from the taxpavers in the past should now be given back to the taxpayers. I don't think that there is any justification for having such a high balance in the Consolidated Fund. I think that the little that is going to be given back to the people - £100 in personal allowances, and £1 per week in Family Allowances - falls well short of the income tax personal allowances in the United Kingdom. And after all if we have parity in wages we should also have parity in vaxation. I do not think that those personal allowances go far enough. I hope too that the Government, in accordance with their inferences before the elections, also take into account the position of those excluded pensions. Because at the time I remember there were certain inferences that those excluded pensioners would be helped. I remember the Chief Minister on television saying or implying that he would certainly look at their position very sympathetically, and I hope that he has looked at their position sympathetically and he will be able to say what exactly he is going to do for them. I hope it was, not just an implication before election, I hope he really meant it.

Now, the Chief Minister also said in his speech that it

would be necessary to increase a certain amount of indirect taxation. I hope that when he does it he bears in mind that perhaps very shortly the frontier gates will be lifted and it is important that we do not price ourselves out of the market. It is important that we are not selling things in libraltar more expensive than on the other side of the border.

Mr Speaker, I would like to refer to some comments which were made in the Principal Auditor's report which I think are relevant to this budget. The Principal Auditor has for some time now been complaining that his staff is inadequate to carry out what in his opinion is a necessary and appropriate audit on all departments. I think this is very important, Mr Speaker. I think it is important to have all departments thoroughly audited, their accounts thoroughly audited. This is helpful to the Government, it is helpful to departments themselves, I think, and I think it is a false economy for a department such as the Audit Department, not to have a sufficiently large quota of staff to carry out their duties fully.

A criticism that has come up time and again has been the lack of General Orders in Gibraltar for the Civil Service. In the light of the fact of the lifting of restrictions, it is I think extremely important, and I am sure that those committees which are tasked to reduce expenditure and to look into overtime, would be very happy to see General Orders available to all the Civil Service. These General Orders relate to allowances, leave, sick leave, and so on, and I think it is important that those Orders should be available. And the same thing applies to Stores Regulations. How can we expect, the control of stores if officers concerned do not have proper regulations to guide them on how exactly to verify those stores.

One aspect which has been brought up. Mr Speaker, and I shall be grateful to the Minister for Public Works for an . . explanation when he makes his contribution, of how it is that the discrepancies are so great between a tender award and the increases before the actual work is completed. I know that in certain instances increases in wages or perhaps the higher cost of materials are sometimes included in the tender conditions but I would have thought that that was the purpose of having a tender in the first place, to know exactly what a particular work which is going to be put out to contract is going to cost the Government. I think it gives a distinctly wrong impression about the fairness of tender procedures. If a particular job is thought to cost the Government say £100,000 when it ends up costing £180,000 when the original tender has been put in. I think that needs to be looked into very carefully.

I have another question which arises out of the Auditor's report to make to the Government, and that is with relation to the Varyl Begg Estate: the dispute between the contractors, the Government and the consultants. I find that the Principal Auditor says that.....

MR SPEAKER:

No, you have got to be very careful. We are not going to discuss the Principal Auditor's Report now at the Second Reading of the Appropriation Bill. You can make a general comment. but not debate it.

HON G T RESTANO:

I am going to make a general comment on part of what he says. Mr Speaker, he says on page 24 of the report: "the cost of the work is not known and its apportionment will be subject to negotiations with the consultants and the contractors, however, it appears that there will almost certainly be a liability to Government in respect of at least part of the cost." Now, I would like to know whether this is in fact Government policy? And if it is Government policy that Government should pay part of that work then I would like to know how that policy has been reached?

Turning to the funded services. Mr Speaker, the situation is certainly not very bright, and certainly in the Electricity Undertaking I am surprised when I consider that the Chief Minister said last year that it was proposed that the Electricity Undertaking should be self-sufficient, to find that from a loss during last year of about £75,000, the deficit for this year is £549,000 plus the surplus that was brought forward from the previous year. So that in fact the deficit for the year appears to have been £650,000, and this coming after a statement from the Chief Minister last year that the department, after all the increases that had been charged to the public last year, would be self-sufficient, ard also another statement, I believe by the Minister, who said that the fuel cost adjustment charges would certainly cater for any increases in fuel. So it would appear that that perticular undertaking is either perhaps not as efficient as it should be, or possibly that there was certainly gross miscalculations on the part of the Government last year when they said that the fund would be self-sufficient.

The Potable Water Service Fund, that of course is losing: we are physically losing water in Gibraltar, we have been for a long time. I believe it is now round about anywhere between 22% and 25%. I consider that this is still rather high. I think that in the days when the City Council used to run this account 15% losses was considered to be

acceptable. But certainly going up 25% to 25% is certainly not acceptable and I would like to know in fact whether the committee which was formed to look into the losses of water is intended to be continued or whether it is intended to discontinue it.

In the Housing Fund I notice that the backlog of heavy maintenance is going to be reduced. I would perhaps leave this until the Committee Stage to find out a few more details.

HCW FINANCIAL AND DEVELOPMENT SECRETARY:

On a point of clarification, Mr Speaker, I think the Honourable Member said that the funds for the backlog or heavy maintenance were going to be reduced. I think I made it quite clear, as did the Honourable Chief Minister that they were to be increased substantially.

HON G T PESTANCE.

I misunderstood, I believe it was internal heavy . maintenance that was going to be reduced. Mr Speaker, · I just want to say a few words about the Medical Department. There are two aspects of the Medical Department which I want to talk about. First of all, the largest expenditure figure for the Department is drugs, dressings and pharmaceutical sundries. I do not in any way wish to state that I want that figure reduced in that medicines to the general public should be reduced. However, as we know in the medical world there are certain drugs which have a brand name and some of those drugs can be purchased under their generic name which is the general name for that particular drug, in fact, there is panadol and paracetamol, they are exactly the same medicine but panadol was the first one on the market and therefore it is known but, in fact, the branded medicine is much more expensive than the generic. In the United Kingdom it is the practice for all the prescriptions of doctors to go to a centralised panel in the north of England where, this is a Government panel made up mainly of doctors themselves who look into the prescriptions of doctors throughout the country and if they find that certain doctors are prescribing branded rather than generic medicines or perhaps if they are overprescribing, they then address correspondence to the acctors concerned in order to try to reduce the Government spending on those items. The other part of the Medical Department which I find could be leading to a certain amount of abuse is the private practice which is going on at the moment, so one gathers. I have had cases which I have referred to the Minister where I feel that consultants who come to Gibraltar, paid by the Government, I am not saying that we should not have any private

practice at all but I think that with any private practice it should be strictly enforceable that it should be after any patient who goes through the Health Centre are attended to and there should be no abuse, it should be absolutely clear that all Health Centre patients should be attended first and of course there should be no inducement for any patient to go privately because he is going to be seen more quickly, that I think should be clear. I have heard people saying; "I have gone to the Health Centre but I've been told that if I go privately I will be seen quicker". Well, I think if the Government is paying for a consultant to come out to Gibraltar then it should be ensured that the patients of the Health Centre should be seen first. I must welcome the major feasibility study that is going to be made at the Port and I think it is a good idea, I think it is very necessary and I await with interest the comments of the Minister for Trade. Thank you, Sir.

MR SFEAKER:

Perhaps I would like to explain since this is only the second year which we are pursuing this particular practice, that it is the time now to talk about the general principles and merits of the Bill on both sides because when we go into Committee I most certainly will adhere to the rules and we will then confine ourselves exclusively to the particular items appearing in the Estimates of Expenditure.

HON CHIEF MINISTER:

Mr Speaker, apparently some of the Ministers who have had to work over the weekend haven't got their papers ready back from the Departments so it might be helpful to adjourn now so that they can better deal with the matter.

MR SPEAKER:

I have always heard the Opposition say that they always welcome the Ministers making a statement on their Department. If they are not in a position to do so now, I think it would perhaps be opportune to recess now.

. HON P J ISOLA:

We are still waiting for the copies of the Chief Minister's statement, it hasn't been circulated. I understand that is coming.

HON CHIEF MINISTER:

I will make copies available straight away. They are being 164.

prepared.

The House recessed at 1.00 p.m.

The House resumed at 3.30 p.m.

MR SPEAKER:

I will remind the Honourable Members that we are on the debate of the Second Reading of the Appropriation Bill.

HON DR R G VALARINO:

I would like to deal with the three aspects of my department: the Generating Station the Fire Brigade and the Telephone Service. I am rather surprised by the poor contribution made this morning by the Honourable Gerald Restano when talking about the FCA and there were certain inaccuracies there which I would like to correct. The FCA is triggered when there is an increase of 5% above datum. Any decrease above this figure is automatic. Therefore, an increase of 5% above datum is passed on to the consumer, any decrease is automatically passed on to the consumer and therefore the consumer benefits in that respect. In May 1979. and in fact in July; 1979, we had two increases in the FCA and fortunately, or unfortunately depending on the point of view you are looking at it, these did not tri ger off the FCA. Therefore, the additional cost of the oil is passed on eventually to these undertakings. For this reason alone the FCA does not cover all the extra cost of oil supplied at the Generating Station. Secondly. there is a time lag. Depending on when increases are notified to us there is obviously a time lag between the time of notification and the time of increase. Let me give you an example. With effect from the 3rd January we were notified that we were going to have a large increase. This was not passed on to the consumer until February. From this date until February, the undertaking had to suffer the extra cost. These are two reasons way part of it is not covered by the FCA.

HON G T RESTANC:

Mr Speaker, the Minister says that the FCA does not cover all the aspects but he certainly said in last year's budget, that the FCA - and f will quote from Hansard because I think we should be quite accurate on this - "as it is now with a new formula no such deficit" - I am quoting page 283 of the Hansard: "no such deficit" - this is on the oil - "will occur as the increase will cover those oils," or one oil, he was talking about the FCA, he was talking about all the

increases in the price of fuel, so perhaps if it was inaccurate then and accurate now, could be perhaps give the exact explanation.

HON DR R G VALARINO:

Mr Speaker, that was a general statement considering the amount that oil was costing us over the years. This is a detailed statement to show him the various differences, and though'I stated at the time that that was a general indication, there are certain minor things which are not covered by the FCA. I would like to bring this to the Honourable Member's notice so that he understands it.

The third question is also that the ratio can vary as far as the FCA is concerned. The FCA formula is based on a ratio of 90% heavy oil and 10% light oil. This may alter depending on the availability of plant. Therefore the ratio instead of being 90% - 10%, could well be 85% - 15%, and this would obviously not be taken into account by the FCA. This is another reason why the FCA does not totally cover the requirements.

Now, let me say at this stage that Government is satisfied that the FCA is at present working well. But let me also add that the formula may need revising in the future. Secondly. in the Honourable Mr Restano's brief intervention this morning, he mentioned - and I believe he quoted - that the Chief Minister has said that Funded Services, including Electricity, were not going to receive any budgetary contribution. Let me cuote - as he likes quoting - page 215, where the Chief Minister said "we said last year, and 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". Therefore the Chief Minister indicated that it was the aim of Government to make them as fully self-supporting as possible. But certainly we did not say that budgetary contributions would not be needed at future dates. The Chief Minister then referred to the year in question, last year, and said that there wouldn't be any budgetary contributions last year but as to further years he was unable to give details in advance.

We have had throughout the year various motions, questions, debates, motions after the adjournment, on the Electricity Undertakings. There are a couple of things — and I think we have dealt with this Undertaking enough and I think Members know quite a great deal about this — but I would like to say two very important things, and in fact I am scrry that the then Hon Joe Bossano is not here to hear one of them. The first one is that industrial relations at the Generating Station are being looked at in a joint 166.

exercise of Union, Management and Staff. The Government have at present in the Station, representatives of the Industrial Relations Office, the Management Services Unit, and they will provide a report for Government on the working conditions at the Generating Station. Secondly, and most important of all, and finally on this subject, I am glad to say that specifications for the new Generating Station are progressing extremely well. These specifications should be ready soon and tenders will follow subsequently so that in future we shall be able to enjoy the benefits of the new Generating Station on No F Jetty, as I have previously said in answer to a question in the House.

Now, Mr Speaker, to deal with the City Fire Brigade. The City Fire Brigade has reduced its working week from 56 hours to 48 hours and has increased in establishment to maintain the required operational availability. The total establishment of the Brigade now stands at 82. As you all know, 1979 was an extremely busy year for the Brigade as they had to deal with a series of major fires in Gibraltar. They did so extremely competently and I am sure that all members of the House can only be grateful for the prompt attention and expert service that our City Fire Brigade is able to provide. In fact last year they turned out to a total of 209 fires. Not only that but the Fire Prevention Department has carried out 673 inspections relating to the various sections of legislation, and overall, the standard of fire prevention is now much improved.

Going cack to questions in the House I would like to say that all Government-owned domestic units will be supplied with a fire extinguisher during 1980. These extinguishers are now held in store by the City Fire Brigade and distribution will commence before the end of April 1980 starting with the Alameda Housing Estate. The whole distribution will be completed by the end of the year, and an annual inspection of each extinguisher will commence by the City Fire Brigade in 1981. Finally on this subject. and I think on a very important note let me add, 4 officers from the Brigade received training in the UK under Technical Assistance and the results obtained by these officers were excellent. Not only were the results excellent but it also helped us to provide local training to a very high degree. In particular the training of the last 12 recruits proved a great success and proved that the department now is certainly qualified and experienced enough to organise and instruct a three menth recruit course.

These are two aspects of my responsibilities as Minister for Municipal Services and I am proud to be able to say that with the City Fire Brigade and the development of a new Generating Station, we do not only have an excellent service in the City Fire Brigade but we are aiming for a very good and efficient method of producing electricity

in the future.

Now to the Telephone Department. As you will see from the Estimates, the Telephone Service Fund, Appendix C, did not receive a budgetary contribution last year and yet made a slight profit. The main questions in the House throughout the year have been on the problems we have had from the cable network mainly and other faults. And as I have said previously I have been the first Minister in this department to introduce a system of cable replacement and you will see from the Improvement and Development Fund that we have totalised the cable replacements year by year. We replaced five main cables last year and I am glad to say that the results achieved by the Telephone Department have been extremely good: Cable faults of about 850 in February 1979 have dropped to 100 in February 1980. From a total number of cable and line faults of well over 1,000 in January to February 1979 we have now just over 300 in February 1980. This has shown that the progress that the Telephone Department has made is not only in the cable network but also in the general repair of telephones and lines. It gives me great pleasure to say this because this is only with five new cables: this is 10% of the 60% that I mention here. We are going to continue this project and in fact next year another five main cables will be put in. These five main cables will cover the areas in town: Main Street, Irish Town, Cooperage Lane, in fact the lower town area, and this will be of great benefit not only to subscribers but to a great number of merchants in Gibraltar who are totally dependant on telephone and telex lines.

We have in the meantime also laid a new cable to Catalan Bay. This has been completed and the only thing we now need are distribution cables to be able to provide telephones to the rest of the people in Catalan Bay which at present number something in the region of 21.

During the year we have progressed from local systems: we have had a newly and highly sophisticated PBX ordered and installed and Telecommunications Officers from the Exchange and internal plant PTOs have attended courses locally. In fact 1979 has seen quite a substantial improvement in the Melephone Service as a whole.

There are a couple of other items I would like to mention: first of all the international service showed an increase of 12% this year. And this is accounting only for a six month working period of the satellite. The satellite was installed in June 1979 and so far since then we have had a 12% increase. Next year obviously the increase should be higher as not only the number of calls increase but also the number of lines. We started with 18 satellite circuits installed, we have at the moment 24 plus 3 to UK and from the UK to Gibraltar, making a total of 27. We have a new

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telephone trunk section and we have at present 7 temporary Trunk Operators now fully trained and fully conversant with it, providing the ability to be able to ring outside. Gibraltar thus much quicker and thus much more efficiently, and I am sure that members of the Opposition will now have realised this as has everybody else in Gibraltar. But this is not to say that our main objective, which is ISD, is going to be overlooked. Unfortunately the consultants report which was expected some time at the beginning of the month, has not yet arrived but as soon as it arrives the ISD project will be given top priority. I mentioned once that I wanted ISD by 1983 and once the report is here I will do everything in my power to be able to expedite this and have it as soon as we are able to do so.

Finally, on this subject, Mr Speaker, I did mention in my last budget statement that we were short of one Test Derk. We have now employed an extra Test Clerk and this has improved the service given by 93 and 97 to a considerable degree. 95 as we all know can now be answered by all the operators and not just by the single one as in the old exchange. Therefore the Telephone Department as a whole shows, and you only have to look at this, shows a tremendous improvement in a short period of time. I assure the House that this improvement will continue and I have every hope, and I am sure that this graph as you see here emanating up here and coming down here, will further decline and within a few years we shall have in Gibraltar a first class internal and an external telephone network.

It is impossible to analyse at the moment what the implications of the opening of the frontier will be, especially on the telex communications side, but as the year progresses we shall be able to monitor the incidence of calls to Spain, calls to the UK, and then we shall deal with this subsequently as necessary. The main thing is that we have developed a service for the benefit of Cibraltar, we are developing it and we have in a year done a tremendous amount of work.

The City Fire Brigade, continues to do its admirable work. In fact we have a lot to thank them for and I am very proud to be associated with them. Now that we have taken a firm decision to have a new generating station at No 5 jetty, this will be for the best interest of Gibraltar. I am glad to say that in my three departments I am proud to be associated with the Municipal Services.

Thank you, Sir.

HON W .SCOTT:

Rising to make my first contribution on a motion in this House I would in the first instance like to associate myself with the comments passed and the sentiments expressed about the Honourable Isaac Abecasis in hoping that he will make a speedy recovery and a quick return to this House.

Secondly, Mr Speaker, I hope, and I think I should mention that I am not reading my speech and will not be subjected to what my Honourable Colleague Andrew Haynes was a few weeks ago, to the dubious privilege of being interrupted in his maiden address.

If I may turn quickly, Mr Speaker, to the general reserves. as the Chief Minister said earlier on this morning, these looked quite healthy, we find this rather inconsistent in although the tax allowances have been raised we found this rather not to the level incidentally that we would have hoped, but we find this rather inconsistent with his stated policy later on when he mentioned that indirect taxation would also be raised. This we feel will erode substantially the benefits of the increased allowances, having the effect as they will on the cost of living and the Index of Retail Prices. The Improvement and Development Fund, as submitted, Mr Speaker, shows a revision I think from £9.7m to £10.12m. We are pleased at seeing this sudden and remarked change from 1979-80 to 1980-81, but again we have our reservations, given the history of this present Government in its lack of spending on this particular fund over the last few years. I take exception in fact at the Chief Minister when he passed a comment that whether or not this target will be achieved depends very much on the performance of contractors and the supply of materials from outside Gibraltar. In fact, the contractors cannot start on their programming or processing until such time as the contract is awarded.

HCN CHIEF. MINISTER:

If the Honourable Member will give way. I was referring to the fact that we have out on contract already more than £10m. I am referring to that not to something that has not started yet. I am referring to the progress that has been made with regard to the contracts already awarded.

HON W SCOTT:

Mr Speaker, then my comments are doubly valid because if the Government intends to spend almost £10m on this it is surely up to the machinery of Government to ensure that contractors receive those contracts that have not been awarded in the year to come. Particularly, Mr Speaker, we are being consistent here, I think, with our manifesto during our election campaign, on the problems of housing, where we feel that this runs to the very roots of the security and identity of the Gibraltarians, and the shortfall over the last few years gives us great cause for concern here particularly facing an open frontier situation.

We are glad in fact that the Chief Minister has said, referring to the Minister for Development, Trade, Labour and Social Security, that he has been giving this a lot of thought and we hope that he will give it that impetus which is rightly required. And we hope also it that context that the Minister for Public Works will also play his part in the accelerating of the necessary processing, perhaps from ODA and the technical side of his own department.

With education in schools, Mr Speaker, we are glad that finally the contract for the Girls' Comprehensive School has been finally awarded, but perhaps the letter that appeared in the Chronicle this morning from the GTA to the Chief Minister on proposed cuts on the inservice training of teachers gives cause for concern and perhaps the Einister responsible, should he be here later on in the sitting, might be able to give is some kind of an answer.

Referring back to the modernisation, Mr Speaker, our policy on this has always been, ever since it was first announced, particularly given the very serious situation over a number of years in housing in Gibraltar, that what Gibraltar needs is new housing not refurbished homes. Surely it is still not too late to ask Government to seriously consider those projects that it has not yet started on the original modernisation programme, to reconsider that rather than modernising old buildings, build new houses, making more homes rather than refurbishing them and arriving at a number of homes which will not increase the housing stock.

Finally, Mr Speaker, again with reference to the Chief Minister's speech, I understand he said that they would shortly be putting in a feasibility study with respect to the Port, I hope that when this report is received we also on our side of the House will be given a copy as rapidly as possible and we won't have a repetition of the Preece, Cardew and Ryder report.

Thank you, Mr Speaker.

HON J B PEREZ:

Mr Speaker, I propose to deal with the Estimates for the Department for which I am responsible, the Kedical and Health Department Estimates of Expenditure for the year 1980-81, by following the manner which set out in the Estimates which are already in the possession of Honourable Members opposite. And that is by first of all dealing with personal emoluments, followed by other charges and then I will deal with general matters including answering some of the points which the Honourable Gerald Restano raised in his contribution this morning.

Mr Speaker, under Personal Emoluments the estimated expenditure for the year 1980-81 is £2,014,000. Now, Honourable Members will realise that the increase in salaries for next year is in fact in line with the increases throughout the last year for non-industrials, and in view of the salary increases we have had during the year 1979-80 we find that we will obviously get a corresponding increase in both allowances and overtime.

Now with respect to overtime I must point out for the benefit of new members in this House that all the overtime which is worked in my department is completely essential. Although we are a five-day week department we nevertheless have to cover 7 days a week. In effect we provide 24-hourday service for every day throughout the year. Furthermore, certain grades in my department have built-in overtime payments owing to rostered commitments. These include Porters, Nursing Grades, Pharmacists, Radiographers and others who need to respond to emergency situations.

I must take this opportunity of stating in this House that I am very pleased and indeed very happy with the tremendous good work which is being performed by all employees of my department, both non-industrial and industrial. And I would particularly emphasise the excellent work of the doctors and nurses. I say this, Mr Speaker, with full knowledge and confidence since I know that every person attending our hospitals, either as an in-patient, out-patient or as a visitor, will bear me out on this. I honestly believe that they earn and are worth every penny that is being paid to them. In fact I extend an open invitation to Honourable Members opposite to come and visit the hospital and see for themselves the excellent work that is being carried out there.

I am also, Mr Speaker, pleased to inform the House that the hospital is today at virtually full strength. In fact all wards are now fully operational. I think our thanks must go in this respect to the work of our Tutor, Mr Durell, to Matron and her Assistants. Honourable Members will

see from the Estimates that there is in fact an increase in the establishment of the hospital, the major increase is that the Senior Nursing Staff has risen from 79 to 81 and our Junior Nursing Staff have also increased from 183 to 187. Furthermore, I would like to explain to the House the two Supernumerary posts of Registrars, which are also contained in our Estimates.

Mr Speaker, these Supernumerary posts have been created due to this Government's policy of endeavouring to Gibraltarianise the higher posts in our hospital. The position today is that two young local qualified doctors, namely Dr Borge and Dr Gorrea, have decided to study for their MRCP and FAA respectively, whereupon on the completion of their study they shall become Senior Registrars until such time as they become fully pledged consultants. We sincerely hope that they will in the future be replacing our present consultants some of whom will be retiring during the next 4 or 5 years.

Honourable Members should also note that during their respective courses of training they shall be performing the dirties and functions of House Officers in our hospitals and thus the need for the creation of a supernumerary post. The other supernumerary post is a Basic Grade Physiotherapist and I am sure this will please the Honourable Mr Loddo who brought the matter up in this same House. This post is created for a local student who is now reaching the end of her training and is shortly expected to qualify and take up her employment in the Physiotherapy Department within the next three months.

Mr Speaker, it is indeed sad to record that shortly after I became Minister we had the death of Jimmy Cochrane, a man who had devoted so much of his life to the general welfare of the people of Gibraltar, and I am sure that this House will wish to join me in paying him the tribute he so richly deserved.

Following Mr Cochrane's death, we are now having to recruit a replacement, and the entire School Dental Service is now to be completely centralised at the Health Centre. I feel that this step will indeed improve our present School Dental Services. Honourable Members will recall the Honourable the Financial and Development Secretary including in the Estimates of the Medical and Health Department a new subhead 82 into which this House has been asked to vote the sum of £20,000 under the heading of Dental Services. This money is in fact to purchase equipment for the new clinic and also to improve some of the equipment which is at present in use by our Dental Surgeon, Mr Clinton.

Mr Speaker, under Other Charges, the Estimated Expenditure for the year 1980-81 is £1,387,800. Since Honourable Members will be free to ask questions at the Committee Stage of this Bill I merely propose to say some words on the major subheads, such as subhead 9 and subhead 15.

Under subhead 9 Drugs, Dressings and Pharmaceutical Sundries, the bulk of this money is in fact taken up by the Group Practice Medical Scheme. As Members can see from the Approved and Revised Estimates figures for last year, the estimates have been held and in fact there was a small saying under this subhead. However, I must impress on members of this House that this subhead is one that may change throughout the forthcoming year, although I shall do my utmost to closely and very carefully scrutinise this vote throughout the year. But, Mr Speaker, inflation hits us all. The cost of drugs is no exception and neither is the Medical Department immune to price increases. Perhaps some day someone will devise an outright cure for this cancer.

Although I have been Minister for Medical and Health Services for a short time I think I have identified some of the problems and I would ask the cooperation of doctors, chemists; and those people who make use of the Group Practice Medical Scheme, As I see the situation. there are these problems. First of all the prescribing of certain trademarks which are more expensive than others. This is a point which the Honourable Gerald Restano raised this morning which I have taken into account and I agree entirely. Secondly, there appears to me to be an element of over-prescribing. Thirdly, the fact that all people seeing doctors in Gibraltar expect to get a prescription. Fourthly, the fact that the average consumption of drugs. in Gibraltar per capita is much higher than that in the UK. Fifthly, the prescribing of items which can in fact be purchased over the counter without a prescription, like medicated shampoo, for example. And Sixthly, the fact that prescription charges in Gibraltar remain at 20p per item. is I have already stated I feel that the whole situation can in fact be kept under control, provided we have the cooperation from all concerned. And I say so because then it would not need the Government to take any drastic measures which in a vay I feel could be detrimental to the existing services provided.

The other main subhead is subhead 15 which deals with Wages Staff. Honourable Members will see that this subhead now includes wages previously provided for under subhead 16 Desinfectation and Other Services, and subhead 20 Maintenance and Running Expenses of Market. The total number of industrials employed is 197, 88 of which are employed in the Hospital, 5 in the Public Market, and 1h under Desinfectation and Other Services. Here

again, Mr Speaker, I must give credit to the work being performed and in particular with the state of cleanliness of our Hospitals. However, I ask the general public to cooperate on their visits to our hospitals, in particular with smoking. We have "no smoking" signs on the corridors which unfortunately are not respected and although we provide receptacles for the putting out of cigarette ends there are still those who persist in throwing their butts on the linoleum covered floors. Something I am sure they would not do in their own homes and without realising that it is in fact they who have in fact to pay for them in the end.

In connection with subhead 19 and 20 I will now take the opportunity of saying a few words about the Public Health Department, now called the Environmental Health Department which also comes under my responsibility. During the past year this section of my department changed its designation from Public Health to Environmental Health. This is the third time its name has changed in its long history. This being the oldest Public Health Department in the world outside Britain. It started life under the Sanitary Commissioners changing to Public Health in the late 50s and now to Environmental Health. This most recent change follows the UK pattern and is in keeping with the profession's move into such new and expanding fields as atmospheric pollution, food technology, health education, noise abatement, animal health and infectious disease prevention and control. In order to bring this change in designation to the public notice as well as to inform the public of the different services we provide and the help which the department offers, a very successful exhibition was organised at the John Mackintosh Hall which was attended by a large number of people.

Another qualified inspector returned after completing his studies in the United Kingdom. After many years of shortages of qualified staff I am now pleased to inform the House that the total inspectorate is in fact at full complement for this forthcoming year.

The Rodent Control Section of the Department has also moved from its former inadequate location at Market Place to new and improved premises on the ground floor of the Health Centre, thus concentrating most of the related public health activities in the one building.

In the field of the environmental monitoring new equipment was purchased for the sampling of coastal and swimming pool waters in order to assess both the chemical and bacterial safety.

Following the passing of the Food Hygiene Regulations I can now report that the great majority of food premises in Gibraltar comply with the requirements of these

regulations, with only a few minor contraventions in the remaining ones. In fact all food premises in Gibraltar are today inspected on a regular basis.

Since May of last year the department has also been involved in a feasibility study on the cultivation of shellfish, namely mussels and oysters, in conjunction with the fisheries experiment station of the United Kingdom. Ministry of Agriculture, Fisheries and Food.

As regards the public market renovation and maintenance, work has continued. The works have included the complete renewal of all the stalls in the Fish Market and the improvement and modernisation of the Meat Hall in order to bring the whole of the market complex within the requirements of the Food Hygiene Regulations.

Under subhead 19 Desinfectation and Other Services, Honourable Members can see that the expenditure under this Head follows very closely on the lines of the previous year and the slight increase is merely due to increased costs. Provision is made for the purchase of desinfectants, insecticides, lacquers, rodenticides, etc. which is essential in the continued control of infectious diseases and the treatment of pests and rodents. Approval is also being sought for money for the purchase of health education aids and it is hoped that during this forthcoming year to intensify the department's efforts in bringing to the public eye the dangers involved in cigarette smoking.

The environmental monitoring programme of the department will also continue during the year when we shall carry on measuring the degree of sulphadioxide and other suspended particulates in our atmosphere as well as the quality of our coastal waters. Equipment for measuring the degree of atmospheric pollution in certain work places will also be improved.

Finally, it is hoped to build 4 quarantine kennels for animals imported into Gibraltar who do not fulfil the requirements of the Animals and Birds Ordinance. I feel that this will help in our campaign to keep Gibraltar free from rabies as well as preventing suffering for the owners of animals who are at present forced to either re-export or put down their animals when on importation these do not comply with our legal requirements. Under subhead 20 Maintenance and Expenses of Market here again is another subhead with very little difference in estimated expenditure for the forthcoming year.

Following our efforts to improve the public market, £5,000 is being sought for the provision of a cooling chamber for fish. This will improve the keeping quality of fresh fish imported into Gibraltar, especially during the warmer weather and thus ensure that a better product is offered for sale. Money is also being provided under this vote for expenditure in connection with the animal health aspects of the departments work, that is for the control of stray dogs and cats, the humane putting down of these animals, the licencing and the registration of dogs etc.

Mr Speaker, the Environmental Health Department I feel is in fact working extremely well. Unlike other Government departments it is one that is working continuously behind the scenes and I feel that this in fact shows its success since it is only when the health of our community is threatened that the people of Gibraltar tend to remember this particular department.

Mr Speaker, on general matters I would first of all like to deal with one or two points which were raised by Mr Restano. He stated in his contribution when he was speaking about prescriptions, about brand names and generic names, he did mention that in the United Kingdom in fact all prescriptions are sent to a centralised panel which is located in the North of England and were in fact all the prescriptions are actually checked. Well. this is in fact correct, but I would like to inform the the Honourable Lember that here in Gibraltur we also have a Head lharmacist and his staff who actually check each and every prescription and this is precisely why I have been able to point out to the House some of the problems which I have already seen as quite clear under the Group Practice Medical Scheme. So we do have this in Gibraltar, and all prescriptions are in fact checked by the Head lharmacist. Once a discrepancy is noted, or once he feels that there is a particular prescription in which there are too many items which have been prescribed, the procedure is that the Head thermacist incedictely, if it is a medical matter, reports the matter directly to the Director of Medical and Health Services who will take appropriate action in cases where doctors are involved, or if it is to do with an administrative matter on a question of payment of money to the pharmacies, for example, he would refer the matter to the idministrator, who will then take the necessary action. Let me also inform the Honourable Member that in fact the service that is provided by this particular section of my department is in fact much better than the one provided in the United Kingdom. Because, Mr Speaker, in the United Kingdom they take over 2 or 4 months to actually pay the pharmacis; whilst here in Gibraltar pharmacists are paid a certain amount

On account straight away and it normally takes only one month to pay the pharmacist the balance for the medicine that they have disposed under the Group Practice Medical Scheme. So I do not think, Mr Speaker, we have to envy the United Kingdom on that aspect because I feel the service provided here in Gibraltar is just as good if not better.

HON G T RESTANO:

If the Honourable Member would give way.

I think he misunderstood what I said this morning. When I mentioned the panel in the North of England, in Newcastle I believe it is, there are two panels in fact, one is a pharmaceutical and one in the medical. The pharmaceutical which he is comparing with my suggestion was not really what I was referring to at all: that of paying the phermacist and all that. What I was referring to was a particular Government panel made up mainly of doctors in Newcastle who are there not just to see whether the prescriptions are processed correctly and paid to the pharmacists correctly, but to ensure that there is a check on the type of prescriptions made by doctors. I don't think this is something which a pharmacist can do, this is having doctors, if you like, checking on doctors, which we do not have here in Gibrultur. They do have this in the UK. I think it might be a good idea to ask whether it is possible for our prescriptions once they have been processed locally to be sent to the UK. That is what I was suggesting, certainly not in any way about the payment to pharmacists or that sort of thing. This is a check which they have in the UK and it is quite a logical sort of panel to have.

HON J B FERUZ:

Mr Speaker, let me just also further point out that the Honourable Member must not forget that in fact our Director of Medical and Health Services for this particular reason is in fact a medical man himself. So that if any discrepancies are found, and I can assure the Honourable Member that the Head Ihermacist does in fact strictly visualise each and every prescription to see the amounts prescribed, anything that he cares to bring to the notice of the Director in fact he can do so. This is the way it works.

Another point the Honourable Member reised this morning was to do with the private practice being carried out by the visiting consultants. In fact, Mr Speaker, I was very happy and very glad to listen to the Honourable Member saying what he had to say in connection with the private practice because what he in fact did, maybe he didn't realise it, what he did was to reitcrate what I

in fact told him in this House in the answer that I gave him to Question 34 of 1980, when I in fact said to him that here in Gibraltar the policy laid down and the procedure laid down is that no private patient can be seen by visiting consultants until the latter has seen each and every one of the general patients that are referred to him. That is the policy which I said I was following, which had been there for many years, and that is in fact the procedure which is to be carried out. So I was happy to hear the Honourable Member agree with me when he reiterated what I said to him only last month.

Continuing with general matters, Mr Speaker, I have had to

HON P J ISOLA:

Can I just ask one thing. Can he, therefore, give an assurance that when these visiting specialists come, if he sees any private patient it means that everybody in the health service who wanted to see him would have seen him, because that is not the impression that I have get

HON J B PEREZ:

Let me inform the Honourable Leader of the Opposition that in fact the procedure is that when a visiting consultant arrives he normally comes for about 4 or 5 days. The only day he is allowed to have a private clinic is in fact on his last day. And that is only if he has seen all the patients that have been referred to him under the GPMS. That is in fact the position as it is today. It is something that I can assure the House I will closely monitor and ensure that this policy carries on being followed. I am happy with the present situation since I am sure, and there is no doubt in my mind, that this is in fact the position today: that until each and every general patient has been seen no private patients can be seen by the visiting consultants.

Mr Speaker, on other general matters I have to inform the House that due to the increase in the complement of extra trained staff at the KGV hospital, the hospital has now been completely partitioned off to cover for acute and chronic patients. These are in fact now segregated in different floors of that particular hospital. This is another section of my department which is extremely hardworking and I again extend an invitation to Honourable Members to visit the KGV, to see the staff and the way it works, to come and see for themselves how well the grounds are kept because I think it helps them tremendously when they subsequently come to the House and start asking

questions. Again I invite them to come up to KGV and see the actual excellent work that is being carried on.

Mr Speaker, this year we should also see the opening of the new Sisters Quarters. This building which in fact consists of five flats and nine bedsitters will be used to accommodate senior nursing staff, physiotherapists, locums and the House Officers, all those people who we have to bring on contract from the United Kingdom. And the good thing about this is that our House Officers, who are really our first line of defence at the hospital as soon as a casualty case comes along, they are seen by the House Officers, they will be kept within the precinct of the hospital. This will help the service as well.

I must also inform the House that our paedriatic Service is working well and also that I am happy with the present appointment system at the Health Centre. I also see that that is vorking quite satisfactorily.

This year we shall also be taking steps to see the full recognition of our local Nurses Training School. Full recognition under the EEC and by the General Nursing Council of the United Kingdom and Wales. In fact, Mr Speaker, following meetings between management and the staff side we will shortly approach the General Nursing Council to seek further advice on the intricacies and in fact on exactly what steps we have to follow in order to get this particular acceptance. I feel, Mr Speaker, I should also add my appreciation for the work done in the background by all the other ancillary service in the hospital such as the Administration, Porters, Laboratory Staff, Kitchen Staff, X-Ray etc., without whose dedicated support the hospital services would just not function.

Finally, I would also like to finish my contribution by thanking all those voluntary organisations in Gibraltar, too numerous to mention by name, who have helped us during the year, both in financial and practical terms. I feel we are indeed very lucky in Gibraltar to have so many people who are prepared to give up so much of their time to help others.

Thank you, Sir.

HON A HAYNES:

First I would like to comment on the Chief Minister's copious notes, which did read rather like a speech, but we shall leave that.

My first point would be as regards the cuts in expenditure which are being brought about as a result of the efforts of the Minister for Labour and Social Services. That in itself is obviously a good thing but that it should be the source of back-clapping on the Government's rows is appalling! It is incredible to me! As I say the cuts in expenditure, that they should be the scurce of backclapping is almost inconceivable. Here we have examples of wastage which have been stopped after three or four years and they want to be praised for it. Didn't Government represent themselves to be efficient, capable of looking after the affairs of people when they stood for power? And if Government had been asked three years ago, can you reduce expenditure, would they have said, yes? And yet here we have them now saying, three years ago 15% on supplementary, and now its 4.2%. And if I ask them now. can they reduce it yet more will they say yes? Because if they say, yes, it will be only an admission of what I am saying, that this is inefficiency which has finally been come round to. Perhaps they might be inefficient and I can say that if this Government can reduce expenditure from 15% to 4.2% in such a short time they must have been very gross indeed, and if further efforts are made they could be reduced vet further. .

Again, then we have more back-clapping over the budget itself, these remarkably healthy figures. What do the Government expect if they bleed the people with taxation. And to exemplify this I will refer to the Financial Secretary's comments of bonus increase in taxation of £1.m as a result of pay increases. Pay increases immediately go to Government coffers. There would only seem to be a theoretical increase for the working people have struggled for a pay rise and this of course disipates and then appears in the Government coffers. And as I said before Government falls apart and congratulates itself. if one may refer to the sequences of the ceremonial orening on page 7: "I have talked of public money rather than of Government money because it is not always sufficiently appreciated that the Government is only the authority or agency entrusted by the electors with the widest and fairest administration of the money which the public itself makes available through taxes. If more has to be spent then more has to be provided." "Which the public itself make available through taxes" that is the nubb of the matter. If you have a very healthy budget, as this one seems to be, then to me it appears that you have over-taxed the people. That is nothing to be proud of. You have miscalculated the effect of your measures last year and the result is that you have an embarrassing excess.

Then you talk of " if more has to be spent then more has to be provided." And I ask, what has been provided? If one looks at taxation then a lot has been provided there. Education, we know that that was the priority because we were told that there was a priority, and then housing. How many houses have been provided. Rosia Dale in three years are the only new houses being built. A modernisation plan . that is stagnant; a Varyl Begg that still haven't got roofs. That is what has been provided, that is what we have needed more money for, is it? Tourism, and then we come to the fact that the Financial and Development Secretary mentioned this year, that there were more arrivals than since 1969. I am sure these arrivals will bereassuring to see the lichen still growing on Waterport roof, it still leaks and if they go along the North Mole there are still no facilities. The Pens are still there with no facilities and when one comes to the airport it is a joke. And we have more arrivals than ever before. And then when one refers to the questions and answers in this House only two months ago, questions like Whos Government have any plans for improving the facilities of the Arrival Hall at Waterport, and is Government satisfied with the general conditions of that shed? Mr Speaker, Sir, Government is fully aware of the conditions of the Arrival Hall at Waterport. Funds are being made available for remedial work and the renovations will include work to the roofs that are at present leaking. The state of the Waterport shed is a constant fact that the has been there since the frontier closed, and the toilets and everything else, and yet here we have a Government, who in the knowledge of the increases in arrivals have done nothing about it. And now they seem to be saying that they are going to do something. And then when we ask questions whether Government have any plans to provide proper facilities for tourists arriving on cruise liners at North Mole as must be available in all other parts of the world, the answer is "The Government has no immediate plans, etc. etc. etc. " And the same with the airport, it is all promises, for the future. This may be alright or it would have been acceptable had things only gone wrong now. but when one is talking about arrivals who had recognised the place where they are but they haven't been to for 11 years, it is disgraceful, and this is what you want more money for, and this is why you have such an incredible surplus.

I notice in the Chief Minister's speech that youth haven't been mentioned. Yet here we have the importance of youth, the future of Gibraltar, and youth has not even been given a mention. How important are they? Do I have to make a point every time you mention the youth. Will nobody ever do anything positive to help them.

And then what will the people have to say for their tremendous taxation in power. Power cuts galore. The more you pay the less electricity you get. And it would

appear that since we are getting electricity from the MOD the last bills will be sent care of them!

And then in these circumstances I ask why does the Government want £5.56m in reserve. What is it for? To build more houses. When you have no plans. To do something for tourism when you have no plans? What do you want this money for? It would be acceptable and we would commend measures which resulted in a large reserve if these measures came about gently and without causing harm or suffering to the people. that is if they were a result of continuous saving and wise investments. But if we are going to raise a massive reserve as a result of severe direct taxation then of what use will it be to the people, especially when we have got a Government which in the experience of what I have just shown have got nothing to show for themselves, especially in housing. . . There is no concept for the future and that is why they do not mention the youth. And that is why we are here to inform you.

Then we come to the actual features on the budget and we are pleased to see concern at the increase in oil prices but I think we didn't need anybody to sell us this today. And yet is any alternative proposed? No, there is no alternative plan. Before going to those severe extremes why is there no plan for gas as an alternative to electricity? It is cheaper. And then solar energy! Any experiments, any plans, none at all.

I ask Government to explore the possibilities of alternative power. The course of fuel we all know is going to run out and Government is going to find itself in 1990 unable to buy oil and with no alternative form of power. And they will be - if they are, the same Government that is - they will be happily crowing! Again why does the Government not try to get reduced oil prices from England? From the ODA, why not? For the facts gentlemen, that speech only shows concern at the rising price in oil. It also shows that oil plays a very large and very important part in the life of this city, and there is nothing provided as an alternative. There is no failsafe, there is nothing that would appear in your speech or plans. But of course this is not surprising, this comes as a lack of ideas.

So there is no indication of plans, contingency measures, for an open frontier. And I concur with the Honourable Member Mr Restano's concern at this. I would suggest that we need to start on a competitive focting as regards certain vital items like cigarettes and whick;

The part that concerns me most in the proposed plans of the budget were those of doing away with internal repairs and on this matter I would require more information. I think Government will agree that the savings they will accree

from not having to undertake internal repairs is tantamount to a rent increase, at least in real terms for the tenant who will now be paying appreciably more for the same. And though in principle I would agree with this procedure which can be so costly and petty as a theory it is applaudable but not necessarily laudible if they were to be brought about without special considerations being taken into account. If these internal repairs are to be effected by all and sundry then one will find oneself in a situation that tenants in Varyl Begg with waterlogged and leaky flats having to undertake at considerable expense possibly rewiring and so forth, and that would not be acceptable to our Party. Then there is the other position. Would internal repairs be effected by tenants going for the first time into a Government flat which is not a new flat or a flat in mint conditions? Would be have to undertake all expenses and repairs? And if this policy were conducted it would lead possibly to the Government becoming more relaxed as to the internal state of a flat when it is to be handed over to tenants who would have to then fork out an enormous amount of money.

Then there is the other concern for the elderly and old age pensioners who may not necessarily be able to meet these increased financial burdens, and I would ask that consideration be taken of them. I wouldn't want this policy to end with houses becoming progressively more dilapidated as a result of tenants finding internal repairs too much, doing without them and living in worse conditions. Immediately it would mean that they would be living in perhaps places which are not fit for habitation but of course they will not report it to the authorities since they would be the ones who would have to repair them, and in the long run it could lead to greater expense for Jovernment in that the house or flats themselves would become unfit to live in and perhaps be structurally affected.

And lastly, gentlemen, I would ask the Government to review the exact or final number of houses to be built in the coming year as agreed at the last sitting, in which as I remember since there was a discrepancy between the manifesto and the Geremonial Opening speech as to the amount of houses or units to be completed within the year it was finally decided that at this sitting the final number would come. Of carse I am sure that this final number would still be appalling and dismal, and, therefore, will not meet with our greetings. But if there is an increase that of course would be commended.

HON H J ZAMMITT:

I will speak briefly on my own ministries. I shall also, on account of the incapacity of my friend the Honourable Isaac Abecasis, I have been asked to explain the Tourism and

Postal Services expenditure. Here, Sir, I would ask for indulgence occause it has only been sprung upon me in the last few days and, therefore, I am not really all that au fait in those particular items.

Mr Speaker, I will start with housing, it being the first of my departments that appear in the Estimates and I would like to commence by answering the Honourable Mr Andrew Haynes on a number of items he has raised. He is completely and I hope I can put his mind at rest, mistaken, and that is to sav firstly that the question of the tenancy agreement is not a new tenancy agreement but merely the enforcement of the terms of a terancy agreement that has for many many years been allowed to go by the board as a matter of course. And by internal repairs what is meant are those items which the Housing Department and the Public Works Department. have been rectifying but which are really part and parcel the responsibility of tenants. These are small items such as broken door knobs, broken panes of glass which really is the responsibility of the tenant and not of the landlord. For many, many years Government has undertaken this responsibility and it had been abused to a degree that it is intended to enforce the terms of tenancy agreement which is there to be read by all and sundry. Therefore, it is not going to be a drastic change on the tenant.

I can put his mind at rest that in the case of Varyl Begg any damage that has been caused by virtue of the leaking roofs, will not be the tenants responsibility but that of Government to rectify. Equally, any person moving into any new accommodation would not be expected to carry out the repairs. Government will hand over a house to a standard and thereafter the repairs contained within the tenancy agreement that are/responsibility of the tenant will of course be their responsibility and Government will retain its responsibility as a landlord to carry out the other functions which are not scheduled within the tenancy agreement. I hope that having said this that I may have put the Honourable Ember's mind at ease there.

The question of the tenancy agreement, Mr Speaker, will we think, as is seen in the Estimates produce a saving of over £½m because we find that in wages we find that an enormous amount of money is being spent on these little items of a door knob or of a broken pane of glass or what have you, and we intend to cut that down. So there is £½m which Government feels we can save in that sphere. I would like to say Mr Speaker, that many of the repairs that were being carried out under this Head were such things as replacing fixtures that the previous tenants had placed, and we found great difficulty in trying to find the identical tile that had been placed there, not by Government but by a particular tenant, and when we patched up it looked so awful that invariably we had to do a complete tiling of bathroom or kitchen at enormous expense.

We will, Mr Speaker, during the year be having another fresh look at the question of the Home Ownership Scheme and try to sell our houses. We are also in the process of trying to sell not only our pre-war houses but an attempt is being made to try to sell houses of a post-war standard that have some merit and there has been a demand for them. This will be going out, I think, within the next couple of weeks.

Now I take up the Honourable Mr Andrew Haynes on modernisation. I think the Honourable Mr Scott also referred to modernisation as being an absolute failure. I feel one cannot deny that modernisation has brought about a paralysis " as regards housing because of the decanting requirements but I must say this, now one is beginning to see the fruit of the injury that was caused as a result of the decanting. And it is completely wrong to say that we always lose. Quite the contrary. In some instances we are able to obtain more dwellings than those decanted. I think Tank Ramp is the ideal example where we decanted something like 25 tenants but the eventual result will be 42 dwellings. I would also say that Lime Kiln Steps is virtually ready, certainly Phase 1, and in the case of Road to the Lines and Castle Ramp we have but 5 families to decant and then the whole area will be ready for a very major modernisation programme. Government has decided that the bedsitter situation has a particular merit, and as members may have noticed we are constructing 18 bedsitters at Prince Edwards Road and we have another 8 bedsitters at Rosia Dale. Government intends to use 60% of those bedsitters for overhousing cases. And I, Mr Speaker, am a very great believer, having survived for over $4\frac{1}{2}$ years as Housing Minister. I am a great believer that the Bedsitter situation can save the day. I am completely convinced of that. So in the next week or so, Mr Speaker, we will hopefully be able to move people who are overhoused into adequate smaller accommodation and by way of "musical chairs" be able to commence to put our housing stock to its maximum possible use. And I think that this is a very brave step indeed al though not extremely popular, but I think that at the and of the day we will see the benefit of the overhousing situation, and as I say, be able to put our housing stock to its maximum use.

Having said that we intend to have a reappraisal of trying to sell our houses, I think the Financial and Development Secretary mentioned this morning that we are trying to do this if not we will have to reconsider the question of rents round about the month of October to keep up with the invariable costs that renting and repairs of housing will warrant.

Now. Mr Speaker, the Honourable Andrew Haynes mentioned the question of knocking down houses in the question of modernisation and building new houses. Prima facie this looks to be quite attractive but there are certain factors that we have been advised on that we should continue with the modernisation programme. I would like to remind the Honourable Member that it is not just a Government folly but that MOD have done this in Rosia Dale where the maximum possible use of retaining walls of has been made and. therefore, expense has been cut down quite substantially. So it is not just an idea of this Government. Irrespective of how backward the Honourable Member thinks we are, the MOD have been doing it and quite successfully and I think he doesn't live very far away from where I am talking about. So it isn't just a whim that Government has, we feel that there are a number of benefits not only from trying to prevent slums of over 100 years standing but there are many people who still wish to live or continue to live in the environment of a particular area of Gibraltar. In fact, it is no secret to say, Mr Speaker, that there are many who would prefer a modernised flat to some of the post-war houses that have been constructed recently. Mr Speaker, on the housing situation, of course. I cannot claim that there isn't a problem. I think everybody in Gibraltar is fully aware that there is a problem. We have 1900 applicants. Slowly, I hope, we will be able to overcome it but Government did mention not only in a political manifesto but in the Ceremonial Opening of this House, the Government said we were giving housing priority. There are, Mr Speaker, another 38 units going up at Rosia Dale which we hope will be ready this year. At Prince Edward's Road, 13 bedsitters which will result in some 40 applications being cancelled in the "musical chairs" I explained earlier on. There are Flat Bastion Road houses and as we know they certainly won't be ready this year but there is a move, a very concerted move, to get things going in the housing situation.

Mr Speaker, I will now turn to the Post Office in the absence of my colleague and say that on the Philatelic side of the Post Office I was quite pleasantly surprised to see that the sales have shot up by leaps and bounds when one looks at 1965 where a mere £800 per annum was sold and looking at 1977/78 which was a bumper year on account of the Jubilee and other sales we sold nearly £lm, I think that is highly commendable and I take this opportunity to say that this is no doubt due to the very hard work of my dear colleague, Mr Isaac Abecasis, who has done extremely well in this particular field. Mr Speaker, this year as has been mentioned I think on radio today, there will be an issue of famous people of Gibraltar which will yield substantial revenue and there will also be a special issue with regard to the Queen Mother's 80th birthday which is very special indeed and that is expected to yield another £80,000 which is very welcome. As Members will know. during Mr Paulo Da Rosa's visit here a few days ago, a contract was signed whereby - I know my colleague Mr Isaac Abecasis looked very much forward to this - whereby we have now obtained his services. Mr Da Rosa is quite an influential philatelic dealer covering Switzerland and Italy; and it is estimated that this will be further expanded as there are contacts in other countries that this man caters for. The facts are that today we have four agents covering virtually the whole world, and what is not covered by direct agents is covered by the Crown Agents in UK. But as I say this is a remarkable work: this is the department that yields good money and no doubt the importance of the Philatelic Bureau is that it has put Gibraltar on the map, stamp-wise, and I am sure that this can only go from strength to strength in the years to come.

Mr Speaker, I will now turn to Recreation and Sport, which although youth was omitted I notice that Mr Andrew Haynes failed to say anything about sport. First and foremost, Mr Speaker, as mentioned in the last meeting of the House we have now obtained agreement from those people approached to form a Sports Council in Gibraltar. This Sports Council will be responsible particularly for the running and the adding of further facilities, advising Government on facilities and the contributions to be given to sporting associations. This one body will replace the two committees in existence now. These ladies and gentlemen have been consulted, they are quite prepared to serve on this body and I hope in the not too distant future we will be able to formally inform the House of the composition of the Council.

As mentioned at the last House of Assembly Government has agreed to the introduction of an allocating charge at the Stadium. There will not be abuses, it will be quite moderate and not as high as they are in England despite parity! I think that proposal will be well received, Mr Speaker, because a proportion of the funds collected will go to the further expansion of sporting facilities. That source of revenue will provide funds for the Sports Council to distribute to worthy bodies.

There is no specific provision in the Estimates, I would like to inform the House before I am asked, for a swimming pool. Plans are being prepared and it is understood that His Excellency the Governor will be able to help in getting the Royal Engineers to carry out the preliminary work of excavation or some form of building, so there is very little expenditure there. I thought I should mention this in case members thought that there had been an omission or that we had forgotten all about our electoral promise.

Mr Sreaker. I would also like to say how very pleased and proud we should all be that for the first time ever one of our hockey teams has qualified for finals in Europe. And it is a matter of pride that in a community as small as ours we are able to find sportsmen of the standard to go and beat an Italian team in Italy and qualify for the finals which will be held, I am told, in Barcelona within a couple of months. I would like to congratulate Rock Gunners for having done so extremely well and kept the banner of Gibroltar flying high. Needless to say, Mr Speaker, since this Government is concerned with youth I am sure we will do our utmost to make sure that Rock Gunners, being worthy of recipients of funds, are helped even further to make sure that they can keep the Gibraltar flag flying in Barcelona in a few weeks time. Mr Speaker. the Estimates were drawn up before we heard the unexpected development on the frontier situation and there will have to be a reappraisal of sports, particularly weekend sport, competitive weekend sport, which maybe as happened before the frontier closed, were difficult to obtain. So one will have to have a particular adjustment and see what will occur. .

On the overtime issue at the Stadium, Mr Speaker, needless to say it is when people have time off that they want recreation and leisure, and, therefore, we have to provide for overtime work on weekend and public holidays and other days.

Mr Speaker, there is little else I can add on sports other than to say that I think we have done extremely well particularly in a closed frontier situation, Gibraltar sportsmen have done extremely well in the closed-frontier situation, they have overcome all difficulties and obviously one is delighted to see the way we have succeeded.

Mr Speaker, on tourism and very briefly, I was pleased, and I am sure everybody else is pleased including Mr Andrew Haynes, to see that we have been able to increase arrivals by 21%. This again has been due to the hard work of Mr Abraham Serfaty and Mr Isaac Abecasis in ensuring that Gibraltar was served with something like thirteen flights - eight charter and five scheduled flights during the summer period - and this in no small way has contributed to the increase in our tourist trade. Of course I am sure that members opposite can say that we are spending too little or we are spending too much. but in tourism you can play it both ways I am told. It is an industry and apparently the more you pour into it the more possibly you can bring out. Here again one will have to wait and see what the open frontier situation will bring about tourist-wise and as the Estimates were ready before the announcement of the removal of restrictions,

one should not be readily impulsive about where we should spend or not spend our money.

I would like to say that as can be deduced from the Estimates the direct approach is still in the United Kingdom and I feel that possibly we will continue with that until we see exactly what adjustment the open frontier will require.

You will have noticed that there is a particular provision regarding the exhibition at St Michael's Cave of prehistoric monsters and soldiers of a particular period and one thing and another, and this is brought about by a firm called Burnham and Nathans. We have already paid a certain amount, as can be seen in the Estimates, and we have to pay a further amount in June and a further amount in December and then after that we begin to recover some of the money we have spent.

Mr Speaker, there is little I can add at this stage. I take the point of course that the Air Terminal isn't as nice as we would like to see it but I would like to tell the Honourable Mr Andrew Haynes that I have passed through Air Terminals much smaller and in a much more disgusting state than ours and though I would like to see ours improved we shouldn't be as ashamed of our Arrival Hall as he makes out. Nevertheless, as he also knows, an extension to the Air Terminal has been agreed upon and that should improve matters. Mr Speaker. I cannot really add much more to those particular departments other than to say that Government, as announced by the Financial and Development Secretary and by the Honourable the Chief Minister, that there is a reserve of £2m particularly for use on the parking situation. That may not be enough. we shall have to see, but the parking situation will take up I dare say some £100,000 of that money. If things go as one expects then we shall probably be seeing an influx of vehicles into dibraltar and in view of our own situation of parking we shall have to make particular plans to accommodate those vehicles that may enter from Spain. Mr Speaker, when we go into Committee I will be delighted to answer any questions from members on any particular item.

Thank you. Sir.

MR SPEAKER:

It is about 20 minutes to tea. I think the members of the Opposition have been courteous allowing you to have your say if you wish now or would you rather Mr Loddo did so. Perhaps before you stand up may I take this opportunity to welcome you back to the House.

HCM MAJOR F J DELLIPIANI: Thank you, Mr Speaker.

MCC A T ICDIC: Mr Speaker, before making my humble contribution to this debate I would like first of all to associate myself with all that has been said regarding the Honourable Mr Abecasis and associate myself with your remarks, regarding the

Honourable and Gallant Minister for Education.

Now I believe it was Benjamin D'Israeli, later Lord Beconsfield, who said that the youth of a nation are the trustees of posterity. What we must ask ourselves is what are we entrusting to our trustees. Are we happy with what we are entrusting? Because whether we like it or not inflation is here to stay, so like Oliver Twist everybody must ask for more. In fact if they didn't they would be stupid. Because it is only by asking for more than you just keep shead. If you are content with what you have, if you are content to stay put, happy to remain stationary, then it is almost as going backwards. And this affects education as much as it affects anything else. Therefore, we must ensure that all out students in Gibraltar, irrespective of the school they attend and their age, they could have sufficient books and equipment to see them through their study. And the only way to get them is to ensure that you have sufficient funds.

Now. I am glad to see more and more scholarships are becoming available and that is as it should be, but we must not allow ourselves to become complaisant. There is always room for improvement. And in this respect perhaps it would be a good idea to review the points system whereby scholarships are awarded. Perhaps it would be better if scholarships were awarded if places are already available in universities. There is also the contract system whereby students on qualifying are required to come back to Gibraltar. Perhaps again it is time for this contract system to be revised. At the moment this contract system strikes me as being a one way affair. If there are jobs you get them, and if not you can stay in England. Again with the advent of parity I think the problems as regards the students coming back are not as great as they were before. The discontent is no longer there. They are coming buck to salaries which are the equal of what they would be getting in the UK.

I was surprised however to see that for 1980-81 there are going to be 10 teachers less. But at the same time glad that our students in the UK will be treated as EEC nationals thereby saving the not inconsiderable sum of £40,000. It is therefore a matter of regret that although we are making a saving there are going to be less in-service training opportunities. Now, that is something which I think bears looking into. Admittedly, the news that our students will be treated as EEC

nationals has come rather late; these Estimates were prepared well in advance, but it is never too late. Therefore, although economies are to be applauded, and there certainly have been economies, please, not at the expense of education, if we really mean what we say: that the future belongs to our youth.

There is also another avenue to which possibly not only the \$\pmu_40,000\$ but we could stretch it a bit more, another avenue to which we could plough their money: and that is post-graduate study. We get over the years a number of study groups coming to Gibraltar, a number of projects being gone into tit might be a good idea to grant post-graduate studies/local students who have done well, exceptionally well, and they could help in research projects in Gibraltar. Helping Gibraltar by helping themselves.

Now to answer the Honourable Mr Zammitt as to why I and my Honourable Friend Mr Andrew Haynes did not mention youth in reference to sport. This was because I was going to do that. He didn't forget it, we are just sharing our load. On this side of the house we all welcome the Sports Council. I am not saying that the idea was exclusively ours but certainly it was mooted by us. In our election manifesto we brought it out, we brought it out in our Party assembly, and I am glad to see that nobody will be allowed to play God.

On to sport. I notice that the sum of £12,500 is a contribution to sporting bodies. This is about 7% of the expenditure on sport. Well, when one compares that to the £21,000 it is expected to be recovered on Victoria Stadium receipts, that surely doesn't give room for complacency. In fact Government is not giving anything to make sure that the sportsman pay themselves and leave some money to boot.

Mr Speaker, budgets perforce can never be popular, they can be unjoyular, very unpopular, extremely unpopular, and they can carry on from there. The only thing one can hope for is that a budget be less unpopular, and I sincerely hope that this budget is less unpopular than the ones we have been getting of late.

Thank you, Sir.

The House recessed at 5.10 pm.

The House resumed at 5.40 pm.

HON MAJOR F J DELLIPIANI:

Mr Speaker, it is great to be back! I have had a nice feeling from the tone of the Honourable Member Mr Loddo on the debates and it augurs well for this budget. I would like to clear a few points mentioned. The first one is that I have to get my priorities right. What I think is right for my department other people might suggest other priorities are the correct ones. With regards to inservice training in actual fact the figures for inservice training is four for this year and it was four last year. So we haven't reduced it; we have not improved it but we have not reduced it. We have also had overseas aid for local in service. We are getting a grant from the United Kingdom for local in-service in Gibraltar, which saves us in replacement of teachers etc etc. With regard to post graduate studies we have no firm policy on post graduate studies, what we are looking at is is it going to be of direct benefit to Gibraltar, are we going to make full use of this student when he comes back and then we give it some thought and we try and help out. But I think it is more important that we get through the basic scholarships. to UK, we don't run short of money for basic scholarships, and post graduate studies are looked into on their own merits.

With regard to youth, I cannot think of any town the size of Gibraltar which caters for so many youth clubs as Gibraltar. And let me say that the youth clubs of Gibraltar are a credit to our community by the amount of community work they get themselves involved in. Always with the help of our youth organisations.

We have talked about our lack of books etc or deterioration. This is not so. I have been assured by people who know more than I do in my department that the Government has for many years been very generious in the money that it has spent in equipment and replacement of books, and certainly in my visits with people from UK they have been very impressed by the standard of equipment that we have got in all our schools. If you notice there hasn't been figure wise an improvement from last year but in actual fact. in money terms, there has been improvement in that the department before used to hold £2,000 or £3,000 in reserve, and this year we have distributed the money completely to all the schools with a certain amount of flexibility so that the Head Teacher can play about with the money allocated for his equipment and books in a far better manner than before.

I must admit that one of the things that is very dear to my heart, rather than post-graduate service and in-service

training, is the cuestion of our scholarship students in UK, where the cost of living is increasing tremendously and there hasn't been an adjustment for the past two years because of budget constraints. I would rather spend the money that we have, if we have any money, on increasing the allowances for students than spending them in-service in post graduate studies, or on anything else. Because at the rate of inflation that the UK is suffering they are going through quite considerable hardship. My department has already prepared a scheme so that we will be able to increase the maintenance allowance to the students. That is if the EEC means that we still pay the same tuition fee, we haven't had it officially yet.

And that is my priority this year. My priority is that if we have the money that we were supposed to spend on extra tuition fees, I would like that money to go on a scheme already prepared by my department for the scholarship holders in the UK. That is my contribution. Thank you.

HON MAJOR R J PELIZA:

Mr Speaker, I think that the message of this budget which is very loud and clear is that parity pays. I think that if we owe the healthy position of the state of the finances of the Government to anything at all, it is to the fact that parity was at long last accepted by the Government. And since the Chief Minister mentioned the IVBR earlier, perhaps I should mention that of course it was one of the fundamental principles of our Party then to introduce parity. And no doubt if we had been in Government at that time it would have been introduced much more harmoniously and, therefore, much more beneficially to Gibraltar. The state of buoyancy that we see now could perhaps have started a few years ago. Thanks, of course, there is no doubt whatsoever, to my Honourable Friend Joe Bossano, who isn't here now, to have the tremendous courage to be able to bring it about against tremendous odds. I think it is proper that this should be said.

Now, the other point perhaps that one should make right at the beginning, Mr Speaker, is that this is in a way a budget which is being introduced at a crossroads. And it is very surprising, Mr Speaker, that the Government hasn't given indications at least of how they think the economy will develop once the frontier is open. After all we have had eleven years of siege economy and now suddenly we are going to have a change. We just hear very general statements which surprises us very much, Mr Speaker. Because although this came aboutvery suddenly I think any Government which is, prepared always takes into account the element of surprise in the same way as a good military leader. It looks to me as if the Government has not given thought to this at all.

Suddenly it has happened and they find themselves in a position of not knowing at this stage, within only weeks if not days of the frontier opening, of not knowing what the repercussions are likely to be and saying that they have got to look into the matter. I wouldn't expect of course a very definite statement but I think we should have seen some indication one way or another so that people, who are entitled to know, should have some idea of what are likely to be the repercussions for better or for worse. This, Mr Speaker, has been left out of this very important budget. Luckily, Mr Speaker, and I accept this because I may have to refer as I go along to one or two points, luckily, Mr Speaker, we are starting with a very healthy situation, much healthier than the Government ever thought it would be. Well, the Opposition can only go by what the Government says and when we ask the Opposition are you right, they get offended because we ask that question, as we have heard it here today already. So if we keep quiet and we say, alright, well, if you say it must be so, we are criticised. If we say, Mr Speaker, that perhaps there is another way of doing things, then we are really behaving like naughty boys. Mr Speaker, therefore, I think one has to say that in this respect, as in many others, the Government was mistaken. And it is very important. It is just as important to know whether you are going to have a deficit or you are going to have a surplus because it is the people who pay, Mr Speaker. In fact, it is easy for the Government to put up the taxes, even if the Opposition object. All we can do is object. But it is most unfair for people to be deprived of money which they could make use of at the time, and, therefore acquire things much cheaper perhaps than later, even if that money is returned later on. Because there is no need to increase more taxation once the money is available.

And equally for the Government, Mr Speaker, I would have thought, particularly in days of inflation, whether it is really very wise to have great reserves. I don't know. I don't know. I would certainly look at this very carefully Mr Speaker, because that money which is being sorted away is dirinishing in the process and in the end, Mr. Speaker, it is the targayer who loses it. Therefore, whilst I agree that the surplus is important we must not just run away with the idea that all we have to do, and the right thing to do, is to have a large surplus and therefore increase the balance of our Consolidated Fund. I think one has to measure this with good judgement as in everything else. As I say it is very pleasing to see that the reserves are going up but how many things were left undone because it was thought that the money was not going to come in. The point was that the Government never really believed in parity. It has taken quite a few nonths if not a couple of years to get to learn the hard way, that this was right. So, Mr Speaker, today we find an estimated £308,000

surplus increased to £898,000 almost twice as much, 200%. And the trend is good. It keeps increasing. And it locks, and I would bet a little bit of money, that by the end of 1981 we are going to have a good deal more than £5.8m in the reserve. Simply, Mr Speaker, because the Government has decided not to take into account whatever extra income is going to come into Gibraltar obviously through another form of trade, which is the frontier trade. Everyone knows that we shall get many thousands of people entering Gibraltar. And we all know that tourists when they go abroad purchase things even if they have them better at home. They are in a holiday mood and they are perhaps a little more generous with their wives than they normally are!

I think the indirect taxation is going up. I think our . visitors will obviously be contributing quite a good deal towards our economy. I haven't got figures but I would have thought, Mr Speaker, that at this stage the Covernment could have made certain calculations, even if they were a bit rough, and said, we expect X number of people coming into Gibraltar, we expect X number of pounds to be spent by everyone coming in, and, therefore, we expect to have so much more in our economy. Better for trade, more income tax, more indirect taxation. This is ignored. Mr Speaker, in this budget. And more will have to be said about this when we come to taxation. We shall have to look into that before we are convinced that the people should be taxed more, or before we are convinced that the personal allowances and the Family Allowances and other benefits that can be given away, have been increased sufficiently. Those are the things, Mr Speaker, one must take into account. Are we going to be so afraid of the future that we are not going to live today? Is that the thinking of the Government? If that is the thinking of the Government, Mr Speaker, then Gibraltar hasn't got a progressive Government. We have to be cautious. but not over-cautious.

I think this is the history of the past administration ler, by the same man who is leading the Government today. I only hope the effects of the last elections will make him change. In fact I have the feeling that there has been a slight change because of the elections. Perhaps we shall see more advancement in the Development Programme Mr Speaker. All the ingredients will be there to make it possible to move faster now. I suppose it will be easier to find labour, it will be easier to find materials, and, therefore, the problem of course will be smaller. That is something else that the Government should have mentioned here. How do they see the source of building materials. Haven't they ever really had a contingency plan for this? Because we have been asking for one from this side of the House for many years back, Mr Speaker. And if they haven't got it then of course they have been caught

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napping - not to use another phrase.

Now, Mr Speaker, it is true that it isn't only because there has been more income, more revenue coming into the Government, that the surplus situation has improved. It is also because there have been cuts. One has to be careful, Mr Speaker. It is easy to cut, but it is not so easy to cut and keep the same standards or furthermore to improve the standards. I think we, in this progressive community, who aspire to have western standards, expect our standards to be as good as any other in Europe. And from what we see I am afraid that that is not so. The state of our town is certainly below many places in Europe. The state of our streets. the general appearance of the place certainly needs an uplift, Mr Speaker. If that is an indication of the standard it is nothing to be very proud of. I think we are all conscious of that in Gibraltar. And of course we shall even be more conscious of that once I think

we start moving about a bit more than we have done so far. I hope that this is so the people of Gibraltar will denand a higher standard. Equally Mr Speaker, if we are going to have visitors, and we want of course as many as possible to come because they are going to produce revenue in Gibraltar, we have got to really improve ourselves. We shall certainly have to improve our standards. I shall say a bit more about that, Mr Speaker, when I touch on tourism. But there are two things. Mr Speaker: we have to be very very cautious of cutting expenses, or of not adding to meet the inflation aspect; and that is our medical services and our education. These in my view are two social survices that we must be prepared to spend good money on to get a first class. service and not just for the sake of showing a surplus must we put the blue pencil across estimate perhaps presented by the departments but then reduced or eliminated when the quection of the presentation of the budget, and the popularity of the budget, Mr Speaker, comes into discussion.

All politicians must weigh things up: they want to be reelected, and, therefore, sometimes, Mr Speaker, they do things that if they were not subject to that arbition of being re-elected, might not act in that way. Therefore, this is why I point to these two services. Perhaps at the Committee Stage we should scrutinise that a bit more to make sure that Gibraltar has a first class educational system and a first class medical service.

I would have thought for instance, and I was very pleased to hear that from the Minister for Medical Services, of the change, not just of look I think but of policy, on the environmental health side. One thing that I think the Minister should give very careful attention to,

which pays in many respects, is to preventive medicine, and, I think he mentioned it, health education. Those two things not only save money but also I think makes for a happier society. A healthy man, Mr Speaker, is a much happier man than the fellow who is knocking at the doctor's door asking for pills every day. The dentists, yes, I must mention that, Mr Speaker. Perhaps that is why this matter has been brought to my mind. I have been suffering from a toothache for a week now, agonising, and happily today, Mr Speaker, here in Gibraltar I had the chance to have the whole thing put right. So that I think . is a feather in the cap for our medical profession, especially on the dental side. This is perhaps why we want this sort of thing, so that we feel that here in Gibraltar we can get better medical attention than anywhere else. And this especially in a small place like ours that people are inclined to interpret things . where something which has gone just slightly wrong is escalated into believing that the whole service is not good. And once the public loses confidence in the medical service then no matter how those facts may be, if they haven't got the faith in the doctors, if they haven't got the faith in the service, it is very difficult for them to believe that they are going to get the best available. In that respect too it will save a lot of money since many people who ask to go abroad to be treated would feel quite safe and happy to be treated in Gibraltar. This is why I say that the medical service is one of the points. Mr Speaker, that we should not pave away at all. I am not saying that there should be wastage, and I think the Minister made a few comments today with which I fully agree, I don't think there should be wastage, but we should not cut standards down. we should try and improve our standards. In that respect I think the appearances of our hospital, things like that, should in my view receive special attention because the impression that patients get by the appearance of the place has a lot to do, psychologically perhaps, with the cure. And because again it is a question - and I don't believe in faith healing - but I think faith has a lot to do with the psychology of an individual as regards to medicine and we should do everything possible, I think, in that respect. I hope the Minister will take that into account: to improve the appearance and the upkeep of our hospital and other medical centres.

But I do return to the question of preventive medicine and health education. The Minister for instance mentioned smoking in the hospital. We all know now that smoking is a killer, there is no doubt about that. What is the Government doing to try a bit more to dissuade people in Gibraltar from smoking, particularly the young? Perhaps it is very difficult to change the inveterate smoker but

certainly it would be a pity if cur youth, by seeing advertisements that alamourise smoking, by being commercialised into it, should at a later stage suffer themselves, their family, and at the cost to the taxpayer. which I suppose is the last consideration. But we should take that into account too, in the sense that I mean it from a point of view of an investment. Forget now about the moral aspect: as an investment, Mr Speaker, I know perhaps that we do not get so much out of that tax, but I would rather pay tax and not buy myself a poison that is. going to kill me in paying it than pay it without killing myself at the same time. So I think that as an investment, Mr Speaker, the Minister should look into this very carefully. How we can spend some money in the long run to save some money of this medical vote by trying to dissuade people from storing. In fact it is a very serious matter which I think the whole Government should give attention to, the question of smoking generally. On the positive side I think ... any money invested in people's physical fitness is beneficial, beneficial to the individual and beneficial to the economy because they will produce more and we shall have a happier community in any case. So in that respect I am glad that the Minister is beginning to show an interest. I don't know whether he can do more than he is doing on this occasion but perhaps as we go along and there is no money coming in we hope he might be able to twist the arm of the Chief Minister and get a bit more for those two things. I am sure we are going to get a lot more money than we see in the Estimates, I have no doubt about that. Perhaps the Minister for Labour will think it is intuition, the same as the gold-mine, which he thought was intuition, but the fact is that we have increased our vote from a mere £6m which we used to spend to £32-33m this year. Intuition I am afraid, and I have a feeling that I am right again. Yes, Mr Speaker, when cutting down I think that one has to take into account the standards and not just cut down figures. That is not the point. The point is that in cutting down figures we should ensure that there is higher productivity and so maintain our standard or improve on the standards. I know that productivity again, if I may say so, was an IWBP idea, and it seems that the Government has not caught or to that yet, Mr Speaker. It has taken a few years to convince the Government but I think it was Robert Bruce who tried and tried again, Mr Speaker; Robert Peliza is trying and trying again too.

Now Mr Speaker, the next one was education. Education, Mr Speaker, is not just I think a question of getting certificates and producing academical results. Education, Mr Speaker, is much more than that, and perhaps it is in that context that I would like to refer to education. It was the Minister for Education, and I was delighted to

see him here today, Mr Speaker, and I am glad, Mr Speaker, that his daring military exploits did not cause him more harm. I am very pleased to see him here and I hope that he will not give up, Mr Speaker, his military activities because I am sure he enjoys them very much.

I think the Minister should also take into account not just the academical side of education but concentrate a bit more on the broadening of outlook of our people here in Gibraltar, our children. One of the ways in which this is brought about is in travelling obviously. One must not be afraid of being contaminated by the outside world. To put our children in cotton wool is not going to do us any good. Sooner or later, I think, Mr Speaker, there will be faith in the world, and now perhaps even sooner than we expected. Within a few weeks this is likely to happen. The importance of broadening the Jutlook, and I must say in fairness that we in Gibraltar have got a very broad outlook notwithstanding that we are a small community, I think we are not insular and this has a lot to say. But because we are not really narrow minded it does not mean to say that we should not try to produce that extra bit that I am sure is one of the responsibilities of the Minister for Education. Again I say he will have money for this, Mr Speaker, I have no doubt that he will. And I hope that when the coins start coming in he will be able to put the hat underneath and get some for this particular thing.

Now, talking about service. I really was amazed. Mr Speaker, to hear the Minister for Municipal Services speaking as if everything was fine in his department. I agree that the Fire Brigade is alright, but when we look at the others, well. I mean, we all know from experience, he hasn't got a say. Who hasn't experienced blackouts! Even I, Mr Speaker, have experienced blackouts in Gibraltar and they say I am never here. And the Telephones, Nr Speaker. Well, try and get a number from UK and you will be surprised what responses you get from the other end. I must sav. Mr Speaker, however, and this is a fact, that hatters are improving considerably now, and that perhaps again through the pressure coming from this side of the House, Mr Speaker, it is now possible to get through fairly quickly. I dor't believe that it is so easy in Gibra tar itself yet, but no doubt it will be I think. For instance I would like to see, I mentioned something, what is he going to do about this business of installing new telephones. There are a lot of people on the waiting list and not a word about that. We had questions the other day, he saw how concerned we were about it and no doubt how concerned they are. Did we hear a word from the Minister on this particular aspect? Not one. Not one. Talking about the great things of the electricity undertaking of the future, that is what he was saying, and the new cables that we are laying, but down to practical things, to every day things, the individual who wants a telephone, this is

what we want to know, when is he going to get it, this is what counts. The rest is very academical, very wonderful, but what the subscriber or the prospective subscriber wants is a telephone, Mr Speaker.

Here on this very important occasion, when one would have expected a full explanation of all these things, Mr Speaker, the Minister comes along with pie in the sky again. We have had enough of that.

As to Housing, Mr Speaker, this is a very great investment that we have in Gibraltar, a very valuable investment, and somehow Government wants first of all to get rid of the . houses, not because they think it is a good scheme, but because they want to reduce the cost of maintenance. Really. the aims and objectives are wrong. If you want it for that say it. But if you think that the scheme is a good thing. then do it. But not do something for the sake of saving on maintenance which might be utterly wrong for Gibraltar. Yes. the; really have crossed wires, the same as with the telephones, Mr Speaker. The housing stock, Mr Speaker, is worth mary millions of pounds. If we allow their condition to deteriorate then the people of Gibraltar will pay heavily. Equally, Mr Speaker, if there is no building of houses in Gibraltar, and quickly - again I must refer to the frontier - we shall find a lot of Gibraltarians going over to Spain to live there in La Lirea. This is what is going to happen. So the Government has got to move fast, Mr Speaker, and the Government should have been taking into account all these things because it is going to happen. You cannot expect a family wno lives overcrowded to remain here once the frontier is open if they are offered a house on the other side. They will not wait until they get one from the Government, which will be in the year 2000. That is the state of affairs, Mr Speaker. This is what I wanted to hear from the Chief Minister. Things that they really have to face present and the future. Not a word of that. Lots of little figures which mean in the end nothing. Surpluses: lovely. There is a surplus, everybody is happy because we have a surplus. That is not the point at all, Mr Speaker.

Surplus, yes. But as I said before there are other things besides a surplus that I have got to be taken into account, which this Government, Mr Speaker, in this budget, hasn't taken the slightest interest. Either because they haven't got the reason or because they are just incompetent, Mr Speaker.

And I pass to Tourism. First of all, I wish the Minister a happy and speedy recovery and I hope to see him with us here soon. Now, obviously in this respect again I would have liked to hear some policy statement on tourism. The whole aspect of tourism is going to change. I hope that what I am saying will sink in and perhaps the Ohief Minister in his reply can say a few things about this, if he has a clue.

If he hasn't got a clue of course he will not be able to say anything. But if he has I would like to hear it, because it is vital. Through the eleven years of siege we have developed an industry painstakingly and now we are beginning to see the fruits. Suddenly, the whole situation is going to change. We do not know how the people who operate this industry are going to find where their interests lie. As commercial people it is very natural that they will go the way that will give them the highest return. But the highest return may not be in the interests of Gibraltar in the long run, because after all the restrictions are only being "suspended". And I think it would be cautious for us to make sure that what was laying the golden egg in bad time is not forgotten and allowed to die, because, Mr Speaker, we may have to use it again. We do not know. And, therefore, Mr Speaker, I think that again we should be given indications from the Chief Minister as to how he sees this developing.

I believe that now more than ever we shall be in a very strong position to demand higher standards from that industry, because in my view they will be getting good return as never before. Therefore, one can demand higher standards. I think one has to be fair and self-critical about this. The standards here are not as good as we would like them to be. I am not at all criticising the people who had the faith to start industry and who have had the courage to continue investing in it. I think they have done a grand job under the most difficult conditions and, therefore, one has to be to some extent tolerant, because it would not have been fair for us to hit them as well. The time has come now when I think the situation is roing to change and they will be able to reap the benefits of their good judgement when they decided to invest, but we must also remember that we must think of how these people who had the courage to do it then can be protected to some extent. At least give them the opportunity to develop more now that the situation is likely to improve because after all they helped Gibraltar in bad times. I would like to hear what the Chief Minister is thinking about that. As indeed about trade generally in Gibraltar. What is going to happen. What has he got in mind.

Equally I think, if one realises, the people who have brought the money in to us during the bad days, the workers in the Dockyard, the Moroccans, people who have been leaving money here, who have been making the economy possible, really making a prosperous place for Gibraltar. What is going to be in hand for them. Mr Speaker, this is, as I said, a crucial budget for Gibraltar. After all the budget is a reflection of our economy, that is the budget. And, therefore, if there are going to be changes in the economy we are bound to see changes in our budget. I would have thought that this was of fundamental importance to bring to this House, and it has been completely forgotten,

Mr Speaker. I just don't understand where the responsibility of the Government lies in this respect. They date to come at budget time in Gibraltar, on very changeable situations, without really giving indicators of what the way ahead is going to be like.

Mr Speaker, I think, obviously, from a texpayers' point of view. I don't know, a good budget. But all is not just the pocket of the taxpayer. The responsibility is are they getting value for money? This is the important thing. It doesn't matter whether they pay £1 or they pay £20. If that is valued at £20, well, they are justified in being asked to pay £20. But what is not justified is to have to pay £20 for the value of £10. Are we getting this in this budget? Well, we'll see. I don't believe that in the past we have had it. We cannot tell. We shall of course go through the Estimates item by item, and we shall find out. Yet however much we question Mr Speaker, we shall never know. At the end of the day it will be whether in five or six months' time, a year's time, the money that we have put in is producing the rewards that I think the taxpaver deserves.

MR SPEAKER:

This is a good time to recess until tomorrow morning unless we have a short contribution.

HON M K FEATHERSTONE:

I shall try and get my contribution in within a reasonable period of time, Sir. This budget has been a change from recent years, Sir. In recent years we have started with the statement of the Honourable the Financial and Development Secretary, then the Chief Minister, and straight away we have had the big guns of the Leader of the Opposition. This year Mr Isola seems to wish to hold his salvos in reserve and instead we got rather a damp squib from Mr Restano.

Last year we had/very interesting intervention from the Honourable Mr Isola, who was crying, who was lamenting, he worked it out on his little calculator, that we had 3.94 days of working capital. This was a terrible thing. Now this year we show a healthy £5m and straightaway Mr Restano wants to give this money away. When you have no reserve: tragedy, when we have plenty of reserve, well, we shouldn't have them, we should give them away! In fact these reserves are, according to Mr Haynes, an embarrassment to Government. I can assure the Honourable Mr Haynes and the Honourable Mr Restano that they are no

embarrassment to us, they are perhaps an embarrassment to the Opposition that we have done so well, but they are essential in our forward planning. As the Honourable the Financial and Development Secretary has said we need to show ourselves to be creditworthy if we wish to go to the market and borrow a considerable sum of money which we will need to do for our Improvement and Development Fund capital expenses which are very substantial indeed.

Mr Restano advocated parity in taxation with the United Kingdom. This parity business seems to me always to be integration under another name, the back door or something, and I wonder why they still do not call themselves the Integration with Britain Party because at every opportunity they push forward integration plan. But does the Honourable Mr Restano mean parity to all texation: direct and indirect? Well, of course if we had the indirect taxation of the United Kingdom our competitiveness would vanish and yet Mr Restano wishes us to be competitive because we must attract the Spaniards to buy our consumer goods.

HON MAJOR R J PELIZA:

I am sure he is referring to VAT. Are you referring to VAT?

HON M K FEATHERSTONE:

No, I am talking about all indirect taxation, VAT inclusive.

HON MAJOR R J PELIZA :

Well, Mr Speaker, VAT is one of the things that I have siggested in this House, more than once. If it were adopted I think in fact it would come down since the money is paid by the trader after the sale and not before the sale as the import duty does.

HON M K FEATHERSTONE:

And the expenses in the extra Civil Servants to obtain it would be another matter too.

HON G T RESTANO:

Mr Speaker, if the Hon Member will give way. May I just refer him to his own statement of the 25th of March, not so

very long ago. He said: "if we are going to have parity with the United Kingdom we must have parity all along the line."

HOM M K FEATHERSTONE:

Yes, that is what I am saying, if we are going to have parity we must have it all along the line, but I am sure that the Honourable Mr Restano does not wish it all along the line. He doesn't wish parity of indirect taxation, although he is advocating parity of direct taxation. If he is advocating it all along the line then we would be far worse off. No, we must have our own system of taxation rather than slavishly follow all that the UK does.

Mr Restano spoke about water losses somewhere around 21% to 25%, which he says are still high. Well, I have something to say about water losses later on.

The Water Committee, the intention I would say is that it should continue, and now that the Honourable Mr Isola has had time to assess all his members I am not sure whother he and Mr Restano will continue as members of the committee or he might like to delegate two other gentlemen to take it over. I am sure they will be very interested in this task. It is a very entertaining committee.

Now, we had the question of Varyl Begg Estate raised by the Honcurable Mr Restano, and on this Government has only really gone as far as stating that the plan is to put on pitched roofs. Negotiations on the costs for this still have to take place between Government, the Consultants and the contractors. Unfortunately, our Auditor has seen fit to comment on this subject and in my view it was rather at the wrong time, but it does not help the situation very much at all. And I think the Honourable Mr Restano in highlighting this has also if anything done a disservice to the whole matter. He asked, was it Government policy to meet half the cost. Government policy, Sir, is to get the roofs on as soon as possible, and this should not be delayed by any negotiations, the outcome of which will have to be seen in due course. What Government doesn't wish to do is to pay any of the remedial costs, and if there is any betterment, that will have to be something that will have to come out of the negotiations and we will see where we. are when that is actually done.

On tenders, Sir, the Honourable Mr Restano, who had a penchant for using the most uncomplimentary terms that he can possibly think of, refers to what he said was "discrepancies in tenders." This gives the most simster and

suspicious attitude to the whole thing and I think the wording of the Auditor was "variations to tenders." Well, of course, Sir, the tender comes at a certain price and by the time the job is finished it is a different figure. Usually a higher figure. Although it is possible with this open frontier situation, if everything goes well, that some of the figures may actually go down since we do hope that we will be able to obtain certain materials more cheaply. But tenders do allow for fluctuation. They allow for fluctuations covering increased costs of materials and increased cost of labour. and it has been the usual case in the past - and I think this goes back right to the time of the IWBP administration - tenders used to come in at a certain figure and the final price was something higher. But there is no discrepancy, Sir. All the increases are thoroughly vetted by the people in my department, and assessed and agreed or not agreed as the case may be and then when all this has been cone it is passed for payment and all the evidence and supporting vouchers are sent to the Auditor who can then make his judgement whether everything has been done properly and above toard.

Mr Scott mentioned that the Opposition liked to follow the UK. Well, in one thing perhaps the UK has got a reasonable aim which is not adverse to Government thinking, and that is the shift, the emphasis of taxation to some extent from direct to indirect taxation, and we are doing this in a smaller way, and there is much to credit this aim of emphasis. Because if taxes are to be levied more indirectly and less directly we get a double benefit. For a start our own people who wish to indulge in certain things can pay for it; and those who do not wish to indulge need not pay. But then if we are going to have an open frontier we hope that some of our visitors will also pay, and this should rebound to the benefit of the public exchequer and eventually to the general benefit of the people of Gibraltar.

Now another point that the Honourable Mr Scott - I am not sure whether he is going to be the Shadow Minister for Public Works, but he did bring up this point - was the question of modernisation, and he suggested that it would be far better, instead of doing modernisation schemes to knock the whole building down and build something new there, etc. Well, this has some merit to it, but of course one is always held back to some extent by the constraints of money. You may clear a whole site and if you haven't got the money to rebuild it, and perhaps build at a higher level, then it is going to lie fallow and you are going to get nowhere for it. On the other hand there is the thinking, and not incorrect to my mind, that you have a substantial asset in the main walls and the foundations of a building. And so if this building can be modernised,

and in many instances the modernisation would mean turning five flats into perhaps flats using the flat that is reduced as an area in which you can put bathrooms etc for the other flats, you are basically gaining quite an advantage at far less cost than knocking down and rebuilding. From what we have seen up to the moment modernisation costs us between £12,000 to £20,000 per flat whereas the cost of building a new flat is £40,000. So there is a saving of some 50% in it.

HOM W SCOTT:

If the Hon Member would give way. My point on that issue, Mr Speaker, was that it was not creating new homes. That money was being spent and no new homes were being created. In fact there were less homes at the end.

HOW M K FEATHERSTCHE:

Well, we are going ahead with modernisation and of course the creation of new buildings and new homes at the same time. But as I said once again you cannot just throw away an asset that you have and at the same time it would be a little envidious in certain area; to put up brand new blocks and have slums around them.

Now, the Honourable Mr Haynes referred to "bleeding the people with taxation." "All the pay rises that have been given go in the Government coffers." Well I wonder how he reconciles this with the huge number of new cars that we see in town. I wonder if he heard the Honourable the Financial and Development Secretary talk about the increase of consumer's durables which he spoke about on page 7 of his statement - I think they went up from 30% to 40%. I sometimes wonder whether some of the statements made by Mr Haynes are not an embarrassment to his leader. I mean, to talk about having gas! Well, I think we are going back 30 years. I would put forward a good scheme for him; we could have bicyles in the Generating Station and people with incipient paunches like the Leader of the Opposition and myself could go down there and do an hour's training and produce electricity for the Government free of charge.

Now, Sir, turning to water. I am very worried about the pctable water losses during 1979, and I know this House is concerned, very concerned, about it, especially the Honourable Mr Isola and Mr Restano. I do not have the full figures, only for the 11 months up to November, and although it is not the full year it is enough to show us the trend, and this trend is most disquieting. In other years we have been mooted about losses of 35% and much has

been made of these figures. Well I have always said that there should be some losses, around perhaps 25%, and this indeed was not unreasonable and was supported by a recent visitor from the United Kingdom, a Mr Duffy of the South West England Water Board. Well, Sir, this year's figures, well, at least 11 months of it, I tremble to say it, gives figures of water losses not of 25%, not 35%, not even 40%. The figure, Sir, I say with all trepidation is minus 3%! This, Sir, is a most serious situation. Instead of leaking out at joints and small fractures the system is attracting water into it! And if we go on with this pernicious occurrence we may have to pray it never rains at all. We may have to shut down our distillers and stop all importation. We have checked and rechecked our figures but the basic statistics remain the same. We have issued 601,000 cubic metres from January to November, and we have billed 618,000. This shows a net water loss of minus 3%. unless of course you accept what we have claimed in the past all along when these gigantic losses were thrown at us that the billing was severely behind schedule. Now it appears that the billing is catching up.

HON P J ISOLA:

If the Honourable Minister will give way. Could it also mean that people are being charged for water that they haven't consumed!

HON M K FEATHERSTONE:

Oh no, no, no! The billing comes from what the Meter Readers had read on the meters.

HON P J ISOLA:

The readings, Mr Speaker.

HON M K FEATHERSTONE:

Well, if anything, as the Honourable Mr Isola knows, if anything goes wrong with the meters it is usually that it goes slow rather than fast. So this year's figure shows that the billing is catching up and perhaps we will get a more reasonable estimate in the future. Perhaps when the computer is fully in operation we will be able to get really accurate figures. But our water department which is practical, obviously realises that the minus 3 is a distorted figure just as distorted as the figures of 35% were which were thrown at us some time ago. Continuing on

water, Sir, I would like to report that the North Face. distiller, the cld faithful, has kept up its 65-70% production rate. The VTE which only used to give us around 35% has had quite a change in its operation rate. My engineers have been experimenting quite considerably and they have managed to increase the yield to around 70%, and that is most heartening. Distilled water of course is expensive even at a high yield rate, so this year in part of our efforts to economise we plan only to . distil for some 22-25 weeks. This of course we will have to perhaps consider because it is possible we may have a greater need for distilled water because the deep drilling seems to be giving us moderate success. The water we are obtaining is not potable but is suitable for blending with distilled water to make a mixture which will be potable. The basic plans for 1980 was to increase importation, but of course this is always from a rather delicate source of supply so we have to keep our distillers there partly working and partly on stand by. Of course with the new frontier situation we never know whether we may have new source of imported water.

Talking about the frontier situation, Sir, we have the Honourable Major Peliza, who made a very interesting and amusing speech as he usually does, he left out one phrase; he should have told us that with the frontier we discovered a new gold mine. We have had so many gold mines in the past as this would be a new one! He is the major prospector for gold mines and he has missed his opportunity.

I am told by my friends right here that you are a sixty-niner, only in the 80's your gold mines do not work.

Anyhow, we have had it alleged that we have not thought about the effects of the frontier situation on our economy. We have thought about them. We are not cuite as stupid as the Honourable Major Peliza would think we are, but we do ascribe to the policy on the counting our chickens before they are hatched, and after all Major Peliza in one breath told us of all the wonderful trade we are going to do once the frontier is open and in a second breath he says, "but of course these restrictions are only suspended. " "We must go carefully'. Though whichever way we do it, perhaps we are wrong. As for the state of our town, when he says that it is less clean or what have you, compared to other places in Europe, I read an article in the papers only yesterday which said that London was considered to be extremely dirty, and I think Gibraltar does pretty well when you consider that you get a daily service of refuse collection and a daily service of collection of rubbish dumped on the streets by traders completely in contravention of the law and for which I think Gibraltar should be considerably grateful to the Public Works Department.

We did have last year in a speech by the Honourable Mr Isola a

comment about all these Quantity Surveyors and Draughtsmen in the Public Works Department, and what do they do it is on page 307 if you are looking for it, Mr Isola. What do they do because they only produce £2.9m of work in the year. Well, on this erroneous system of thinking the same QS's this year have bossted their output at 55% since on the Improvement and Development Fund we have spent £4.5m.

But of course all this is a lot of old rot since the production is done by the staff who produce plans perhaps amounting from £15-20 million over a 3 to 4 year period and the work is actually carried out by the private contracting companies who put it into effect. And if the contractors only do £2.9m of work then the blame shouldn't be thrown on the PWD staff. Nor will the PWD staff take all the credit this year for the £4.5m, although they must take some credit since they are the ones that try and keep the contractors up to the mark.

Now if we look at the actual PWD estimates, on the first part which is Personal Emoluments, there is not a very great change. As I have said we are keeping all these QS's and all these Architects and all these Draughtsmen. They are all working very hard and I have in the past suggested and offered that Members of the Opposition might like to come and see some of their work and nobody has ever taken me up on it. I offer that suggestion again if they would like to come and see it. They can see much of the work that is being done and how far advanced we are towards a future development programme.

There is only one point I would like to bring out in the list of establishment and salaries, and it seems to be a rather peculiar instance. In every department we have got rid of our Work Supervisors, and under supernumerary staff suddenly we have 23 Work Supervisors. Now this does not mean that we consider Work Supervisors to be supernumerary and we consider that they should not be in specific departments. What it means is that to equate them to the UK Civil Service set up they will eventually have to be regraded once again as industrials and they will disappear from the non-industrial staff. This hasn't taken effect yet, but to show the way this is moving we have put these people in the supernumerary staff and they will eventually disappear and reappear in the industrial staff.

On the Public Works Annually Recurrent most of the items follow the same pattern as last year but there are one or two areas where there is a considerable change in what one might call PWD thinking. Not shown in the Public Works Estimates but shown in the Housing Estimates is the amount of money which is going to be spent on house repairs and that was reduced over last year by a very large sum of money, I think it is something like £521,000. Now the

intention this year is that as far as housing repairs are concerned. PWD will still continue to do minor repairs inside houses which are considered as repairs which Government should undertake and not the tenants under the new Tenancy Agreement. The PWD staff which is. released from the previous larger expenditure will be doing heavy backlog of repairs on roofs etc. This is going to be charged under the Improvement and Development Fund since as it is a long term policy it is reasonable to .. assume it should be classified as a capital development. because if you own a piece of property and you had to re-roof it you wouldn't charge the whole of the cost of re-roofing against one year's account, you would spread it over perhaps a ten-year period. At the same time the PWD labour force will take up other work in the Improvement and Development Fund. As I stated last year, although we did not get round to it this year, we are a ctually going to start. We will be doing some building work at Catalan Bay where we hope to build twelve new flats and we will be doing some modernisation work at Road to the Lines. So the Public Works Department staff will be changing from the minor repair jobs to bigger work and to new construction work. This is a challenge to PWD. A challenge both to management and to the workforce, we intend to meet it and we are sure we are going to meet it quite comfortably.

One point that I mentioned last year and it is not immediately visible this year, in the workshop and garage we have purchased a number of lorries this year which we are running curselves and we are thus saving considerably on the hire of lorries. The lorries that were purchased altogether were six new ones for the new service, and four replacements. All ten lorries were of the same type and the manufacturers very kindly suggested that at their expense we should send three men over to familiarise themselves with the maintenance and repair of this type of lorry. We sent 3 fitters and I am very pleased to say that in the examination which took place at the end of the course, of all the fitters who attended that course, the three fitters from Gibraltar got the first three places.

The increase in the PWD Estimates is a modest one. In most instances it has been brought about by a culmination of three things: the increase in wages due to wage awards; the increase in electricity; and the increase in the cost of oil. As has been mentioned we now have an Expenditure Committee and I am a member of it. I am rather like a poacher turned gamekeeper and I have looked at the Public Works Department Estimates with the critical eye of a member of the Expenditure Committee rather than with those of the Minister who tries to get the maximum for his Department come what may. I can assure the House

that we have made cuts which are reasonable. I am not saying that we have cut out wasteful practices, what we have done is to rationalise as much as we possibly can and this is not something that could have been done always in the past, especially 2 or 3 years' ago as the Hon Mr Haynes claims should have been done, because then we were in a very different situation wages-wise, when as everybody knows a fair measure of overtime was being given as "social" overtime and thic has not disappeared. On the Improvement and Development Fund I would like to comment that last year we had a total figure of some £7.7m as possible expenditure but of this there was £1.150,000 which was put down as an expenditure on Varyl Begg Estate. This amount of money, in the main, refers to outstanding ex gratia claims by the contractors. They do not have to be met by the Government. They are not legally-binding on us and we have thought it more reasonable to remove them from the Estimates and not let them continue for the moment. So that in reality last year's figures should have been £6,639,000.

We have actually done £4.528,000 which is very close to 70%. Obviously this is a great improvement over the previous year but we can be challenged we did not hit the target that we had promised we were going to hit. Of course. I am sure that the Hon Mr Isola will say, look last year you said £6 to £7m, and you only did £4.5m: this year you are talking of £10m, what are you really doing? Are you really trying to kid us? The reason we did not hit the target was that work. was not done at the speed estimated unless the job had actually started. If the job had started we kept up pretty much on schedule. In some instances we were ahead of schedule but there were three major jobs which did not start on schedule: these three major jobs all produced tenders at a higher price than we had estimated. and a certain time had to elapse to allow us to procure the extra finance. These were the school, in which we underspent by £1.075.000 - a very considerable sum; It Jago's £.175m, and St Joseph's £.15m. That is the total of £1,4m. Those were jobs that were not started. Now the project has started, and from what we have seen over the past year, once they have started they are really geared up, the work will be done. So we have a very strong measure of confidence that this year the Improvement and Development Fund figure, which is at an all-time high, will be spent if not 100% then to a very high figure, probably 85% to 90%, although I would comment that when we quizzed some of the contractors and told them that we were estimating a figure, they said they would not only do that figure but would surpass it quite considerably. If they do, I will be coming to the House and asking for supplementaries and I am sure that the Opposition, who want to see us spending the money on

the Improvement and Development Fund, will be only too happy to vote for those supplementaries.

Most of the Improvement and Development Fund now is ongoing works but there are one or two new items which
will come up during the year. At Catalan Bay, as I
have said, we hope to start in September to build the
first phase of two blocks of flats. The first phase
will be twelve flats and we hope to start this in
September.

As the Hon Financial and Development Secretary has said we will be moving an amendment to the heading under Schools in which we would ask for £4,000 for a site investigation for the school extension. This will not only improve the school by extending it but will release a lot of small and not very satisfactory classrooms which can be made into bedsitters and will help considerably the housing problem.

The big new project that will take place this year, again, starting around September, is the extension of the Airport Terminal, something which is possibly very urgent. Even more urgent now with the possible opening of the frontier when we hope the number of aeroplanes coming into Gibraltar will increase considerably.

There is, of course, the new power development programme which will also get off the ground some time around September or October and this, of course, has been dealt with by my friend the Minister for Municipal Services. All in all, we have a comprehensive Development Programme and we have every confidence that we are going to be able to meet the expenditure.

I think I have gone through the main details for the House and, of course, when the time comes for the Committee Stage I shall be quite ready to answer any questions of detail.

As I have said, in the past the Public Works Department has been classified as a service department. We are confident that in past years we have given good services to Gibraltar and we aim to continue that in the year to come.

Thank you, Sir.

MR-SPEAKER:

We will now recess until tomorrow morning at 10.30 am.

The House recessed at 7.10 pm.

TUESDAY THE 22ND APRIL 1980.

The House resumed at 10.35 am.

MR PEAKER:

I will remind the House that we are at the Second Reading of the Appropriation Bill. The last contributor was the Hon Mr Featherstone, the Minister for Public Works.

HON A J CANEPA:

Mr Speaker, I don't mind giving the Hon the Leader of the Opposition the chance to have a crack at me. Even though we have been taking turns and it has been one Government Minister followed by a member of the Opposition and Mr Featherstone finished yesterday evening. I don't mind really, as a matter of courtesy, to the Hon the Leader of the Opposition giving him an opportunity to speak after me.

I should like in the first place, Mr Speaker, to highlight with regard to my responsibility for the Department of Labour and Social Security, the main items of expenditure which are indicative of Departmental and Government policy.

Item 7. Supplementary Benefits: the House will notice that the provision in the Estimates for 1981 is slightly down and this does not mean that the Government does not propose to increase Supplementary Benefits. We do intend to do so but the number of recipients of Supplementary Benefits continues to decrease as more and more people who reach pensionable age become entitled either to a contributory Old Age Pension or to the Hon-Contributory EPP. Over the years we have been able to increase Suprlementary Benefits appreciably. I think we have increased it by about 500% since I took office in 1972. and yet the annual provision that has been made in the Estimates has only slightly more than doubled, as I say because the number of people who need to fall back on Supplementary Benefits has been decreasing at a fairly steady rate. The weekly expenditure in 1980 is running at about £5,500 and this is only about 5% higher than in 1979. We are making provision in the Estimates for a further increase of about 15% in the level of benefits in January, 1980, and if nearer the time we consider that a higher increase is warranted of perhaps 16½% or 17% then we will introduce that, and if we cannot find the necessary funds from savings then I will come to the House for a supplementary. But in the meantime, as from the beginning of June. we are introducing an interim

increase, which is an advance really of the more general review which takes place in January every year, an interim increase to cushion the effect of increases in electricity, and in water, in particular for people on Supplementary Benefits who are living on their own. This is by way of an advance on the 17% or so that they will get in January and this will be £1.50 a week more for a couple and 90p for a single person in cases where they live on their own to carry them over the next few months until the general review in January. We may need, as a result of this, to come back to the House for supplementaries, but last year we were able to vire considerably from other items in the Estimates and we will wait and see.

As we did in 1979-80 there is a small contingency element in this vote of about £1,500 for the special needs of the elderly on a one-off basis. For instance, last year we provided £1,000 and nine elderly needy ladies who live on their own were helped by having running water installed in the old properties which they occupy.

With regard to item 9, Expenses for Sponsored Patients who are sent to the UK for treatment, we have introduced, as from the beginning of this month, a 20% increase in the maximum maintenance allowance, going up from £52.50 to £63 a week, and again whether additional funds will be required is going to depend very much on the number of patients who are sent to the UK, on the langth of their stay there and on their household income. This is really very largely a token vote and it may be possible to meet all or part of the increase from the existing provision. If additional funds are eventually required it should not be more than about £7,000 for the next financial year.

Retirement Pensions, Mr Speaker, brings to mind immediately the general revision in the level of Old Age Pensions for January 1981. Old Age Pensions are not reflected in the Estimates of the Department but proposals are in hand for the annual revision. And having regard to the increase in average earnings which stood in October 1979 at about £73 a week we think that the level of pension for a couple will be increased by about £6 a week from the present £35 a week to £41 a week, which is an increase of about 17%. This is the figure that we are working on at the moment.

Item 11, Family Allowances: this is now running at well over £.5m, because it has become inextricable, bound up in a package of fiscal measures involving tax relief, and as the House has already been informed, it is intended to increase Family Allowances in January by a further £1 a week. Last year the original Approval Estimate was £275.000 and we came for a supplementary of £210,000

because Family Allowances were doubled from £2 to £4 in July last year. The number of families now receiving Family Allowances is .1,912, involving 2,711 children, as against 1,825 families involving 2,639 children a year ago. So the increase in Family Allowances last year has had the desired effect of an increase in the birth rate and the estimate has been made on the basis of 2711 children. We are making no provision in these £570,000 for the £1 increase because the decision on that was taken recently and rather than amend the Estimates we would rather leave them as they are in the knowledge that we will have to come back to the House later on in the year for additional funds when the actual requirements will be more accurately known. But I can inform the House that the increase of 21 a week involves additional expenditure of about £140,000 on the present basis in a full year; however, since the increases will take effect in July it will be for three quarters of the year only and, therefore, that will amount to about £100.000 to £110.000.

Accommodation of Labour, Item 13, is another sizeable vote and there is provision for wages here increased by £27,000, about 18%. It includes essential overtime and Efficiency Bonus. Also the much higher electricity bills have increased charges. We have managed to very largely offset those by stricter economy and we have also been able to make lower provision than in previous years for repairs and maintenance because of the fact that there are large scale improvements being carried out at Casemates and we do not consider that repairs and maintenance would be necessary as in previous years.

I think the Hon the Financial and Development Secretary made reference to the fact that we intend to increase accommodation charges, which at Casemates happens to stand at £4 a week, and we propose to have a substantial increase to £7 a week having regard to the vastly-improved amenities as a result of the substantial rehabilitation work being carried out there. That should produce, together with comensurate increases at Devil's Tower, where the level of occupancy is fairly high, there are about 220 to 230 people there now, that is expected to produce total revenue for next year of about £335,000 which shows a small surplus over the estimated expenditure but I should remind the House that wages are due to be increased again in the course of the year.

We are making provision for an increase in ETP in line with what is being done with the other social benefits and again if additional funds are required I will come to the House in due course. This is based on the current number of 935 people getting EPP.

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So much, Sir, for the main items of expenditure under Labour and Social Security. I would like to turn now to the more recent responsibilities which were assigned to me after the last General Election. I shall deal first of all with the Port.

The Financial and Development Secretary made reference yesterday to the Port Feasibility Study which is being commissioned and I propose to give the House rather more details on this. The intention is to commission a firm of suitably qualified consultants who will be asked to make detailed recommendations for the phased development of the Port taking us up to the year 2000. The study is intended to cover all important aspects of the Port and its role in the development of the economy of the community. It is thought that it will take between 6 to 9 months to complete at a cost of between £50.000 to £75,000. The study will look at the various alternative situations which the Port will find itself in. vis-a-vis Spain the EEC and the position of Gibraltar in relation to both. Generally speaking, it will cover areas such as industrialisation plans and potential projects; the possible establishment of a free trade zone; the planned development of utilities, particularly power and water: the future development of tourism; the potential for sea, road and air freight transhipment; and any other factors affecting the economic development of Gibraltar. This will entail the studying and the forecasting of external trade patterns for the period 1981 to the year 2000 and this chould also reflect the element of competition from neighbouring ports and countries in the vicinity such as Algeria, Morocco, Spain and Fortugal. These forecasts should outline the origins and destinations of freight, traffic movements, volume and characteristics of freight passage, the likely growth in passengers, tourist traffic. cruise ships, ferry and yachts and also how the institutional changes particularly in the EEC will affect Gibraltar. The study will also look at shipping movements, the type and size of vessels calling, . the demand for port services and the effect of competition from other ports. The consultants will also look at the existing port buildings, the equipment there, the infrastructure and the size and the structure of the existing labour force. also at the administrative arrangements at the port with a view to recommending improvements.

Finally, it is intended that the study of the port should be extended as appropriate to coveryairport, as the work of the two are inter-related.

As I say, we expect a preliminary survey and report before September 1930 in time for the preparations which have to be made on the aid submission to ODM, and then we expect a final report early next year.

As I think Honourable Kembers will see it is a study which is being undertaken in depth and which will be of considerable value in planning development of the port for the foreseeable future and further in time.

Notwithstanding that I think that Honourable Members heard yesterday the Financial and Development Secretary mention some very positive results which the port of Gibraltar has been able to achieve. In fact, the port has been achieving these results over the last five years and these results are contrary to the experience of neighbouring ports and indeed to the world trend. To a very considerable extent this has been due to the competitive spirit which exists amongst all members of the shipping community of Gibraltar whose keenness has been sharpened by the difficulty and the challenge which Gibraltar has had to face in the last decade. The taking up of this challenge has brought improved results which have exceeded expectations in some quarters. Thus, which for 1975 for instance, the port generally suffered a recession of 8% or more, and much more so in the case of oil imports. Gibraltar comfortably maintained its number of callers and by 1977 we had again a numerical increase of 61%. and a tonnage increase of 372%, compared with 1975. The figures for 1979, compared with 1975, show an increase of 13% in callers and 66% in tonnage. Gibraltar has been able to achieve these results essentially because the watchword of the port is, in the words of the Captain of the Port, "quick despatch", and all concerned, the pilots, port health, customs and immigration, port officials, agents, bunkers, ship chandlers and the suppliers of various services, all cooperate to give ships rapid despatch. Where else in the world do ships who are making a quick call have all the Government and port formalities dealt with by one Boarding Officer and in double quick time. And in cases where ultra quick services are required, where else other than in Gibraltar can ships complete the formalities and fulfill the purpose of their call without having to anchor or even

More and more ships are becoming aware of this unique advantage of using Gibraltar for their ancillary needs and are availing themselves of it. In fact, we claim that Gibraltar is the world's foremost port for crew changes, and this is no idle boast. Examination of the statistics show that the number of ships calling for this service alone is being maintained, and thanks are due to the air charter operations in this connection. Again we have been able to corner the market for this sort of traffic by being receptive to the needs of our customers and minimising and streamlining formalities. Turnarounds of 45 minutes are common place and have sometimes been achieved within 20 minutes.

Ships with bunkering needs can replexish here on BP, Mobil, Chevron, Shell International and Texaco accounts, and with fuels of any desired viscosity, either at berth or alongside, where ships receive an 87½% reduction in berthing charges, or in the anchorage, where an efficient service is provided by a new lighter incorporating the latest design techniques with a combined bunker, lubricating oil capacity of 1,000 tons. This is superior in capacity and performance to those available in most ports. This unit enables the larger ships which have too deep a draught to berth alongside to be serviced in the anchorage with the utmost despatch.

All but the latest emergency repairs can be completed at Gibraltar and, despatch can be expedited if advance orders are placed for necessary spares. The underwater cleaning of ships! hulls using the latest techniques is another port service and testimonials have been received regarding the efficacy of this service at Gibraltar whereby 100% recoveries of speed have been achieved.

Mediterranean yachtsmen invariably include Gibraltar in their itinerary and as many yachts as merchant ships call here. The new marina, which is expected to become operational later this year, will engender greater capacity.

The House will be pleased to know that following on the decision to provide a new Generating Station on No 5 Jetty, I wrote to His Excellency the Governor asking for his assistance in connection with the request to the MOD for early access to No 4 Jetty. The Flag Officer Gibraltar has already confirmed that No 4 Jetty will be made available to the Cibraltar Government by the end of 1980, and it is the question of rental and other details which are under discussion.

In conclusion on the port, I should like to stress that first and foremost Gibraltar is the port of convenience where a variety of supplies can be obtained, as well as numerous incidentals, plus vital services. Services which our customers can see secure in the knowledge of being able to obtain a quickness of despatch second to none. In fact, ships can depend upon it because the port of Gibraltar depends upon it and has been even more so dependent in the last decade.

I should also mention that a request has been made to the Ministry of Cverseas Development for the services of an adviser on the operational aspect of container handling in order to ensure that the operation of the new container berth between Nos 2 and 3 Jetties should be as smooth and efficient as possible.

Mr Speaker, before I turn to my responsibilities for Economic Development, I want to deal with the number of general matters which arose yesterday in the course of the Budget debate.

The House will recall that mention was made of the fact that revised expenditure for 1979-80 was £1m, of which over £.5m had gone on fuel increases for the Electricity Undertaking, and on Family Allowances which I made reference to a few minutes ago.

Apart from those two items, supplementary expenditure has been of the order of £400,000 which is under 2%. and this has not been achieved by vicious cuts. In fact, there has not really been any cut in expenditure. What the Committee of Expenditure has achieved has been a slowing down in the rate at which expenditure has been increasing over the years, without any curtailment in the essential social and public services provided by the Government. So I think the Honourable Mr Haynes was . somewhat out of order yesterday and I think he did not understand the import of the point that had been made. It was not a case of cutting expenditure which was annually increasing by 15% to 4%, that is not what has happened. It has been a slowing down in the rate at which expenditure had been acceleration at the same time that there has been a tightening up in a number of areas. And he said that this could have been done years ago. No, it could not be done years ago. It. could not be done years ago for a number of reasons. For one thing we were not in a position to know the movement of wages and salaries as we do now, when we are able to forecast with a fair degree of accuracy what the wages and salaries bill should go up by in any given year and make provision for that. It is only this year and the year before that specific provision has been made in a head of revenue for the pay settlement. Prior to that we did not know where it stood as there were delays sometimes in settling a pay raview on two occasions involving back payments of arrears of two years and, therefore, you had no control over supplementary expenditure. Now, because provision is made for increases in wages and salaries in a semanate head, and as we saw last year this was fairly accurate, and if there were to be again this year, we do have reasonable control over the need to come to the House for supplementary funds.

Also, when the Committee such as the Committee of Expenditure is going to do its work the climate has got to be right and the climate has not been right in Gibraltar for many years. In any case, we just did not have the time, because of the incidence of industrial unrest, to turn our attention to a number

of areas where perhaps wastage needed to be eliminated, where there was a need to tighten up on certain practices such as absenteeism, productivity etc and this we have been able to begin to do in the last twelve months.

Parity ushered in an era when there has been cooperation from the Unions. The Government and the Unions are now speaking the same language in the field of wages and salaries. So that is no longer an obstacle and thus agreement on, for instance, unsatisfactory attendance has been signed since the introduction of parity where we have been able to tighten up considerably on absenteeism. We have been able to tighten up on uncertificated sick leave and withdraw the concession in a number of instances where the concession was being abused. We have been able to take positive steps to eliminate "social" overtime. completely as from the beginning of April. No more "social" overtime is now being worked. The overtime being worked throughout Government Departments is essential overtime and all this has been possible because of the much more cordial relations and the greater degree of understanding that there is between the Government and the Unions, and the latter cooperate in this. They are no longer as militant as they were and they do not threaten the Government with industrial action when management take any steps on the question of discipline or tightening up on abuses such as absenteeism that I have referred to.

The question of the General Election came up yesterday and I recall Mr Isola at the party assembly held after the General Election saying that at the Budget we would know the real reason for the general election in February. I am sure he realises that he was completely and utterly mistaken. We did not call a general election in February because there was going to be a harsh Budget. And had we acted purely from political motives we could have deferred the Election to the autumn, had a bye-election, which was not of a great deal of consequence to us, and we could have had a ropular Budget now with no increases whatsoever in order to win the election in the autumn. We have not done that. We have not got a harsh budget, nor is it a popular bulget. I would describe it as a moderate budget. So having got the Election out of the way the Government is now able to look to the next four years objectively. And rather than be tempted, as we might have been, by a revenue balance of £3.5m and do an about-turn on the policy that we have had with regard to the funded services, whereby we have been eliminating slowly the deficit except for the Water Account, rather than do that, we could have had a budget at this time here with no increases whatsoever, give away £1m.on income tax, and prepare the way for a successful general election in November. What the Government did in fact was to

act responsibly and I very much hope not to hear accusations from members across the floor, as we have had, and I have looked up Hansard, particularly from Major Feliza, that the AACR is not interested in the welfare of Gibraltar and that all that we are interested in is remaining in power at all cost. I hope that we have nailed that point once and for all.

The Honourable Mr Restano, kicking off for the Opposition yesterday, spoke about parity in taxation with the UK. Last year when there was a package on income tax, and I would refer him to page 609 of the Hansard onwards. reasons were given; a very detailed explanation was given by the then Financial and Development Secretary as to why it is impossible in Gibraltar to adopt the income tax structure of the United Kingdom. The reason is that we have completely different tax base. And because the tax base is different that precludes the introduction of the same personal allowances as in the Jnited Kingdom. As I say, I would refer the leading financial spokesman for the Opposition to last year's Budget because I thought that it was somewhat weak of him. after the detailed explanations that were given, to come again with that old adage about parity of taxation.

I could not understand really whether the Honourable Mr Restano was pressing for the funded services to be self-financing as soon as possible. He pointed out that the Chief Minister had indicated that the deficits were going to be eliminated quickly and that this has not happened with the Electricity Undertaking. Is he pressing the Government to increase charges rather more so and eliminate the deficit rather more rapidly than we have been doing? We have been doing this in stages over the last 2 or 3 years. I really would like to know, Mr Speaker, and perhaps the Honourable the Leader of the Opposition when he follows me has an opportunity to do so, what is the Opposition policy with regard to the funded services? We have spelt out clearly what the Ecverrment policy is, what is their policy? I challenge them to mention that.

I just want to mention, in passing, the intervention of the Honourable William Scott yesterday and congratulate him on his maiden speech. It is a cause of some satisfaction to me. He was a contemporary of mine in the Grammar School - to see yet one other old boy of the Gibraltar Grammar School sitting here in these benches. I would congratulate him on his maiden speech. It was a short one, but there was evidence in it of the fact that he reflects deeply on these matters and I am sure that Mr Scott will have a very valuable contribution to make to the proceedings of this House over the next few years.

But I cannot say the same thing for the Honourable
Mr Haynes. The Honourable Mr Haynes is very arressive....

MR SPEAKER:

Yes, but let us talk about the Appropriation Bill and not the performance of members.

HON A J CANTERA:

I will be going into the matter. Mr Speaker, as I have got notes about what he said, but I feel that I am entitled to remark on his remarks.

He made reference to the balance of £5m as being an embarrassing excess, an incredible surfeit. He does not know wrat he is talking about! If he had been a member of this House longer, particularly over the last four years, he would realise that the Government is not embarrassed. We are delighted to have \$5m. And we are delighted because we have had our backs to the wall for too long. We have not had any elbow room in this respect. We have had a very small balance which was ridiculed last year by the Honourable Mr Isola and I intend to quote from the relevant Hansard. This is what Mr Isola had to say last year about the reserve of the Government: Page 302 of the Hansard. "And even with those revenue-raising measures again it shows the estimated Consolidated Fund balance as at 31 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 needs £78.061 a day. So with this, the Consolidated Fund balance of £89,011 would mean that if all revenue to the Government deased the Government would only be able to pay one day's working. That is a forsight to what it used to be. Mr Speaker, when we used to talk about having a reserve of three months. It is interesting that . the actual revised balance, the revised reserves of . Gibraltar, as at 31 March 1979 are estimated at only £307,911 which, Mr Speaker, with the aid of my calculator, is exactly 3.94 days' working capital."

I wonder if Mr Isola would now like to use his calculator and find out how long £5m are going to last us.

Of course, and I continue to quote: "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 Opposition on 31 March 1977 the revised figure was 23.5m. On 31 March 1979, they have come right down to 2307,000, and

with quite substantial taxes or substantial revenueraising measures announced now because without the ones
that are coming afterwards, because I suppose they must
come, they have an estimated reserve at 31 March 1980
of one day's working capital for the Government. Thy
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." But it is also the Government
that is responsible for our having £5.5m.

Major Peliza said yesterday that it is parity which pays. Parity is beginning to pay and I shall have something more to say about that. But as regards the level of well I will leave that until I come to Major Feliza himself.

I would like to see the Honourable Mr Haynes show a little bit more humility in the House and not parade as the champion of youth as if he knows everything. One would expect a new member of the House to do his homework, to no his research, to be well informed and then come to the House and level whatever criticism may be justified. But his ignorance is appalling. He made a remark about remaining competitive with Spain in cigarettes and whisky. I have got the prices of whisky in Spain compared to Gibraltar and they range from £4.46 for Bell's whisky to £6.06p for White Label, compared to £3.25 for Gibraltar. This is the kind of performance that one does not expect from a new member of the House who levels criticism at the Chief Minister and at previous administrations. Some of the criticism really is levelled at his own leader when he was a member of previous administrations in Gibraltar and. I do not think that that is right and he should be somewhat more careful.

On youth: he does not seem to be aware of what has been done in Gibraltar over the years for youth. I would say that there are perhaps three main areas where improvements and facilities have to be provided for young people: youth clubs and youth activities generally, sporting facilities and adacation. As far as youth activities are concerned generally I do not know whether Mr Haynes is aware of the fact that Mr Corben was here last week. Mr Corben first came to Gibraltar in November 1972. We commissioned him to come over to advise on the setting up of youth services, and he produced a report which I heard him say on television last week the Government had by and large fully implemented. Mr Corben said that he was fully satisfied with what we started in 1972 and what we have done over the years in the field of youth activities and in the provision of amenities by way of youth clubs etc.

As far as sporting facilities are concerned, and the promotion of sport, I do not think any administration

at any time in Gioraltar has achieved what we have achieved. The IWBP administration started the sports field, we built the Sports Centre, but that is not the crucial thing. To my mind the crucial thing has been the manner in which sport has been promoted and fostered and young people have been able to benefit then.

As far as education is concerned, I would like to tell a short story which I will tell him in much greater length in the ante Chamber. I think the Honourable Dr Valarino, who was at school with me and perhaps to a lesser extent the Honourable Mr Scott, may recall the veracity of what I am saying because when I was in the Upper Sixth form the Honourable Mr Scott was in the Lower Sixth, twenty years' ago the Government of Gibraltar awarded one Government scholarship to go to University, and Dr Valarino, myself and another student obtained in 1958, for the first time ever, three Science subjects, Physics, Chemistry and Mathematics at Advanced Level, and none of the three of us, and I had the best grade of all applicants for scholarship that year, none of the three of us got a scholarship. The circumstances in which we had to study were not what they are today. Mathematics, we had to study at the Technical College, Physics we used to do in the Grammar School and the Physics teacher, by the time I was in the Upper Sixth;

was only able to devote two periods a week to us. So all he could do was to tell us what to study, to help us in setting up experiments in the laboratory and leave us to our own devices. In the Lower Sixth we had no Chemistry teacher, and it was during that summer, in between the Lower and the Upper Sixth, my Honourable Friend Mr Featherstone, who had an intermediate degree, heard about our predicament, came up to the school and he did practical chemistry with us throughout that summer and taught us for the rest of that year. And it was only during the second year at school, that we had a Lieuterant provided by the Navy and we went down to cram a two-year Chemistry course into one year in order to be able to sit for our examination.

My experience did not make me a rebel. I did not throw everything up and say "to hell with Gibraltar". I did not get a scholarship. My studies at University were financed by the Warwickshire Education Council and when I completed my studies I came back to Gibraltar. I came back to Gibraltar to teach and to ensure that the youth over the next few years would not have to go through what I and my other colleagues had to go through. And today the teachers that are teaching in the Comprehensive School these Science subjects are all teachers that I taught during the ten years when I was at school.

So if I criticise him about his supposed championchip of youth it is because I have done something for youth already. Because I have kept close contact with youth during the ten years that I was teaching and have done something for them that I can be groud of. Also because during the years that I have been in Government I have ensured to the utmost of our ability that we have provided, particularly in the field of education, the standards that they are entitled to, particularly as far as scholarships are concerned, and we are today giving 35 scholarships a year.

I give way now to the Honourable Member so that he can substantiate that rude noise.

HON A HAYNES:

I fully appreciate the unfortunate experience of the Honourable Member at school, and we have heard similar things about Housing, that he did not have a marvellous house to live in but he did not, in the matter of Housing, satisfy me that he was doing enough for housing. And the fact is that very few houses have been built and that Rosia Dale was the only new sct of houses to be built in the last three years and that is appalling. especially in the light of the waiting list being so enormous and by the time the Government build more houses there will be more people on the waiting list than there are now. Similarly, with education he may have had a bad time and may be things were not right but any measure would have become an imprevement and though certain measures were taken, I suggest that more improvements, more ideas and a better deal for students. And if I stand up for the youth it is because I believe that however much you protest and profess to be their champion it is not enough.

HON A . CANEPA:

I think it ill becomes a member who was elected No 15 in the polls to speak in those terms, Mr Speaker. Not enough has been done about housing in Gibraltar? He is condemning the knighthood which his own grandfather earned as Minister for Housing in an AACR administration.

MR SPEAKER:

Order. let us not come into personal matters.

HON A J CANEPA:

This is what I dislike about the Honourable Mr Haynes. This is where he ought to show a little more humility. The youth of today, who will become tomorrow's pensioners, are in years from now going to be sitting there, and if he ever finds himself sitting on this side of the House I hope that he will be able to defend his record in the way that we are able to. If he does better, jolly good, Mr Speaker, Gibraltar will benefit. We are not satisfied or complacent. We feel we are a progressive Government and that there is always room for improvement and we want to do better. I think enough said about the Honourable Mr Haynes.

There are two points that the Honourable Mr Loddo brought up which I want to deal with, and these are the question of providing scholarships generally on the basis of a place at University; and the question of in-service training. My remarks are not necessarily to be taken as being Government policy on the matter, this is a point of view that I adopt as an educationist, the arguments that I put across when the matter is being considered.

I think we have a good system of scholarships in the sense that no young person who studies reasonably hard is asked to achieve a standard beyond their capabilities in order to get a University scholarship. It is a reasonable standard which is being set and I think that if we were to give scholarships purely on the basis of a student obtaining a place at University there could be two pitfalls. One would be that because of the expansion in University places in the United Kingdom it is not that difficult in some Universities to obtain a place and, therefore, knowing that, youngsters might not study as hard as they chould during the two years in the Sixth Form in order to attain the standard which is set down here to get a scholarship. They might tend to take it easy. It is also not unknown for places to be obtained at Universities. in the United Kingdom by string-pulling, by patronage. It is not unknown for people to be able to use the "old boy" net in order to get, for their sons or daughters, a place at a University. And that, I think, is not fair. That would then happen would be that scholarships would not be awarded strictly on merit but regardless of how you may have gone about getting a place at the University. I am sure, when my sons, if ever they reach the stage of studying in the Sixth Form, if I were to write to the Chancellor of the University that I attended, I think that I could pull a few strings to get a place provided he had the necessary 'A' levels to get a place at University. I think I could get a place for one of my sons. And if I visited the University and took the Chanceller out to dinner, and he might be very proud of

a former student of how well he had done in public life etc, I dare say that I might be able to achieve that purpose. If I did, I think it would be an injustice on the other students.

If we were setting them standards which are very difficult to attain, perhaps we might be on the wrong tack, but I do not think we are and let us face it, in practical terms, who doesn't get a scholarship? Is there any student with 2 or 3 'A' levels who has done reasonably well, who doesn't get a scholarship? Very few in fact do not, and if they don't there is all the greater incentive for them to stay a third year in the Sixth Form, work a bit harder than they had done during the first two years and try and get the necessary grades. As I say, that is not Government policy, it is the point of view that I take.

Likewise with in-service training my attitude is also coloured by my experience. I think it is necessary for teachers who have been teaching a decade, 10, 12, 13 or Il years, or if they are qualified in a discipline or technology where there have been very rapid changes over a short period of time, it is necessary for them to go on refresher courses. But it is another matter for a teacher who has been teaching 3 or 4 years' only after qualifying. after getting a degree to want to go to the UK for a oneyear course. I am a graduate in Science, I was able to teach for ten years without needing to go back to do another one-year course in order to refresh myself. The danger is that some teachers want to get further qualifications to have a better chance of promotion in the future rather than because in getting these extra qualifications they are better able to teach and they can be of more benefit to the community. This is the possible danger as I see it. Of course, it is quite lucrative to go to the UK now on a one-year course because you get full salary while you are there and a very generous maintenance allowance; and it is a break. A one year's sabbatical and particularly in the close frontier situation it is most attractive to get away from Gibraltar for a year. This is why we have to be prudent in this respect and we have got to channel our funds into the provision of scholarships for first degrees. The important thing is to have the necessary number of people qualified with the first degree. I do not believe you need a second degree one degree is quite ample. You do not need a Master of Science or a Master of Art or a Doctor of Philosophy. a BA or a BSc is quite adequate to teach all the way up to Advanced level. This is another personal point of view that I take on the question of in-service training and it might be a matter for reflection and for some thought.

Turning to Major Peliza, finally, I said that he had mentioned that parity was paying. Yes, I think it is beginning to pay. And it is beginning to pay because. Mr Bossano and I were right last year when we were saying that the private sector would be able to afford the necessary pay increases. The former Leader of the Opposition challenged us on that and did not believe the information we gave when we said that over the years the private sector was keeping abreast of the situation. In fact in October 1979 average earnings in the private sector I think were only \$1 or £2 below the public sector. and what happened in the course of 1979 has been that there have been substantial wage increases in the private sector and the revenue, by way of income tax, has come into the Government coffers and this has been a big factor in improving the situation as far as the balance in the Consolidated Fund is concerned.

Major Peliza rosed the question: Is it wise to have great reserves? Perhaps it is not wise to have great reserves. if you are just going to leave them there, but if you need to fall back on them, and we are going to have capital projects over the next few years which are going to involve very substantial expenditure on electricity, on distillation, perhaps even within 4 or 5 years another refuse destructor, so we need to have the necessary reserve that we can fall back on particularly in a situation where borrowing is as costly as it is becoming. There was a time when he used to boast about the level of his recerves during his administration. Now he seems to have changed his mind. But as far as his predictions last year were concerned, he was wrong. And I refer him, page 276 of Hansard. Vol 2 of last year, when he said: "But how do we know that in the 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 was going to be the same because it has been happening for the last ten years, it is also going to happen to the Government in the next years."

Well, there has not been a change of Government, Mr Speaker, recause the electorate decided otherwise and the situation is not the same. We are in a far more healthy situation than we were last year.

Before I conclude with a few words about economic development, I want to draw the attention of the members of the House to the provision which has been made in the Improvement and Development Fund to increase the number of cubicles at the Bonded Stores. This is a scheme which deserves Government support. It will bring in additional revenue which will accrue by way of rent and also by way of an increase in duty. Representations have been received from a number of traders who would like more cubicles and the Government is able to support this.

To end on a more positive note rather than an acrimonious one, since I assumed my additional ministerial responsibilities I can tell the House that one of my main preoccupations has been the fostering of development in the private sector. Mr Abraham Serfaty said last year that the sun, the beaches and the sea offered the largest potential for growth in Gibraltar. He also expressed his belief that the assets that mother nature had given us should be exploited to the fullest extent. I share these sentiments, Mr Speaker, and I can assure the House that I will do my best to encourage and facilitate, where possible, development in those areas which private capital is well fitted to carry out.

The main emphasis of our planning in this respect has been, and will centinue to be, on schemes which will expand the commercial and tourist industries and improve our port facilities so as to encourage more ships to make use of our harbours' singular advantages. As illustrations of what are now reaching an advanced stage in the planning process.

First, I will mention the proposed enlargement of Sheppard Marina. This will consist of a certain amount of reclamation to provide a base for the shore servicing and maintenance of yachts and the provision of additional pontoons to increase the capacity of this marina. Together with the adjoining marina which will come into operation shortly this expansion will enhance the attractions of Gibraltar as a port of call for the many boats which sail in the Mediterranean and enable Gibraltar to face the stiffening competition offered by existing marinas and others planned for this part of the world.

A second scheme worthy of note is the projected hotel development at Parson's Lodge. The Government has considered proposals for the erection of an hotel there with ancillary flats on the site and subject to clarification of certain aspects of the project, the Government is prepared to make this site available for this purpose. The scheme as originally envisaged entailed an hotel of lefs and 40 flats, but it could well be that this may now be the subject of re-appraisal by the would-be developer in the light of the frontier situation.

I would also like to mention approaches which have been made to the Ministry of Defence for the release of certain properties which are now in their occupation, and I have been encouraged by their sympathetic response to our enquiries and the need for land for development which will increasingly become more evident as our economy expands. One of these sites is that of the Casemates Married Quarters, which was the subject of questions

in the earlier cession of this meeting, and as the House knows this has been earmarked for a multi-storey car park, and for commercial development. As far as the multi-storey car park is concerned I think it will be of great advantage in an open-frontier situation in what I would call the medium term, not in the short term, unfortunately. As in the case of the other sites involved, relinquishment by the Einistry of Defence has, however, been made dependent on the reprovisioning of existing services which in this case are seven married quarters.

The last examples which I shall quote are the allocations, which have been approved in principle, of parts of the Bonded Stores to two firms which are closely connected with the activities of the Port. These are Gibraltar Underwater Contractors Limited, who have pioneered a valuable service to shipping in Gibraltar, and Mobil Oil (Gibraltar) Ltd who require additional storage for stocks of the extended range of lubricants now held in Gibraltar. The port has been upgraded by the Port Company in consequence with resulting potentials for an increase in the number of ships calling at Gibraltar for bunkering.

I have only concentrated on some of the steps which are being taken in the private sector of the economy. I think these efforts are an essential complement and supplement to the Governmentsown development schemes, and together they should contribute invaluably towards the general prosperity and well-being of the community.

To sum up my contribution to the debate, Mr Speaker, I think that what we see developing in this budget is a far more healthy situation than we could have hoped for last year. There is, in my view, a need to be prudent about the future, as the Chief Minister said yesterday it was a step into the unknown. I think that the financial situation of the Government will be even healthier next year, I very much hope that it will be, I do not think I am either an optimist or a persimist, I try to be a realist and my parting remark is that one swallow does not make a summer!

Thank you, Mr Speaker.

HON P J ISOLA:

Mr Speaker, it is always a pleasure to listen to the Minister for Labour and Social Security and Economic Development. I think he proves the point we have been trying to put forward on this side of the House. The Government should be more liberal towards teachers who wish to participate in politics. I think the Honourable Member proves our position on this every time he rises in

this House, and I do hope that his party vill be able to change their view on this all-important point for the future of Gibraltar.

I would also like to thank the Minister for giving me the courtesy of allowing me to sum up for my Honourable Colleague on this side of the House. I do not think that there is any particular advantage in having preceded me. I think there is some advantage for me because I have received from the Minister's statement possibly more about Government policy for the future than from any other Minister who has sucken. And this is useful to us if we are to fulfil our function as an Opposition. It is useful to me if I am to fulfil my function as Leader of the Opposition to be able to reply to the Government statements of policy that have been made in the course of the Budget.

The Leader of the Opposition does not have the right to speak twice and, therefore, it is a matter of judgement as to whether I lead my troops immediately after the Chief Minister into the battle, or whether I lead them from behind, as has been said. It is a matter of fine judgement. Mr Speaker, and we on this side of the House took the view that perhaps I should sum up for the Opposition. In summing up for the Opposition, of course, I would have liked to have been able to comment on any contribution that my Honourable Friend Mr Bossano might have made. He has not been in the House since the Chief Minister's speech, but I understand he is in the ante-chamber waiting for me to speak so as to follow me. I always value his contribution highly, Mr Speaker, but apparently I am not to hear it and, therefore, am unable to comment on it. I did invite the Honourable Mr Bossano, I should say, just before I came in. I did invite him to speak before me so that I could as Leader of the Opposition sum up on the debate, at least as far as the majority of the Opposition was concerned but the offer was declined. In fact the Honourable Mr Bossano told me that he was surprised that I was speaking at this stage, that he would have expected me as Leader of the Opposition, to speak immediately after the Chief Minister and to give the Opposition alternative to Gibraltar. But, Mr Speaker, may I say that in following this course I am only following the precedent set by the Honourable Mr Bossano when he was Leader of the Opposition in the only year he led the Opposition in the House.

In fact, I believe it was in March 1977 when the Financial and Development Secretary made his famous remark that it was said of most of the generals in the First World War, with what element of truth I do not know, I was a little too young for that year, but the Generals led their troops from the rear. It seemed to me that we have a general of the Opposition cast in that mould who led his troops into battle on the estimates from the safety of the supply

lines, and I remember, Mr Bossano, saying, and I am quoting from Hansard: "Mr Speaker, perhaps the Honourable Member might consider the possibility of altering Standing Orders so that I also have two bites of the cherry like he and the Chief Minister have done and then I could make two speeches." Well, I can only repeat what the Honourable Pr Bossano said, and I can only say that if I were to have two bites at the cherry then, if the Standing Rules so provided, Mr Speaker, of course, I would have made a contribution at the beginning of the debate and another one at the end of the debate.

I am quite happy to be convinced by the Honourable Mr Bossano that perhaps I should alter this and depart from the precedence set by him in 1977.

Mr Speaker, let me make an opening preliminary remark on the Estimates of Revenue and Expenditure. Let me say that it is a matter of some considerable satisfaction to Honourable Members on this side of the House, and I am sure too b Honourable Members on the Fovernment side, and I think to the people of Gibraltar as a whole, that the Estimates of Revenue and Expenditure have confounded the gloom that surrounded the proceedings of this House in March 1979, and that we have a healthy surplus at the end of this year. And that without any further taxation we would appear to be heading for a still healthier simplus at the end of the current year . This is a matter of great satisfaction especially on the eve of the opening of the frontier. Because it shows that with some considerable sacrifices the people of Gibraltar have survived the campaign of intimidation and siege that was launched against us.

If the frontier had reopened last year perhaps it could have been argued "they were almost on their knees and we opened to help them out." But now the opening is not so important for the economy. The Estimates of Revenue and Expenditure show that we have been able to resist. This is good. That is the good side. But the bad side and, this is why I think I would support what my Honourable and Learned Friend Mr Haynes said, that the excess that has atteared this year is a matter of some embarrassment to the Government. and I will say why. As at March 1979 we were told, wrongly, that the balance was to be £309,000. In fact it turned out to be £898,000 and I think the Honourable Mr Canega will concede that that is quite a difference and puts a different picture to the atmosphere of gloom prevalent at that time of three days' running expanses for the Government. That is one thing. The other factor is that the Budget measures imposed by the Government last year, which were extremely tough and hard, were based on the premise that unless these tough measures

of taxation and increases in the Funded Service Charges were made, Gibraltar was heading for bankruptcy. And they were justified, not on the grounds, as we on this side of the House said, because you have an election next year and you are going to be tough now so that you can give an easy budget next year, no, they were justified because the situation was extremely serious and heavy measures of taxation had to be imposed to avoid bankruptcy. That was the sort of language that was used during the last budget to justify these measures. "ith the exception of income tax, Mr Speaker, nearly everything went up by at least 40%. Some things went up by 100%, some like colour television licences went up by 300%. It was only 50% on black and white. All these measures were justified because of the financial situation of Gibraltar. The interesting thing. Mr Speaker, is, that at that time there was considerable argument between the Government side of the House and this side of the House as to what these measures were going to produce. There was argument that it was going to be £2.6m, £2.4m, £2m. No, the Government said £1.1m and the rest is Funded Services. you do not count that, and the income tax was going to be very little because the money was being given back in Family Allowances and the improvement in the income tax was negligible. And we were told that this money was required to end up the year with a surplus of 21,5m. The extraordinary thing about it, Mr Speaker, is that just by and large. I am not going to exact figures, on Government's estimates of what these tough measures were going to produce it would seem that if none of those taxation measures had been put into effect we would have ended up with £1.5m surplus this year, which is the figure the Government then simed to produce with the taxation measures. The Government has ended up with a surplus which is 143% higher than the one they told the House the taxation measures were necessary to produce. I think the actual figure is £2,134,912 more, the year has turned out and not the £1.5m they expected.

I think it is a little illogical of the Government to argue now that this is the surplus we have to have when in 1979/80 they were satisfied with Gurplus of £1.5m at the end of that financial year. On that, Er Speaker, of course that must bring embarrassment to the Government to discover that all the heavy measures that they put in last year were not necessary. This is why there is some merit in what my Honourable and Learned Friend Mr Haynes has said, that the Government should give some of that money back.

In general terms they propose to give a little back in income tax allowances in the raising of personal allowances. I do not consider that what they are giving

back in personal allowances is enough. It is very, very little, £898,000 worth. And it is very little because things are happening in other parts of the world. Our income tax system compares extremely unfavourably to the UK tax system. If fact, as a result of the recent budget the married allowances goes up to £2145, but apart from that - we can never hope to get as high as that but we should - arart from that, taxable income, you are at 30% in England up to £11.250 - you are at 40% between £11.000 and £13,000 and you are at 45% between £14,000 and £16,000 a year. To pay 50% you have got to be earning £16,000 to £22,000 a year. In Gibraltar, Mr Speaker. taxable income, you are in 35% after £2,500, you are at 40% at £6.000, and you are at 45% at £7,500 and after that you are at 50%. So we are paying 50% in Gibraltar long before anybody in England is paying above 30%, and that is a big difference. I am not saving we can change immediately because I know the effect this would have on the revenue, but what I am saying is that this is not a matter for self-congratulation because of the great disparity there is between personal taxes in Gibraltar and the United Kingdom

Another point I would like to make while I am on income tax is that in the budget last year, when the Government but up the rate is 50% I remember my contribution on this and that was that it would not have such of an effect in the current year because peoples' salaries, the average earnings that we were given were at a particular level then. But then, Mr Speaker, I said that this will produce more income tax as the years go by and there are salary reviews. For example, during 1979 I think it averaged out at about 13% or 14%. During 1980-81 there will be a further salary increase and, therefore, Mr Speaker, more and more people will be getting into the higher bracket. The average earnings go up and the Government will get more revenue of course. So giving these personal allowances of £200 and £100 in my view is not enough to counteract our heavy . personal tax system, and to counteract the increased revenues that the Government will be receiving as people move into the higher bracket all the way up. And, therefore, on this side of the House we would ask the Government before they put their Firance Bill forward, to review the personal allowances they are going to give.

On the budget as it comes before us, and on the figures as are put before us, and Mr Speaker, we can only go, and I would like to stress, we can only go by the figures that are presented by the Government, we cannot go on any other figures. Last year, we could not do anything else but what we were told, and what we were told was wrong and we protest about that. But we can only go by those figures, and going on those figures we think that the Government can afford to give in back in personal allowances instead of £898,000, double that amount, We say the figures permit it, and that is what my Honourable and Learned Colleague meant when he suggested giving the taxpayers some of their money back. They were overtaxed last year and we made the accusation last year, and let me go to the political point straightaway and dispose of it. We made the accusation last year that we suspected it was a tough budget in order to be able to give a lenient budget this year for the election. I am not accusing the Government side of anything, but in the event, as things have turned out, we were right, Mr Sheaker. Because the Government can afford to put no taxes at all this year and still achieve a surplus at the end of the year of £5.89m. Without any more taxes of any kind they can achieve a surplus of £5.89m. That is the figure that has been put before us.

HON A J CAMEPA:

If the Honourable Member would give way. That is with the increases that have been mentioned in Electricity, Telephone and in Water. They are not taxes, they are increased charges.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

On a point of clarification, Mr Speaker, if I may. The £5.89m which the Honourable and Learned Member quoted does not include the tax give-away.

HON P J ISOLA:

Yes, I was coming to that. I have forgotten about the contributions, I think and the Chief Minister has talked about them being very moderate. The contribution on electricity is about £300,000 and I think the...

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Electricity, £307,600; Potable Water £347,000; Telephones £135,500.

HON P J ISCLA:

I am very much obliged. So, therefore, Mr Speaker, taking away that amount, call it £890,000, there will be £5m in the Concolidated Balance. If no charges were increased for electricity, no charges for water and no charges for telephones, no increases on charges, they could still expect a balance at the end of the year of £5m. At the end of March 1981. 25n. Compare that with the £1.5m expected. Without any increases of any kind. And we say that the Government could give away £2m and still have a £3m surplus at 31 March 1981 which is double the surplus that they thought was reasonable after last year's taxation measures, and, therefore, they can afford to increase the personal allowances much more than they have done on their cwn figures, and we think that they should do this. You cannot have the Government saying in 1979, in its tudget, we are going to put up all these taxes because we must have £1.5m at the end of the year, and then a year later, coming to the House and saying we must have a £6m surplus. So what happens? Will they have £8m next year? Or are we going to say that we must now work for a ElCm surplus and 30 on taxing people? Co on widening the differential in our personal tax system between Gibraltar and UK? Is that the policy of the Government? Because that is what is happening, Mr Speaker. As a result of the last two English budgets there is a great difference between the personal tax system in Gibraltar and that in England. And we say that the figures that have been given to us would justify the Government lightening the tax burden of the people of Gibraltar.

Mr Speaker, the question of the elections. I know the Government knew about December that the out-turn was going to be better than they had expected, but I do not think they knew in December that it was going to be as good as it has turned out to be! That I have on good authority, Mr Speaker. Another point. There were different reasons for the elections. We said at our Party Assembly, I agree with Im Camepa; was it because there was going to be a tough budget? We said it: But we only said it, and we will never do this again, on the information that the Government were giving us on the budget: about the scriousness of the situation, the need to impose heavy taxes. Cur reaction in the budget was: no, you are taxing so heavily so as to have an easy run for the election next year, and that assertion was the right one as it turned out to be, and not the figures that they gave us wrongly at the last budget, and all the premises were wrong, because the facts and the figures have shown it. So we say, why did they call the election? It was not to save £10,500, Er Speaker, I do not think even the Honourable Mr Bossano believed that. It was because it was the

opportune political moment to go to the polls. The Government reckoned the Opposition were in disarray, that is all. There was, may I say, a good sound political judgement made, and it almost did not come off. It is rather like when Mr Callaghan went to the polls and it did not come off. In their case it came off, fair enough.

But I am sure one thing and that is that if the Government had known that the cut-turn was going to be as good as it has been then perhaps that would have been put into the scales at the time the decision was made by the Chief Minister to dissolve the House. We cannot go into his mind of why he did it or why he did not do it. Perhaps what he says is the reason, perhaps what the Government party said is the reason, perhaps it is not. Our own feeling is that it was thought an opportune time to go to the people.

Mr Speaker, that was the general points that we would make on the general picture that is presented by the . financial statement of the Government. We believe, and I' , will deal with the Funded Services if I may on their cwn, we believe that the picture shown by the budget is a healthy one and we are glad about that but it has been made healthy by harsh taxation measures put on the people at the last budget. It has also been nade poscible, Er Speaker, by the acceptance by the Government of the need to stop wasteful expenditure, about which we on this side of the House have been speaking for a long time. Again. I will make some comments on that, but generally we feel that that the Government should be aiming at is to continue good control, efficient control and management of the Departments and cutting wasteful expenditure. We do not advocate, Mr Speaker a cut in the standard of the social services. And I shall have something to say about that when I come to deal with Education. Therefore, we agree with that and we hope it continues because we believe, and this may be a very optimistic view to take of the situation, that we should work towards lightening the taxation load on the people of Gibraltar over the years. Therefore, we believe that the Government must continue to achieve and obtain high standards of management and expenditure control.

If I may, I will deal with the point of the funded services now. What is our policy on the funded services? Mr Speaker, in theory they should be self-supporting because people should pay for what it costs to give them electricity or water etc. However, in the circumstances of Gibraltar it seems to me that it is impossible to expect the electricity undertaking or the potable water fund or the other funded services to be self-sufficient. I cannot understand, and the reason why

I say this is that it is iniquitous to my mind to make the charges that are levied and appear to be levied and at ear to be necessary for the supply of water and electricity to the Gibraltarian homes. I do not know where the catch is, Mr Speaker. I do not think it is fuel alone because me have this fuel cost adjustment formula which produces increases in the price of electricity right through the year. I do not know what it is. The electricity undertaking seems to require payment for electricity at a much higher rate than is exacted in any other country, including the UK. People are anaged when I tell them about my electricity and water bills. I do not know what it is, but I do know one thing, and that is that it is impossible to expect the lower-paid in our community to pay the high charges that would have to be paid if the funded services were to be entirely celf-sufficient. Therefore, we agree that there should be an element of contribution from the . General Concolidated Fund. I think it is an impossible aim for them to be self-sufficient, and on that, In Speaker, let me say what has happened this year already. Last year, and I think my Honourable Friend Mr Restanc said this the Hon Minister for Municipal Services denied it - that the Chief Minister said that it was their policy that the Electricity Undertiking should be celf-supporting. Last year he said in the budget, page 216, "Insofar as electricity is concerned it is our intention that this cervice should pay for itself fully as from this year". That was 79/80. So the Government was saying in 1979/80 that electricity would be self-supporting. And in 1980/81 it is admitting that it just cannot be and they are going to make a contribution of £370,000. I hope that includes payment for the crankshaft of £92,000. I hope that is considered capital and not current. Mr Speaker, we cannot agree that funded services should be completely selfsupporting if this is going to bring about charges that are iniquitous and too heavy. So we do support an element of subsidy to the funded services.

As far as the Housing Fund is concerned, Mr Speaker, now that I am talking about the funded services, there is a considerable amount that has been deducted from the question of the maintenance of Grown Properties, the minor repairs that we were told about. Over £500,000 less is being provided for in the Estimates for minor repairs. That is a very considerable amount of money. I do not know how many tenants the Government have but if you divide the money by the number of serants then the cost per unit would become more obvious. We would like to refrain really from commenting on that at the moment because we would like to be reassured that where Grown Properties or tenements, or whatever you call it, have got into a state of disrepair because of lack of maintenance by the Government, and because of non-abatement of public health

notices, the tenant is not going to be expected to pay for that. We would like to have accurances on that.

Dealing on that point, the Minister for Public Works said that the workforce - because I notice that there is this reduction of expenditure of £500,000 in the budget, and although there is an increase in the amount that is to be spent in backlog maintenance in the Improvement and Development Fund, the increase is only of the order of £300,000. The whole lot has not been switched to backlog maintenance and the Minister for Public Works said that the labour force would be used not just for backlog maintenance but also in connection with the project at Catalan Bay.

Mr Speaker, I would like the Government to consider whether that of itself is a good idea because what I would like the Government to consider doing is accelerating packlog maintenance, do not use your labour force at Jatalan Bay, get rid of all these Public Health notices that exist in relation to the Government properties which, if it was a private landlord, would have been dealt with in Gourt. But because it is the Government and it cannot be taken to court it is just left to one side. I would urge the Government to use any money that is available, and the workforce that is available, to accelerating the question of the backlog of heavy maintenance and dealing with the numerous notices that exist in respect of Government properties.

Mr Speaker, I think that the concern that was shown about youth is justified. I do not think it is fair of the Minister for Economic Development to abrede our youngest member in the House in the way ne has done for being demanding on the Government for improved services. We know that 20 years' ago things were much worse. This is . why democracy exists, to improve standards. But we cannot say that because we only had one scholarship twenty years' ago we are damed lucky to have 35 now, Mr Speaker. I think it is natural for youth to want change, to war,t quick change and to push forward. It is very good in our society that we older people should not be allowed to be complacent about achievement. I think that in the field of youth, and my Honourable Friend Mr Loddo addressed the House on that, the Government on the question of education should not drop standards, because as my Friend Mr Loddo said: the youth of a nation are trustees of posterity, and this is true. We must not let up on education. Mr Speaker. There is too much of a tendency in Gibraltar to talk just about money all the time: wages, salaries, that side of the picture, too much, and we are tending to be, as time goes by, less and less critical of the standards of the services that we are giving. And this is true then you see the standard of cleanliness in the streets, the standards in the Air Terminal, the

standards in the Waterport Wharf. Standards all round are being allowed to drop for other reasons. I think that an effort must be made to maintain standards, and in education that is vital. If I may refer to the Education Estimates to show why I feel there may be a little drop in standards, for example in Books and Equipment the Approved Estimates for 1979/80 was £124,000 and the Department was compelled to keep within that estimate because I notice the Revised Estimate is £124,000 and I notice that the estimate for 1980/81 is again £124,000. If one considers just the inflation there was in 1979/80 and the inflation there will be 1980/81 it is cuite clear to me that standards with relation to books and equipments are going to be allowed to drop. In fact, it has been said to me on a number of occasions. I don't know how far this is true but it has been said to me of boys having to share books and so forth. This, Mr. Speaker, is bad. Standards of education must not just be maintained they must be improved because the world is improving, the world is going forward and we too must go forward in Gibraltar. And I hope I get ascurances from the Government that they will not allow standards to drop and that they will not just maintain them but go forward to improving them. And this brings me to the question raised by the Honourable Mr Canepa when. he said "Well, there is no need for them to go back for a second year" "Ir Speaker. I think he is wrong there.

HCM A J CAMEPA:

If the Hon Member will give way. I said there is no need to go back 3 or 4 years after you have returned from getting a degree. There is a need to go back after 8,10 or 12 years. That is what I said.

HOW P J ISOLA:

I'm glad at least that that is so, because I think that in Gibraltar whether it's with an open frontier or whether it's with a closed frontier opportunities within Gibraltar of getting varied experiences are very limited and I think there is no question about it, if you are living in a small community you need to go off and get new ideas. You need to go and get higher qualifications. And although the Minister has said he agrees that there is a need after 8 years and there is no need after 3 or 4, I think, that is a matter of choice. It is a fine distinction that he is making. I think they should continue with the policy of allowing people to go and get further qualifications. The amounts involved, Mr Speaker, are not that high in the context of the total Government expenditure, and I did hear the Financial and Development Secretary inform us that because of the announcement of the Gibraltar students being treated as EEC

students there is going to be a certain amount of cash to spare in the Education vote and I would urre the Government to use that cash, not as a saving and not as part of the surplus of the Government at 31st March, 1981. but to use that cash, which anyway they are prepared to vote for education, for improving the standards of that department: to use it for giving a more generous vote for books and equipment: to use it for sending more teachers to England for training and greater experience and additional qualifications. I am sure that all Members will agree that those are desirable objectives. When you. are thinking in terms of cutting, try cutting elsewhere, but try and maintain desirable objectives. Cur standards, I think, of education in Gibraltar have been going up and I think today they are very good, but that is one area of activity where we cannot stagnate, and I would urge the Government on education not to cut expenditure of maintaining it, but to be enlightened in its approach and to improve it and go for greater and greater improvements in standards.

Mr Speaker, on Labour and Social Security I'm grateful to the Minister for Economic Development for what he has said about increasing allowances. I was also happy to hear about his proposal to increase Supplementary Benefits to meet the increasing cost of water and electricity for Old Age Pensioners. But I would urge the Government to consider - nothing has been said about this - making the Elderly Persons Pension tax free. It seems to me wrong, Mr Speaker, that those persons in receipt of Social Insurance Pensions should receive it tax free whether they are poor or they are rich, should be in a better position than that class of people who receive Elderly Persons Pensions, as a matter of principle. It is our view that that pension should be tax free and the Government has the means in this budget to make them tax free. It would cost the Government I believe around £120,000 maximum, probably less because a lot of people on Elderly Persons Pensions may not be paying tax, I don't know. As a matter of principle, and with inflation growing the way it is growing in Gibraltar, where you don't have to be on Supplementary Benefits to be badly cff, there are a lot of people who are not on Supplementary Benefits and are still not very well off, Mr Speaker, because this inflation is a continuing disease. It goes on and on and on. For some it works out alright but for the old it doesn't and I would ask the Government to consider doing something in that direction in the budget and show the elderly people that we do care for their position and their situation. And as far as electricity and water is concerned, Mr Speaker, I am saying, I know, party politics, but I think the Government should consider this. I don't think the allowances on water and electricity should be exclusively given to people on Supplementary Benefits, they are not the only ones that should be 242.

helped, I think, there is something to be said, Mr Speaker, and I go back to the question of the funded services, there is something to be said for making a reduction in electricity and water bills for old age pensioners living on their own. I know it is a subsidy, in a way a hidden subsidy, but I think that would go some way to making for a more comfortable life for the old age pensioners, which is what I'm sure all Members of the House would like.

Mr Speaker, Medical and Health Services. I was very interested to hear from the new Minister for Medical Services, and to hear his assurances about doctors who come from overseas. How they see all the people in the Government list first before seeing private patients. But I would like the Minister to look at that further because we do get feed-back of people who feel they are t forced to see a particular doctor who comes over, a particular specialist, as a private patient in order to see him during his next visit and not have to wait for another visit. I don't know whether that arises from the fact that he sees Government patients on four days and on one day he sees private patients. I personally feel that all Government patients that require to be seen by a opecialist should be seen during his visit and not have to wait for a subsequent visit, and I would like the Linister to look into that.

HOM J B PEREZ:

Mr Speaker, if the Hon Member would give way. May I inform the Hembers that, in fact, on certain occasions when visiting consultants come to Gibraltan they don't see any private patients at all because within the five-day period that they come there are so many general patients who have been referred to him, that on various occasions they actually to back without seeing any private patients. That is the position.

HOM P J ISCLA:

I'm glad to hear that assurance. It is not that I don't want them to see private patients. I think they should be able to see private patients who wish to see him, but as they are brought at public expenses they should deal with Government matters first.

New the other point, Mr Speaker, I'd like to make on the Medical Services, is the question of specialisation, the question of specialists in the service. I'm glad to see that our younger doctors are going to get higher

qualifications and I think that the Government policy should be directed at encouraging Gibraltarian doctors to stay in Gibraltar. Unfortunately over the years this has not been the case and as a result we have had a number of ductors from outside, some of them very good I'm sure, but a number of them with no ties with Gibraltar coming and practising in Gibraltar in the Government's Realth Service or in the Government Hospitals. Government policy should be directed at encouraging Gibraltarian doctors to stay in Gibraltar, but, Mr Speaker, on specialisation. Government must be careful to mellow specialisation with experience. If I may take the analogy of the law, you can have a brilliant lawyer in practice but he doesn't get to his fulfilment until he has had a considerable experience, and I would imagine that in the Medical Services, with doctors and specialists the same thing applies. You require experienced and competent people at the head of our Medical Services and I hope that the Government will bring in sufficient experience and competence to be responsible in Gibraltar for the whole of that speciality. I'm not in any way trying to be critical of any young person but I think there is a need to have specialisation and experience in the Medical Services.

Mr Speaker, on Recreation and Sport, of which we have talked about and shown a lot of interest, I notice that the amount that is being given to the Cultural and Sporting Associations is still £12,500, I think, and that sportsmen are being asked to contribute £21,000 to the Victoria Stadium. It seems to me to bring an unfair imbalance. I don't know whether there is a need to put these fees in the Victoria Stadium having regard to the total cost and we would favour a more lenient approach to the matter.

The last thing, Mr Speaker, I'd like to say on the recurrent expenditure vote is that I notice that the contribution to the Gibraltar Broadcasting Corporation is being reduced for 1980/81. Again allowing for inflation, I'm not quite sure how that is achieved.

HOW CHIEF MINISTER:

 \mbox{Mr} Speaker, by higher licences and by bigger contributions from advertising.

HON P J ISOLA:

I see. Well, I hope the advertising continues to increase in amount but not in quantity, Mr Speaker.

Now, generally, therefore, on the recurrent budget, estimates of revenue and expenditure, I think I've expressed our general views on it and our general remarks on them, and I come, Mr Speaker, to the Improvement and Development Fund on which the performance of the Government, I'm afraid, continues to disappoint.

The Chief Minister in his intervention said that the estimated expenditure on Development Projects in 1979/80 was 24.5m. That is an improvement of 70% over the previous year's figures of £2.6m. Yes, Mr Speaker, but those figures fall far short of what was estimated for those years. The estimate for 1979/80 was nearly £8m and I would also like clarification from the Honourable Financial and Development Secretary that this figure of 1979/80 of £4.5m is in fact correct, because we voted. if I remember rightly, I was given a figure of £3.6m at the last meeting for the end of February. £3.6m: And then we voted, I think, about £2m, not quite £3m, in the Appropriation Bill, and I was told, if I remember rightly, I may be mong. I was told that that was the full amount up to 31st March, 1980. That gives me a figure of £4m and not £42m. It's a small point but I would like it clarified how it is that the expenditure has gone up by £1m in March from the figures given to us at the last meeting, of figures up to 28th February, which amounted to £3.6m.

HOW FINANCIAL AND DEVELOPMENT SECRETARY:

On a point of clarification, Mr Speaker. The Honcurable and Learned Member, the Leader of the Cpposition, did not in fact ask me what my estimate was for the total expenditure up to 31st March, 1980. I had this figure with me and had he asked it, I would have given him, £4.5m.

HON P J ISOLA:

It is very encouraging, Mr Speaker, that £lm can be spent in one month. This augurs well for the future, that is all I can say.

HOM M K FEATHERSTONE:

I cannot speak for the electricity and telephones, but the amount spent by the Public Works Department section of the Improvement and Development Fund in March was £745,000.

HON P J ISOLA:

The sad story, of course, Mr Speaker, is that at the end of this year, and even supposing the Government spends the £10m that they say they will spend, there will still be left £13m of the Development Programme of 1978/81. £13m, assuming the Government spends the £10m this year. I am taking that figure from the address of the Financial and Development Secretary. I hope I haven't misquoted him. Perhaps if I am wrong that could be clarified. At page 22, he said, "To complete the 1978/£1 Development Programme a further £13m will be required, of which some £9m will fall to be mot from local funding".

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable Member will look at page 92 of the Estimates, he will see the breakdown by Head of that amount.

HON P J ISOLA:

I am obliged. So there will be, Mr Speaker, some £13m more to spend assuming the Government spends £10m. I notice in the contribution of the Chief Minister, and indeed in the contribution of the Minister for Public Works, some sort of blame being put on the contractors for this slow progress. The Chief Minister said. I think, "Whether or not this target will be achieved," at page 17, that is the target of £10,12m, "Whetner or not this target will be achieved depends very much on the performance of contractors and the supply of materials from outside Gibraltar. In detailed and probing discussions with consultants and contractors, the Government has been assured that the expenditure target can be met. I can assure the House of the Government's determination to ensure that the work represented by this expenditure figure is carried out during this financial year." Now that sentence has appeared in substantial form in 1978 when the Development Programme was announced to this House, when we were told that the Public Works Department was getting all the expertise necessary to be able to cope...

HON CHIEF MINISTER:

If the Hon Leader of the Opposition will give way. I think there is a particular significance in the way this is put this time, because the bulk of the programmed works are already not only out to tender

and approved but in progress. That is why we say that the progress is so much dependent on the spend at which the contractors can carry out their work, the bulk of it, and that is the difference. It isn't a question of putting the blame on them, it is rather putting our expectations that their targets, having approved the estimates and having commissioned them to do it and their having started on the work, is kept. And that is where we will ensure to the best of our ability that the work is done.

MR SPEAKER:

Basically what the Chief Minister has explained is the fact that it is now beyond them, they have done what they had to do and it is now in the hands of the contractors.

HON CHIEF MINISTER:

Other than keeping a close watch on the progress of work by consultants and so on and making the contractors responsible for any delays.

HON P J ISODA:

Yes. Mr Steaker, but I just want to say that/1978/79 we were told words relating to their confidence of getting the Development Programme done. In 1979/80, when the Covernment estimated £8m worth of expenditure, we were told the same thing; and in 1980/81 we are being told the same thing again, but, I accept, with the qualifications that at long last contracts have been awarded for some of these projects. The Minister for Public Torks seemed to be shying away from responsibility for his department for this delay, but I can only remind you that in 1979, in this budget session, he as Minister told us that the first brick for the Girls' Comprehensive School would be laid in June, 1979, and it is now nine months later and we still haven't had the first brick laid. The contracts have been awarded it is true. You, Mr Speaker, I can only reflect, because what happened has happened, there is nothing we can do about, we have given warnings repeatedly of the totally unsatisfactory situation with regards to development. I can only reflect on it, but I notice that in the speech, I think, of the Financial and Development Secretary or the Chief Minister, in speeches made by Government Ministers, we have been told of the benefits that will arise from the expenditure of £10m in terms of income. tax receipts and other economic activities; higher employment, more employment of labour and so forth. But, Mr Speaker, they are only telling us what we have been

telling them for the last three years and four and five, that the lack of economic development, the lack of development expenditure, has had a slowing up effect on the economy, and they will themselves see if this money is spent, they will themselves see the results in the revenue that accrues to Gibraltar over the years. But, Mr Speaker, the unforgiveable, if I may say, the unforgiveable sin, let me put it that way, that the Government has committed is that in a Development Programme of £22m there will be £13m unspent.

HON M K FEATHERSTONE:

I think the figures are not quite correct. If you add £2.9m to £4.5m, and £10mthis year, it gives approximately £17m. So it leaves £5m underspent.

HON P J ISOLA:

Well, Mr Speaker, I am going by the speech that was made by the Financial and Development Secretary. There are items I believe in this that are not in the Development Programme, I assume that. And that is why I assume that it is £13m left unspent on the Development Programme. I agree with the figures that the Minister for Public Works has given me, I agree that if you add up £4.5m, £2.6m and £10m it is £17m; but at least £2m is not in the Development Programme because that has just been announced as a result of the frontier situation for car parks. So whether one says £13m or one takes the best possible view for the Government of £17m, it is still £5m or £6m left unspent. I believe it is going to be more, Mr Speaker, I believe it is going to be more, because although some of these things are in the hands of contractors, like for example the school, there are a lot of other ones that are still in the hands of the Government to achieve during the year. It would be interesting to inow of that £10m, how much in terms of value is already out to contract and how much of that amount under contract will be spent during the year.

HON CHIEF MINISTER:

Mr Speaker, if the Honourable Member will give way. It is more than £10m on contract, but it is that part that is to be spent, the bulk of it which is to be spent in this financial year, the contracts out, are worth much more than the £10m.

HCM P J ISOLA:

Yes, I appreciate that, but how much of what is going to be spent this year is contract money? That is what we would be interested to know.

Hr Speaker, going to the Minister for Economic Development, we were very interested to hear about the Port appraisal or viability study or whatever is to be made. I personally was rather surprised to hear about this being done now. I would have thought that would already have been available. The whole look at the Port. I am glad it is being looked at again but I would have thought that with Government making any decisions as to where the power station was going to go, with Government. making any decisions about the viaduct refilling and so . forth, I would have thought that that sort of study would have been done some time ago. Anyway, by all means let it be done. There is one thing, however, that has not been said by either the Minister for Economic Development or the Minister for Public Works, and that is what I would have thought is the crucial factor of the viaduct bridge. Certainly we would like to know whether the viaduct bridge is going to be available for heavy traffic, the sort of heavy traffic that we are going to get.

HCH A J CAMEPA:

I apologise. I actually had a separate sheet of papers on the question of the viaduct and I must have misplaced it in the course of my speech. The position about the viaduct bridge is that we can continue to use it as at present for the next four years. After that, beyond that it would have to be replaced and what is being. proposed is that there should be extensive reclamation, in the long term, reclamation between the end of No 5 jetty and the Varyl Be : Estate, in the shorter term a causeway to replace the viaduct bridge. But it makes sense, in addition to the causeway, I think, to seriously think about reclaration. The only thing is that the order of cost may be very high. As far as the viaduct bridge is concerned the order of cost I think tentatively is possibly under alm and this is what will have to be done in the short term, it will have to be replaced by a causeway.

HCM P J ISCLA:

Well, Mr Speaker, I'm very glad to hear that. We did say, actually, we had considered that as a party and in, our manifesto we did suggest that consideration should be given to reclamation being done between the Varyl Begg

HON A J CANEPA:

Yes, I can confirm that. There is a great deal of work to be done there. One thing about Viaduct that has not been said, but I think is pertinent to mention is that I have been now a member of the Development and Planning Commission since 1973 and over the years we were being told by the representatives of the Navy there, who for over a year also happened to be the Queen's Harbour Master but who usually has been the Chief Staff Officer, now he is the Captain of HMS Rooke, we have been told that a Viaduct was absolutely essential because it was necessary to maintain a flow of water through there otherwise there would be a great deal of pollution. Apparently, they have changed their thinking on that, it doesn't seem to be that necessary now, and that is why a causeway with ducts, 6 to 8 feet wide apparently will be quite sufficient.

HON M K FEATHERSTONE:

It is only really for surface water so that it keeps down the pollution on the surface.

MR SPEAKER:

Yes, but let's not get bogged down on the solution to the Viaduct.

HON P J ISOLA:

But it is, Mr Speaker, that is why I mention it, I think it is very, very relevant to all the development that is going on in the Port area, especially I would have thought to the power development that will take place there. Certainly I'm glad to hear that this is being given thought because I think it is a crucial matter in respect of development for the future of Gibraltar.

There is one point I would like to make. As far as development is concerned, of course, I am only repeating what we have said year in and year out and certainly nobody will be happier, Mr Speaker, than this side of the House if the Government achieves the development target of £10m which they have set themselves for this year. I can only express

concern and disappointment. We knew it was going to happen and that is why I don't get so emotional about it. Concern and disappointment that the Government Development Programme for 1978/81 will not be completed by 1901, that in the new circumstances in which Gibraltar finds itself the amount that is available for a new Development Programme may not be as much as this one and that the opportunity will have been missed and possibly lost forever of getting real development going and completed within a particular period of time. That is a matter of concern and, of course, we have to reserve our rights to criticise the Government for this throughout the period of their term of office.

One last small point, nothing to do with the Improvement . and Development Fund, Mr Speaker, but to do with the Funded Services. May I say that I cannot congratulate the Minister for Public Works in achieving a minus 3% water loss. This is very disturbing to us. Mr Speaker. because it seems to us that if you not only do not lose water but you actually find extra water it seems to me that in that situation what has happened is that people have been charged for water that they have not consumed. Mr Speaker, the average rate, and all these experts that the Minister has brought to Gibraltar on this matter have said that to achieve 20% or 25% lcss of water is very fortunate, is very good, and now we are told that we have no loss of water at all. On the contrary we have a minus 3% and that is apparently as a result of what is metered and what is being billed.

HON M K FEATHERSTONE:

If the Honourable Member would give way. As I said the other day, it is the billing that is at last catching up with backlog. I think I can give one specific instance, by friend in the Victoria Stadium wasn't billed for 3 years and he got his 5 year bill all at one wallop and this may have happened in many other instances. The billing which has been lagging behind since the industrial action in 1977 is at last matching up. They are not charging for water that has not been metered at such.

HON P J ISCLA:

Well, Mr Speaker, I'm very glad to hear that because that could have been a serious matter. It would have meant that people were being charged without the meters being properly read and that is a very serious matter. So we don't know really what the water losses are because the Minister has treated it in a light vein and as a result we have had no figure of water losses and as far as the Water Committee

is concerned, assuming there are water losses, we . . ourselves are surprised that at the last meeting of the Water Committee.we were told that an exercise was going to be done by the Lanagement Section or something of the Secretariat, Management Services, and that we would have a reply within two weeks. Then a meeting of the Water Committee would be called. I must remind the Honourable Member. I don't know whether he got a reply. but I must remind the Honourable Lember that this was about eight or nine months ago, and that if the Water Committee is going to operate in that very haphazard and laggard fashion, I don't think we would be terribly happy of continuing to form part of it. We would certainly like to have assurances from him that the Water Committee's work will be constructive and will achieve its main object. which is to see that the price of water is kept down to a minimum by not having unacceptable losses of water. Water is a very expensive commodity. There is something like £1m down for buying water between the distillation plant and the importation of water and I think that the Water Committee, or whoever it is, should make every effort to .. reduce the losses of water. And another remark that I didn't like. and I think I must say it for the record, was that the Honourable Mr Featherstone also referred to the possibility of an alternative water supply and may I say that on this side of the House if the alternative water supply he was thinking of is the one that we thought when he spoke then we are not in agreement with such an alternative because we feel that Gibraltar should continue to be self-sufficient in all its essential services and we should not make ourselves prone to pressures of that kind at any time in the future.

HON M K FEATHERSTONE:

No. I simply said that there might be alternative importation sources, not an alternative supply.

HON P J ISOLA:

I am glad for this clarification. Well, Mr Speaker, I think I have said enough, I'm glad for once the Government side agree with what we say! I would just end by not repeating what I said before by asking the Government to ponder during the luncheon recess, to ponder very carefully on what we have said. I think we have tried to be constructive in our approach to the budget and we hope that the Finance Bill will reflect some of the suggestions that have been made from this side of the House. It is not too late to change it yet.

Thank you. Mr Speaker.

MR SPEAJEH:

Well, I will say before we recess for lunch that the only Member, other than the Honourable Mr Bossane who hasn't spoken and is entitled to speak before I invite the Chief Minister to reply is the Honourable the Attorney-General. I don't know whether he wishes to contribute to the debate. All I am saying is that we are going to recess until 3.15 pm and those wishing to take an opportunity to contribute to the debate should be here on time so that we do not delay matters. So we will now recess until 3.15 this afternoon.

The House recessed at 12.55 pm.

The House resumed at 3.25 pm.

MR SPEAKER:

Well, gentlemen, I will remind the House that we are still on the second reading of the Appropriation Bill. I understand that the next contributor will be the Honourable Mr Bossano, so I will call on him to make his contribution.

HON J BOSSANO:

Mr Speaker, last year I made my main contribution to the Budget debate in the Bill dealing with the revenue-raising measures. I think one cannot look at the two sides of Government Revenue and Government Expenditure as if they were unconnected elements; the Budget as a whole is a complete thing and my argument over the years has been that, if anything, we concentrate on the Budget in terms of its financial implications, in terms of its attempt to meet expenditure by raising revenue in one way as opposed to another, without giving due weight and consideration to the economic impact of revenue-raising measures as opposed to their fiscal input. And this obviously is going to be a theme that is going to reappear in my contribution this year.

It is quite obvious, Mr Speaker, that I will find myself repeating a great many of the arguments I have put forward in previous years because so few of them have been implemented so far, although I believe that there is a trend, if one looks over the years, in gradual acceptance of some of the suggestions that I have been making from this side of the House.

Let me just first answer perhaps the Honourable and Learned the Leader of the Opposition who opened his own contribution by a reference to the fact that I was following him rather than preceding him. Of course, the Leader of the Opposition reminded the House that when I had been occupying that position in 1976-77, when he was equally eager to follow me as he seems to be on this occasion, he said that I was leading my troops from the rear and he said it as a criticism of the fact that that was the way I chose to handle my answer to the Government on that particular occasion. Clearly although it was intended as a criticism in 1976 since then he has thought about it and decided to adopt it as his own policy rather than following the practice of his immediate predecessor who usually spoke before I did at every Budget session. And, in fact, this practice that we had on the Opposition benches, Mr Speaker, since 1972, was because I was throughout that time when there was a single party in Opposition the spokesman on finance, and if I was shadowing anybody at all really I was shadowing the Financial and Development Secretary, and it was rational that the economic policies of the Opposition should be put by me and that those who followed me should then develop a particular theme shadowing a particular Minister within that ecohomic framework. But, of course, since one understands from one of my ex-troops, who now is a Lieutenant General in the Honourable and Learned Member's Army, one understands from him that they have got their own economic experts and require no assistance from me, I would have thought they did not need to wait to find out what my own economic analysis of the present situation of Gibraltar was. But of course, we have not had an economic analysis from anyone else so far and. therefore, the House will bear with me if I do my humble best in these circumstances to try and enlighten the members of the House who may feel that they can react perhaps more rationally and perhaps also less politically to the implications of this Budget for Gibraltar.

I feel, Mr Speaker, that if all that we do in successive budgets is to quarrel with each other about who is better at doing the things that need to be done by Government we are likely to giv: the impression to people in Gibraltar, and I think that is the impression we do tend to give, that in Gibraltar we are really dealing with a small Urban Council that spends all its time arguing about street lighting, parking spaces, flower pots and stuff like that. And I think this is not the case. In Gibraltar we have got a responsibility for economic management which other communities of our size would not have. A city our size inside a nation has got no choice about the direction in which its economy develops. It has to develop within a national economic framework which reflects national political decisions. We have got choice

in Gibraltar and we should be concentrating out minds in enercising that choice. And to the extent that there are political divisions in Gibraltar, Mr Speaker, those political divisions should reflect alternatives about choice. Clearly, my view as to what effective political participation in the House of Ascembly means is different from that of the Honourable and Learned Leader of the Opposition and therefore, what I say in my attempt to persuade the Government is something that does not and cannot reflect the way the other members of the Opposition fact on the issue because, in my first motion since the election the Longuishe and Learned Lember went on to point that if that I was diving in trying to influence the factioning of Government policy was what I considered to be effective and strong opposition then it was a waste of time. I hope that my philosophy is right and his is wrong because I certainly intend to stick to that philosophy for the next three years and for how many other years I spend in the House of Assembly.

I would put it then to the House that in looking at the implications for the economy of Gibraltar of the Estimates that we have before us. and effectively what we are supposed to be doing, and have been supposed to be doing since the opening statements by the Financial and Development Secretary and the Honourable and Pearned the Thief Minister has been to talk on the morits and general principles of the Bill. I would say that a detailed and conscientious examination of the record in Hansard will show a very wide departure from the strict interpretation of what the merits of the Bill are. We have to look at it in terms of what is the role of politics and political power in the light of a society in terms of material well-being. Ferhaps there may be an element in political philosophy where one tries to perpuade a community to have a different set of priorities which do not carry economic implications. But I think the main role of Government has got to do with the material well-being of the people. And in the recent election campaign we put forward the concept as we saw it that really this should come about in three stages, if you like: that effectively the Government should have a target for economic growth to create wealth; secondly, it should have a set of fiscal policies to generate revenue: and thirdly, it should have a social programme to determine how the wealth created should be consumed. and effectively which seems how the Government tells us that water and electricity and housing and telephones are goods which people have to pay for, but clearly you could say the same of every Government service. The protection that a citizen gets from a Police Force or from a Fire Service is also a service which the Government. is providing the community with and charging for. But instead of charging on a per-capina basis for every fire we have, or charging every time one gets mugged, we get

an overall charge taken out of our incomes. And, therefore, the Government role effectively is to deprive us of part of the wealth that we earn in order to provide us with services which can possibly be more efficiently charged by having a charge on the whole community than by charging the individual user. That is really all that we are talking about when we are talking about an economic programme and an economic policy in a political context.

I believe that there can be fundamental differences in each of these three areas. There can be fundamental differences in a political philosophy about economic growth. My Party is committed to economic growth as is almost every other socialist party in western Europe. Certainly, the Conservatives, as the Honourable the Financial and Development Secretary has mentioned, believe that the cure for inflation is to restrict economic growth and are doing it at the moment through the rigid implementation of a monetary policy that people like myself consider to be a disaster. But there is a clear-cut political difference there. And if one had a budget here with the normal political considerations that politicians discuss in this sort of situation we might find that either we are all in Gibraltar very left-wing, or we are all very right-wing, depending on how we react to something that is dividing Western Europe today about economic growth. But of course, so far the reaction to the statements of . the Chief Minister, and I cannot be simply critical of the Opposition in this respect, I must say that if the Chief Minister starts off his statement by saying that the Government's economic policies must, therefore, be seen as being conceived in pursuance of aims conditioned by circumstances, I would say that there should have been a full stop after seen, and I would say that the economic policy must be seen before we can even react to it. Because I do not see economic policies. What I see so far still is fiscal policies designed to meet meeds in an expenditure programme which is basically an expenditure programme of maintaining existing standards with some small level of improvement in some areas.

For example, the increases announced in Femily Allowances and the increases announced in the children's Glowance under the Income Tax Ordinance, which are both of 25%, are improvements because if we have got a 15% inflation rate and we are going to have a 25% increase there are improvements in those benefits and not simply maintenance of existing standards. Whereas in the case of the Income Tax Allowance, effectively what we have got is what I would agree should be the minimum requirement which is practically indexation of those allowances, otherwise we would have had an increase in Income Tax. If the Government had not increased the Personal Allowances

by 15%, which was the rate of inflation in 1979, then effectively, through fiscal drag there would have been a real increase in real tax paid on real income even if in money terms it did not show up to be the case. So what the Government has done, as I see it, is that on income tax they have maintained the existing level of taxation except for the case of Children's Allowance and Family Allowance where there has been a reduction for this particular group. I cannot quarrel with that. Mr Speaker, but, I would find it easier to point out whether I was able to support it or not if it formed part of a wider philosophy. And therefore, I think that in the first point of what I think the Budget should be doing, which is that of a philosophy about economic growth, we have in fact no such thing happening. In terms of fiscal policies to create revenue I cannot support the view that because we have parity we should be introducing UK rates of tax. I think that the commitment to UK taxation, and in reminding the House of the stand I have taken over the years. I would perhaps point out that I am not necessarily doing what is supposed to be politically most popular, because I was quite willing to defend UK rates of taxation, Mr Speaker, when they were higher than in Gibraltar as part of a programme of integration with UK. I stood by that programme when we started the Integration Party, five of us in 1965, and we said that if the price we had to pay for a defined political objective was to pay UK rates when UK rates were much higher than in Gibraltar, then we were willing to pay that price and defend our philosophy, and that was one of the arguments that those who opposed us were using against us. That we were going to ruin Gibraltar with UK rates of tax! Today we have got higher rates in Gibraltar than in UK. But if we are talking about direct taxation in UK and talking about direct taxation in Gibraltar, then I would not support any move to reduce taxation for those between £12,000 and £16,000 without somebody else telling me where that shortfall in revenue was soing to come from or where the cut in public ' expenditure resulting from that shortfall in revenue was going to fall. It may be politically a popular thing just to tell reople that taxes should be cut. Certainly Mrs Thatcher seems to have been able to make it work in order to get into power although I do not think she is soing to be able to make it work in practice to stop her being eventually out of power, because people in UK are now realising that the income tax cuts that were introduced by the Conservative Government, and we must understand that when we are talking about the UK tax system today we are not talking about a progressive system helping the lower paid, we are talking about a system that has been resisted by the Labour Party in the House of Commons, a system that has been taking money away from the lower paid and giving it to the people at the top.

That is what we are talking about today, if we are comparing the tax system in Gibraltar and the tax system in the UK. And that people who thought that they were in for a bonanza in tax cuts have found themselves paying higher prescription charges, paying for school meals and having drastic cuts in essential services. If we are talking about paying for a given level of services; if we are talking about ideological differences and political differences; let us talk about them openly and honestly. If we are all in agreement with labour policies then that is fine, I think it could not be a better situation from my point of view, Mr Speaker, than to find myself surrounded by fourteen other Socialists; I am not including the two officials because I imagine they are not allowed to Givulge their political colouring:

MR SPEAKER:

I am delighted you have excluded me too!

HON J BOSSANO:

Well, Mr Speaker, since you have to be impartial, I thought that would be the right thing to do!

If the alternative Government does, as my Honourable and Learned Friend Mr Isola proposes. is simply one where he considers it has got a better management team, and this is how I understand the alternative to the statement of the Honourable and Learned the Chief Minister which should really have been a political statement of broad economic, fiscal and social policies, the alternative to that is as I understand it that there is a better team on this side to do the same thing as the Government would want to do, and, that therefore it would cost less money because they would be produce hore it iciency did to very ment. I think that there is a greater depth to the bidget, and to the direction, in which we must guide Gibraltar than simply maying that different individuals as Ministers in . Government would produce different levels of efficiency in the Civil Service, because presumably if we are getting poor value for money, either we are talking about people not doing what they are being paid to do or else we are talking about a system that cannot function whoever is in power. If we need to examine the efficacy of the Government machine, of the system, then certainly it is right and proper that this should be a subject matter for debate in the House and I think that we might well find that we are paying excessively for the services that Government is providing for the community. But then I would go back to my initial point. Mr Speaker, of saying: what is it all about? If we think that we can have a better Fire Service by having it in private hands, because private industry is more

efficient than Covernment industry, then I am prepared to consider any radical ideas that members of the House a may have on such subjects. I think it is proper. I think that it is of essence for ceople like myself who subscribe to the ideology of the labour movement not to be conservative ourselves, and I think it is quite correct that we should ourselves be prepared to examine all our own sacred cows, all the principles that we consider to be incapable of re-examination. I do not think there is anything sacred about the philosophy of how to run an economy that is prevalent and unsocialist, and if somebody can show me that a system based on private enterprise and a system based on capitalism can give the ordinary citizen a happier and a better standard of living then I would be a fool to try and persuade people to change something better for something worse. So I do not think that one should be horrified at the thought of examining honestly. objectively, impartially, what is the best way of providing the things that people want or the things that they need. I think sometimes Government has got to take a decision which essentially is a deprivation of individual freedom. Sometimes we have to legislate, we have done it in this House, we have legislated in this House, it took me a number of years to convince the Honourable Minister for Labour about this, but we legislated making insurance compulsory. Because if you do not make insurance compulsory then there will be people who will not insure for their old age and then when they get to their old age we will have to tax the people who did insure in order to pay pensions to those who did not insure. You have to force them to do it, otherwise effectively, if you leave it to the individual you may find that you tend to penalise the conscientous individual who provided for his own old age and has got to be taxed to keep alive the person who did not provide, because we cannot allow people who made no provision for their old are simply to find for themselves come what may. Therefore, one has got a political responsibility, which if people do not like, if we find the situation where nobody wants to provide for their old age, then clearly . there would be a political party contesting a future election on that ticket, and winning, and they could change the law. But I think Covernment has got a responsibility some times effectively to tax people in order to. provide them with services which, left to their own devices. people would not provide for themselves. It seems to be an imposition. It is in fact a restriction on personal freedom, but it is one that the electorate can alter by electing different people as members of the House when the time comes if they do not like the thinking of the people who are here today. But the important contribution that we can make to the welfare of Gibraltar and the good Government of Gibraltar is not to spend all 🧭 the time arguing about whether the roofs in Varyl Begg

would have taken three years if somebody else had been in Government instead of four years, but to get the roofs done. And we should be analysing fundamentals in this Budget, fundamentals in the economy of Gibraltar, and we should be analysing above all else, Mr Speaker, the direction the economy should be taking after 1st June. Above all else we should be examining that.

I can assure the Government that if I had been responsible for producing an economic plan in a situation of a closed frontier I would think that that economic plan would have to be thrown away in a situation of an oven frontier since it would be meaningless. The Government would have been justified in saying that in the light of the anticipated changes in the Spanish Government's approach to Gibraltar. in the light of the removal of restrictions which were designed to cripple our economy, the most that one can have a month before the change starts taking place is a neitral budget and await events. I believe that even so this Budget effectively underestimates the strength of the economic situation and underestimates the eventual results. In fact, if the House recalls last year when there was so much gloom in the House I got sufficiently exasperated. Mr Speaker, by starting off my contribution by telling Honourable Members that I had never heard so much rubbish spoken in all my life, because all the gloom that there was last year was not justified. I pointed out, and the Financial and Development Secretary of the time recognised, that no account appeared to have been taken of the effect of the private sector wage increase on Government revenues. I also mentioned, as I have mentioned in previous budgets, the effect on the Currency Note Income Account which is inevitable in an inflationary period because there are more notes in circulation. And it is inevitable in a situation of annual wage increases.

We have been given figures by the Honourable the Financial and Development Secretary this year which clearly indicate that in 1978/79, when there was so much trepidation about the implementation of parity, the fears being expressed in the House were not justified. I remember that in 1978 there was a long and heated discussion between the Honourable and Learned Chief Minister and Mr Xiberras, the then Leader of the Opposition, because the reaction then of my colleagues on the Opposition was that the implementation of parity in the way it was being done was taking place too fast; that it should have been started carlier and at a slower pace, and this was again repeated last year when the economic situation appeared to be quite serious. It was again being repeated. It was the speed of the implementation of parity that was responsible, and I pointed out last year that this was absolute nonsense,

that it had nothing to do with speed, it had to do with ratios. What would not have worked, Mr Speaker, would have been for the Gibraltar Government to have implemented parity in 1974 and the MOD to have implemented parity in 1980. That would not have worked. But certainly if it had been done the other way round the surplus would have been £10m today instead of £5m. It has nothing to do with the speed of the implementation of parity because parity in itself is just a concept, the fruit of which we are seeing today. A concept which gives us an objective way of determining wages and establishing relative ties.

The problem that is today crippling whole industries in Western Europe, the most serious problem affecting wage bargaining today is the problem of how we establish relativities in a way that people will accept. In the UK the Labour Government tried to set up the Wages Commission under Professor Clegg to do just what we are doing here in Gibraltar with parity, to establish parity between the public and the private sector, like we have established parity between Gibraltar and the UK Dockyards. And they have had great difficulty in getting some of those results implemented and accepted. We have been fortunate. People recognised from the beginning when they thought to establish parity, trade unionists recognised that it was a question of swings and roundabouts and that in some pay reviews one group would gain more than another group and relativities would be disturbed. But we have not something in Gibraltar, in terms of wages bargaining, that would be the envy of any country in Western Europe II they could have it, because we have got a way of sitting down and settling our differences using an agreed yardstick. We have agreed in Gibraltar since July 1978 that a Fireman here should be paid what a Fireman is paid in UK, and a Dockyard fitter what a Dockyard fitter is getting in UK, whereas everywhere else what tends to happen is that the Dockyard fitter goes on strike in order to close the gap between himself and the Fireman, and then the Fireman goes on strike to open it. That would still be the situation in Gibraltar if we had purely locally-determined wage bargaining processes where basically the person at the end of the cueue would ensure that because he was at the end of the queue he did better than all the people who have preceded him in the queue. That in itself gives the economy of Gibraltar a stability that few other economies have got. and I think the Honourable Minister for Labour mentioned that that enables us now to do more effective forward planning, both as regards the Government's own expenditure and as regards the economy as a whole, because we can now project forward increased wage and salary costs in a way that very few people can anywhere else in the world. And we can do it because there is a time las between our own settlement in Gibraltar and the settlements in UK. And

there is a clear trend established before we come to review dates. So it is possible now for the Financial and Development Secretary to come up with the figures that reflect what I was arguing several years' ago. It is possible now for a reasonably accurate estimate to be made of what the cost to the Government is going to be this year, and the cost to the public sector is going to be this year, and what the yield is going to be.

It is very instructive to look at the figures we have been given because we have been told that the cost to Government is £1.8m. and the yield from the public sector is £1.3m. and this is just on income tax. But of course, in the cost to Government, we have included £320,000 as the cost to the Funded Services, and, therefore, there is an element of double counting there, which should be subtracted if we are talking about a policy of making the Funded Services selffinancing. Because if for example, in the Electricity Account we have a situation where we put down. if one looks at page 109 of the Estimates. £110.000 for wages and salaries and that forms part of the deficit for this year. and we are saying that that service should be selffinancing, then that £110,000, which is part of the cost of £1.8m to the Government, is no longer part of the cost to the Government because it is part of the cost of this fund. But the £35.000 that that produces in PAYE is part of the Government revenue and, therefore, in the context of a policy of making the four Funded Services self-financing and charging the full cost of wages increases to those services - and that is still the policy whether it has been achieved fully this year or not - then we are talking now of a situation where out of the £1.8m gross cost we have £180,000 net cost simply after taking into account the financing of wage increases through rents, water. electricity and telephones, and the payment of PAYE by people in the public sector. And that does not take into account the yield on import duty as a result of the increase in net disposable income which at one stage was put a: 5% initially and subsequently it was reduced and I am not quite sure because we have not been given any information about whether any statistical work has been done on the eventual result - but I remember that in the first estimates that were being made about the impact a figure of 5% was being used and then the Financial and Development Secretary at the time thought it was on the high side and reduced it to 3½%. I do not know whether we now have information which enables us to come to the figure that is closer to reality, although of course I accept entirely that when one is talking about disposable incomes and indirect taxation yield one is talking about a less certain area in terms of forecasting than when one is talking about direct taxation.

Clearly, if we have got different levels of duty levied on different types of goods, and if we are told that so many thousands of television sets were bought in the last two years and that now the market is reaching saturation point, we could get a shift in consumer expenditure on to a product that pays, a lower level of duty and that can upset your calculations. So I think in indirect taxation we have to accept that there is an element there which will probably provide some sort of cushion in terms of revenue yield over the next twelve months, but it is not an element that even in a relatively stable situation one could put an exact figure to without finding subsequently that one's estimates were completely out. But I think that on the Currency Note Income Account there is a very clear spin-off in a situation of 15% inflation, and wage increases averaging 15% to 20% which I think is the experience we are going to be facing in 1980/81 because we've got inflation in UK already running at 20% on a 12 month level, Er Speaker, and, therefore, I think we are bound to see an increase in the money supply in Gibraltar. and I'm glad that none of the prehistoric ideas about monetarist policies have crept into our own fiscal policy;

Yes, we are in the happy situation, Mr Speaker, that we want the money supply to increase, it doesn't worry us at all, it produces money for the Government. Perhaps we should send somehody over to put the British economy right. I think in that situation we can expect that element in Government finance to produce more money and certainly the absence of a figure for the private sector makes no sense at all in any case because ever in a stable situation like we've had, and the employment service indicates that we have not had a contraction of the private sector, and I would have accepted as a valid argument initially, perhaps, on the implementation of parity that if the private sector was going to be subjected to sudden and unexpected wage increases which, in fact, was not the case - it was not the case because the private sector had anticipated the wage increases because, in fact. if we look back to the 1978 estimates, Mr Speaker, we have ; a figure of \$7.4m in the budget then which was, of course. the wage increase of 1976. Now there you have a situation where the Government was paying out \$7.4m for wages backdeted to 1976, whereas the private sector had gone up in 1976, 1977 and 1978. But in the situation that we have got now, where we have seen that parity has been carried out effectively through the major areas of the private sector like the construction industry, the hotel industry, organised white- . collar workers in big employers, are all on either direct analogues with UK or direct analogues with the Gibraltar Government. Since we have now got a stable situation and employment in the private sector is not shrinking, then we can estimate with a fair degree of accuracy that the average level of increase in the private sector would be of the same

order as that of the public sector. Of course, if we do not do it and then we get an outcome of a film more in income tax than was expected we should not all run around jumping for joy at what a pleasant surprise Father Christmas has brought. It has nothing to do with Father Christmas, it has to do with the Unions in Gibraltar negotiating wage increases. That is what is producing the money in PAXE.

If we look at those unquantified elements on the revenue side of this budget, which I think are there and which I think make the position even better than it looks, and consider a new determination on the part of the Government to spend all the development aid in time, and one assumes that there are greater prospects of that new determination which surfaces every 12 months in April not dying in the course of the next three or four months, but if we see that actually bearing fruit, and I would remind Honourable Members that it was an important point in my analysis of the figures twelve months ago and twenty four months ago, that the degree to which the development programme was translated into work and translated into the payment of wages, was also a vital element in the degree to which we could expect actual rigures to exceed the estimates. If we actually see the £10m programme carried out; if we actually see the private sector wages going up; and we see an expansion of employment in Gibraltar and an influx of tourists, then we are talking, Kr Speaker, really of figures that look very healthy today, but which could be made to look ridiculous under estimates in twelve months' time. But I would agree that the Government should not take any risks at this stage with the economy of Gibraltar although I think that the figures in fact we will be pleasantly surprised by exceeding over the next twelve months. I would agree that the Government should not take any risks with the economy of Gibraltar because the most important consideration above all others that must ... guide us in this House is the preservation of Gibraltor and its people in the light of Spain's pretensions to take

I think that in that consideration it is very important for us to have a strong, viable economy. I do not think we need to querrel with Her Majesty's Government but it is certainly easier to disagree if you control your own purse strings. And I think it is important that the opportunities that may be opened up by a less antagonistic attitude on the part of the Spanish Government, those opportunities should be used to strengthen the economy of Gibraltar and to ensure that we do not find ourselves in a position of unnecessary vulnerability at some unspecified date in the future. It is important, and that should form a main political plank underlying ecohomic policy for the Government of Gibraltar because it is better in a situation such as we have to err on the side of caution and find that we have got the money

in reserve which will give us a measure of independence in making our own decisions, and not to need to do it — it is better to have it, to be able to do it and not to need to do it, than to find ourselves in need of doing it and not being able to.

I think in any case an objective assessment of the situation will show that the level of reserves today is not exceptional by reference to what we have had over a number of years. It is exceptional by reference to what we have had in the last two years only. But I think the last two years were exceptional because we had a dislocation of the economy as a result of a two year delay before any public sector wage settlements took place. So we had a situation where the Government of Gibraltar, forming something like 30% of the total economy, was receiving revenue from the rest of the economy and having fixed costs itself; and then two years later having to go back and readjust all its cost figures retrospectively. Well. clearly any business finding itself in that situation will be in serious trouble because all its capital reserves, all its projection for the future, all its revenue figures would have to be redone, backdated two years, when the money that was being received two years ago has already been spent and gone. We have not got that situation any more in Gibraltar, and I hope we never have to have it again. Therefore, to look at today's revenue figures; to look at today's debt servicing, to look at today's reserves, we should go back to a previously normal economic situation in Gibraltar.

We find that in terms of reserves, Mr Speaker, in 1976/77 we had £3.5m in a budget expenditure of £18.4m. We find that in 1973/74 we had £1.2m in reserve in a budget expenditure of £6.7m. The reserves were 33% of expenditure, four months' expenditure. If we look at debt servicing we find that if we go back to 1971/72, which was one of the highest percentage figures that we had, we were then servicing our public debt by using up 8% of our expenditure. Then we came down to a low of 2.9% in 1976/77, when the debt servicing costs were £540,000, and we have been gradually increasing since then. In 1978/79 the figure is 3.4%, and in 1979/80 the figure is 3.7%. So we see that at present the servicing cost of public debt is not disproportionately high out of total public expenditure in relation to past situation, past experience of the Government of Gibraltar.

Clearly, we must look at this as one of the factors in deciding whether we can afford to increase public debt or not. There may be a case for changing the timing of increase in public debt, not necessarily because we cannot afford it but because by delaying it or by accelerating it we can get the money that we need cheaper. I would

remind the House that in 1978 when the Government indicated that they accepted the need to shift from financing the Improvement and Development Find primarily by injections from the Consolidated Fund to doing it mainly through the raising of loans. I welcomed this changed emphasis, but thought it was unfortunate that they had chosen to do so at the time when there seemed to be a clear upward trend in interest rates. Certainly at the time I would have thought myself that those rates were high. In retrospect of course they appear now ridiculously low, but at that time they were themselves historically high. In a situation where we are now in this extraordinary area of 20% interest rates. it would be a serious mistake I think to raise long term capital at this level of interest rates, and I would advise the Government against this. It would be better in a situation like this to use our own reserves perhaps with a view to replenishing the reserves by raising long term capital when long term interest rates come down, which they are bound to do because the whole object of the monetarist policy is precisely to dampen down inflationary pressures through curtailing the raising of long term money and curtailing capital investment in the belief that this will produce a situation of initial unemployment, initial drop in consumer demand, followed by a drop in inflation or a de-celeration of the rate of inflation which will then be translated into a drop in interest rates which will then produce a stimulation of demand. That is the essence of the philosophy behind the policies being followed, not just in the UK, but in the United States and in most Western European capitals today.

A philosophy which I personally think is doomed to failure. but whether it fails or it succeeds, the time will come when politically it will be untenable. The time will come when if one gets deflation of the economies of Western Europe with massive unemployment, as the prospects seem to be, as the Financial and "evelopment Secretary mentioned in his opening statement, with factories closing down through lack of consumer demand, with pressures on public expenditure through the need to maintain welfare payment any way, and all this massive exercise being maintained at colossally high interest rates and the easing of public debts. Governments will have to change course. If the policies being implemented today in Western Europe fail to produce results they will change course, and if they do produce results, well then they are supposed to be changing course anyway because that is one of the results expected of them. If they work, interest rates are supposed to fall naturally, but even if they fail to work, political circums ances will force a U-turn on the British Government and on a number of other Governments. 'We in Gibraltar are only caught at the tail end of this inflationary spiral, both in terms of imported inflation through our consumer goods and in terms of our ability to raise finance for our own local investment.

And becaus; we have both an open economy in Gibraltar and in thinking about economic planning, in thinking about the need to attract resources to Gibraltar for investment in Gibraltar, there are only two ways open to the Government really. Either we have got a rigid type of exchange control where we would have the unconvertible rouble as the equivalent currency in Gibraltar; where people would not be allowed to take money out of Gibraltar whether they like it or not, and I would think that it would be a very difficult system to police effectively, or else we have whether we like it or not, to pay the going rate in Gibraltar to make investment in Gibraltar for those who have money as attractive as investment outside Gibraltar.

I think the reality of it is that the economy of Gibraltar cannot take the first course because it would need to be virtually a self-sufficient aconomy to be able to do it effectively. So we have no choice. Thether we like it or not we are caught up in any financial storm that goes through the London money market for as long as we are unable to finance all our own projects ourselves out of our own money. herefore, I would say that if it is possible for the Government to use part of its reserves at this stage to delay borrowing money, in the hope that they will be able to raice that money in the not too distant future at more favourable rates, and I think for example, if we are talking about a delay that may extend as much as twelve months, I think that within twelve months, I cannot see anything other than a down trend appearing within twelve nonths on the international money markets. If we are talking about that sort of time scale I would say that there might be benefit. in the Government doing it with a view to replenishing their reserves. I would not want to see a shift from capital funding by long-term borrowing to funding out of reserves because I do not think that is a wise thing to do. I have always felt that one should look at the cash flow of Government business as a means of meeting debt servicing . rather than as a means of financing capital works. One should look at it from the point of view almost really like the domestic consumer looks at it, of saying, well, instead of saving the money to buy a car, I buy the car now and I am paying for it while I am using it. I think that the Government's approach should be realistic; that they should cay, if we can afford to have devoted 10% of. our revenue to servicing debt and we are able to borrow money, say at, for the cake of using an artificial figure, at 10% that means we can afford to spend ten times that each flow on capital works. And therefore, the revenue flow and the Consolidated Fund should be seen as the backdrop to debt servicing and not as the backdrop to capital investment. But there may be occasional situations, and I would gut it to the Government that this is one of. them, where the timing is an important factor. And although the case for raising long-term capital is still just as strong economically, in terms of money management, in terms

of financial management as opposed to economic management, there may be a point for dipping into your reserves to use that money until you can get money cheaper and put it back in your own reserves.

The reserves themselves, Mr Speaker, as I have said at this stage are not excessive by past standards. I think the projected reserve of £5.5m must, of necessity, be seen in the context of a number of factors. It has to be seen in the context of a figure that is there in money terms and not in real terms and therefore it must be seen in the context of the purchasing power of that money today as opposed to the purchasing power of the reserves of £2.9m in 1975/76 or £1.2m in 1971/72. And in that context they are not as big as they would appear to be at first sight. A point that was made by the Honourable and Learned the Chief Minister in 1978 where, I think, he was trying to show that there was a strong case for building up reserves which were then projected at £1.3m and the Government put in measures to raise an additional £300,000 to increase the reserves. was that out of that £1.3m £700.000 were uncollected, unpaid bills. It is not a point that is mentioned this year and it is a point that the House should bear in mind.

According to the Auditor's Report it was £1.5m in March, · 1979, and although the figure went down slightly in September, 1979, it is bound, unless we shorten the period of collection; to be an increasing figure in line with increasing costs. And, therefore, if people are a couple of months behind with their electricity bills and clearly the electricity bills cost more every month, that couple of months will mean more and more in money terms, and, therefore, when the is looking at the reserves one must recognise that that is a real asset. I mean, there is no question about it because every business ircludes in its balance sheet debtors as an asset. But the fact that it is an asset doesn't mean it is a liquid asset. it isn't an asset that can be readily realised because if the Government has not a couple of thousand consumers owing it money for bills of water and electricity, well, it wouldn't pay to try and take everybody to court in a month to get the money back quickly. So, you know, it is an asset that is there as a lorg term source of revenue for the Government finance, but as a short term situation, where the Government may be facing a liquidity problem, the cash is not there to be used. So, I think, the fact that there is a figure there of £12m is important that the House should know before we start running away with the idea that we are all being excessively taxed in order to build up unnecessary reserve, which I myself would not support. But in any cash I would not accept that the choices are between whether with reduced tax or with reduced reserves - because, of course, there is also an alternative about whether we increase services. Unless we have all got to the stage of thinking

in Gibraltar that we have created such a perfect society that there are no further improvements necessary or desirable and, therefore, if we were facing a choice today. Er Speaker, of having too much money, which I submit to the House is not the case, if we were facing that choice today then before we start telling the Government to give all that money back to the consumer, I would say that there must still be areas of improvement of social deprivation in Gibraltar where it might be better for all of us to stick to the system we have got today and see an improvement in weaker members of the community, rather than be able to spend a little more time on bingo or smoke more or get more television sets or something. like that. So I would put it that even if we were facing a situation, which we may face in the future, of having such healthy revenue flows in Government, that the budgets will be not about how much more we are going to pay but how much more we are going to be given back which may be the prospect that awaits us. in which case I think probably the AACR can look forward then to another 200 years in office, if they come back every budget telling us how much money they are going to give us. But I don't think that is the immediate prospect.

In the situation, therefore, of today's budget, Mr Speaker, we have to consider that it is very likely that the new economic climate within which we will be operating over the next twelve months will make, certainly the estimates on the revenue side, I think, will make those estimates look completely ridiculous in twelve months time. I think one has got to accept that if that were the case, it is not something that could be put at the door of the Government as bad estimating. It would be something that the environment within which these estimates have changed to the extent that the change has not yet been reflected because the full impact of the change cannot be predicted at this stage. But the fact that it cannot be predicted doesn't mean that we go through this estimate now bickering with each other as if nothing was happening, because there is something very important happening to the economy of Gibraltar. And I think we should be concentrating our minds in this House as how best to work together in order to ensure that the economic strength of Gibraltar is increased and not weakened by the changes that are going to come about in our relations with Spain.

I have for many years now been preaching the necessity for long term economic planning. In an unchanging situation, Mr Speaker, long term economic planning is something that can be delayed and the only price one pays for delaying it is the loss of not having its benefits earlier than one might otherwise have. But in a situation like we face today, if we do not make an immediate and sustained effort to introduce a more rigid set of criteria in the running of the economy of Gibraltar, we could miss the

boat completely. We could fail to take advantage of the opportunities that may be opening for the economy of Gibraltar. I think part of this is clearly already reflected in Government thinking. I would say the input/output study which was mentioned last year which is proceeding now to an imminent conclusion. I believe, that. Mr Speaker, must provide the backcloth against which we carry out economic studies of different sectors of the economy, because that will show us what the situation was when the frontier closed, and it is important to monitor then the changes from that situation in order to see how we should react to those changes. And if it was important in the past that fiscal policies should not be arrived at in isolation of economic criteria it is of vital importance now. Because now a purely fiscal decision, which is simply a way of raising money because we want so much money to pay for certain things that you have to buy, that, without a true analysis of the repercussions on the economy of Gubraltar in the context which I was very happy to hearthe Minister for Labour explaining, of the feasibility study, which is the sort of context in which we must look at the economy of Cibraltar; on the traffic flows through the Mediterranean; on the way cargo is moving; on the impact of legislation in the EEC; we take fiscal measures without working out the economic repercussions in a situation where we have got normal communication with Spain, we could destroy the economy of Gibraltar ourselves without even knowing what we were doing and would find out too late. So what I've been trying to impress over the years. Mr Speaker. now becomes a vital necessity. The Honourable and Learned Chief Minister last year in fact invited me to unveil my economic programme for Gibraltar, an invitation that I find repeated from all sorts of quarters Mr Speaker. In the course of the recent election campaign my party went to an election campaign knowing we were not in a position to form Government but making it clear that our philosophy would be, if any or all of us were returned to the House, that whoever was on the Government side we would attempt to persuade to implement policies for the good of Gibraltar rather than use our time here in order to engage in purely verbal political battles and score up debating points as if this was a public school or a grammer school - even if a lot of us do come from the Grammar School. I think we should stop being Grammar School boys now and again. And, therefore, in that context I would say to the Government that I feel that there is a need for an immediate reaction on our part to the new situation that has been created, and that that need should be translated by the setting up of some sort of body outside Government control which would give the Government specific advice and recommendations.

I am thinking, Mr Speaker, of something which would have a role similar to NEDG in the United Kingdom but not as

institutionalised as it is. In the UK there are what are known as Cuango's - that is what the critics call it - and they are gradually being done out of existence by the Conservatives. But these are bodies which offectively are advisary bodies with usually representations from Government. Trade Unions and Industrialists. Now. I think, in a case like Gibraltar, we cannot in fact have that sort of mattern like we have for example in the different Statutory Boards because effectively the Statutory Boards, are intended to be advisory bodies which act as a means of communications between Government and affected areas, and, therefore, if we have Trade Unions . representation or representation from the House it is because the Government wants to get the advice from the shop floor and does it that way, by having somebody who comes with a policy decision and makes known what is the Union policy there. What we need effectively is a group of individuals who may be from the Unions, or may be from business, or may be from Government, but who can make a positive contribution in ideas or in expertise in different areas. I think it is important to start this and to start it straightaway, and I would offer my services in this respect to the Government to set up a series of small committees that would investigate different areas of the economy, do it as speedily as possible, and submit to the Government a report analysing the possible impact of the new economic situation on that particular area of the economy, and we might be talking about hotels, we might be talking about bars, we might be talking about transport. restaurants. Clearly in the expertise in that committee there would have to be the people involved in that particular area and I would suggest that the way that this should be hendled, would be that these reports . and they may well need to be confidential for more than one reason. one is that we don't particularly want our newly discovered loring neighbours to find out all that we were doing to counteract any possible repercussions of our economy. The other thing is that the people in that particular sector themselves may not want their competitiveness exposed. That these reports which would be essentially reports giving an analysis of the situation with, I would say fairly rigid statistical criteria. I don't think it has to be a loose thing, I don't think it can be a loose thing, I think, we are just talking about subjective assessments of the situations, we've already got a lot of thoughts floating about. I think the Government needs something more solid on which to take its policy decisions. And I think that, this with any recommendations, should then go to the Government, to the Council of Ministers probably, where the Government would either reject the advice or accept some of it or accept all of it. I think, the political responsibility rests with the Government. Notwithstanding the fact that the political responsibilities rest with the Government, I think, the Government at the moment is not really in a position in many areas to be able

to take effect political decisions knowing exactly what the alternatives in front of it are. If we had been involved in this area of economic planning for a number of years already, we would have been able to move into this just like that, overnight. It would have come natural, but we haven't been doing it. And if the Government is going to be effective in its decision, making it needs to have the thing put in front of it in cold objective language, that the alternatives are clearly seen. The repercussions of doing A, the repercussions of doing B. It still needs to be a political decision and, therefore, in making this proposal, although I do it as a Member of the House and as a representative of a political party as the way I think one should move immediately to try and overcome possible reporcussions or our economy, the offer of my service, Mr Speaker, is not as a politician but as a conscientious citizen who happens to have some skill in this area and who wants to use the skill for the good of Gibraltar, even if it happens to be for the credit of a Government and are able to win even more elections as the result of the advice they get. But whether that is the case or not I think Gibraltar faces a crucial time in its history, and we cannot afford for the sake of not giving somebody else political advantage, to deprive Gibraltar of any guidance that it might need. where somebody might help and it would be an attitude of cutting off one's nose to spite one's face, Lr Speaker, if one simply spent ones time criticising other people, thinking that one has got a positive and helpful suggestion . to make in the situation and keeping it back in the sense that the opportunity to use it may never come. I think the situation is so serious, Mr Speaker, that if Gibraltar's economy is not geared up to what may be a totally unknown economic environment compared to anything which we have faced before, if we are not geared up to do it initially we may never be able to do it. We may find ourselves at the receiving end of all the economic development. We may find that all the economic development for the Campo Area takes place in the Campo Area but outside Gibraiter itself, and I think if there is going to be major economic growth in this area then Gibraltar needs to be at the forefront of that economic growth.

We have got a great many advantages. We have got advantages in the stability of our wage pargaining system. We have got the advantages that we have got more sophisticated statistical services than any neighbouring town of our size. We've got the advantage that we've got per capita, a more highly educated people than most other communities of our size, and I think those advantages can only be capitalised if we give the economy of Gibraltar a sense of direction. And in order to do it we've got to start working straightaway. I am not saying, Mr Speaker, that the whole world is going to collapse on the lst of June, I don't think that

this is so, but I think that unless we start working to give the economy of Gibraltar a particular direction and start working now, we may get so bogged down with traffic problems and one thing and the other that we have no time to look at anything else.

I think that the feasibility study of the Port, for example, is clearly one of the main elements in any long term economic plans for Gibraltar, and I welcome very much indeed the way that it is going to be done and the way that it has been explained by the Honourable Minister for Labour. I think it is essential, But I would put this to him then that in the context of a feasibility study for the Port the situation of the Generating Station in No 5 Jetty has got to be looked at because what do we do if after we start building the station the first recommendation we get from the feasibility study is that the station is not going to be there. We are caught in a situation where there are serious decisions to be made which should be made, I think, using as pragmatic and objective a set of criteria as we can devise, and I think it is important in the situation to press Government perhaps in one direction or another because one thinks that is the best thing to do, but also to accept that it is very easy to make a wrong decision, and that it is very easy to criticise a wrong decision with the benefit of hind sight. Because in fact, Mr Speaker, if we take this particular example, I myself was pressing a month ago for a commitment that the new Generating Station would be built within the next 12 months. Now, that is what I was doing a month ago. I am saying today that if we were talking about an open frontier and we are talking of feasibility study and a major development of the Port, we cannot now ignore that eventuality and proceed with our plan for the Generating Station as if none of that was taking place. Because we would be made to look fools. The first reaction of a team carrying out that would be of saying: the potential is going to be seriously inhibited because of the fact that you have got a Generating Station there which you didn't have three months ago. Now clearly, Mr Speaker, and I want to emphasise this because I think it is important to ensure, that debate in this House is honest, and that it does not involve simply a political game, clearly if the Government accepted the need to delay the starting of work on No 5 Jetty, because in its order of priorities the development of the port and the feasibility study came first, and that, therefore, there was an apparent conflict between the two, then if that is something that the Government accepts, then clearly it would be wrong then to accuse the Government of not having done the Generating . Station in time. Therefore, political responsibility recuires that if one supports a particular course of action then one supports it the whole way.

I think that the vitally-important thing for Gibraltar. more important than anything we have had to tackle up to now. is its long-term economic viability. We must be able to get the economy of Gibraltar working well. and we must be able to do it so that we can plan for the future a continual, increasing and improving standard That is the dream of every Government in of living. Western Europe. I think we have got better chances of doing it here than anywhere else. And I believe that all of us love Gibraltar dearly, that we are totally committed to it, and we should not allow that to be interfered by mere petty political considerations because it does not really matter who is on that side or on this side. It does not really matter. What matters is that the people who are here should be putting Gibraltar first all the time and that if they have to quarrel they have to do it because in their judgement what the other side wants to do is a bad thing for Gibraltar. Not because in their judgement they can come top of the poll by saying something about the other side which they may well know they would do themselves.

I was only in the House from 1972 onwards. I remember on many occasions in 1972 and subsequently that members who were then on this side who had been in Government were accusing the then Government of being as obstructive and uncooperative when they were in Opposition. It is important that in Gibraltar we move away from this system of doing things. The Government knows that I do not believe in committee system, I believe in open debate, but I believe that open dehate should still be objective debate. The value of open debate is that the debate should be a means of enhancing the political education of the people of Cibraltar. And if the debates here are, as I have said, common room debates, they are not going to enhance the political contents of our citizenship. What they are going to do is make us the laughing stock of Gibraltar. People will think that this is a circus instead of a Parliament!

It is important, Mr Speaker, that we should tackle this budget seriously but that we should be doing it on the basis that the Government should be asked to take into account the views of the Opposition because the only thing the Opposition is trying to do is to help the Government to govern better. That may not be an effective way of replacing the Government. On the other hand it should, because I would have thought that if the people of Gibraltar see that the Government of Gibraltar is constantly having its policies improved by the Opposition, then they might think that if the Opposition was on the other side they would have a chance of doing it better themselves. But I think that we are not getting anywhere near that and I want to impress this on the House because

this is the first Budget after the Blackfon. This is my eighth budget, Mr Speaker. I have already been through seven of them and I do not really like the prospect of going through three more that are a repetition of the last seven where one hears absolutely nothing new except that the Government is very inefficient. Well, then if the Government is very inefficient, let us say, whether we are talking about the people in the public service being lazy and not wanting to work: are we saying that? Or are we saying that the system of Government is so chaotic that nobody could make it work. Let us identify what we are talking about. If we are talking about public expenditure, are we saying that we want to spend less money because we want to raise less money, or are we saying that we are getting too little in exchange for the money we are paying? Let us have rational debate in the House and let us take political positions on the basis of that rational debate. Then we give the electorate a choice, Mr Speaker, But we cannot just go round and round in circles talking about inefficiency but then of course, retracting because there are 500 votes in the Civil Service; and talking about something else and then retracting occause That is not conducive to any good results coming out of debates in this House. We might as well then simply have the Government coming here and putting the matter to the vote and exercising the majority and passing it, the end result is going to be the same.

Therefore, in making the specific proposal that I am making to the Government and, in making the point that I am making about my analysis of the economic situation and the potential strength of our economy, I am doing it, and I hope that it is being taken in the spirit in which I am doing it, not on the basis of proving to Gibralgar that the GSLP is the ideal Government which will be the panacea for all evils, but in the spirit of trying to produce constructive suggestion which will help the Government that is here today to govern Gibraltar better, so that when we eventually replace it we will have something even better to improve upon, lir Speaker.

MR SPEAKER:

Well, I believe there are no other contributors, so I will call on the Chief Minister to exercise his right of reply.

HON CHIEF MINISTER:

Thank you, Mr Speaker, I am very happy to follow the Honourable Member who has just spoken because I propose

to deal briefly with some of the main considerations that he has raised, after which I will survey to the extent that other proposals and cricisms have been made in their details.

In the first place, we have had seven sreeches on the Budget by the Honourable Mr Bossano, I think this one, if my memory does serve me well, is one of the best that he has given us. At least he has attempted to make an honest analysis of the situation. The one theme which has gone through his address and which I made in my opening statement is that we were at a crucial time in our history. We are going into the unknown and though I shall deal with it later, we have had a forward planning committee in respect of the possible opening of the frontier, not because of any recent events but because that is one of the objects of good government, to keep elements of fact available and ready for any possible eventualities arising out of a particular set of circumstances. It is still impossible. with the available material at our disposal, to know what the results of the opening of the frontier are going to be.

There is one very important reason why it is a journey into the unknown, and that is we do not know yet what the relationship is going to be in the future. The communique speaks about equality of rights. We have to see what those rights are in which equality is sought: and reciprocity. of rights etc. We do not know what conditions are going to be placed. Certainly, and I am sure I am speaking for all of us here and in Gibraltar, they would not be conditions that would clearly show that in the future we would be subservient to our neighbours. This is why it is very difficult to assess in terms of the budget what effect the open frontier is going to have. Because we have to have all the options at our disposal to safeguard the .nterest of the people both in its identity and in its economic viability. I entirely agree with the last remarks of the Honourable Mr Bossano, that it is very difficult at h's stage to be able to know what is coming as a result of this open frontier.

I am reartened by his reference to the question of the Consoliated Fund Balance and if I follow his thinking a little further one would say that in order to have in terms of the present budget a four months reserve, we would have to have 510m in the Consoliated Fund Balance, and we have had in the past for many years in better circumstances, of course, reserves of that nature. In fact, I remember that even in the very early days when as Members we were not very directly concerned with financial policy, we would have a reserve equivalent to even a year or six months deposit in the Consolidated Fund Balance in the early 1950's when we started to

operate in this House. That is one of the matters that is particularly important and that is why we have not made, in preparing the Eudget, any provision for any possible benefits that could arise from the open frontier. We have had to assume that we have to plan on the besis of what we know and we will have to adjust one way or the other as circumstances develop.

The possible disclosure of Mr Bossano's economic plan almost looked as if it was going to take place at some stage in his speech, but in the end he played a bit of a conjuring trick because he said, well have a NEDC and I will tell you. Perhaps it may not be bad to have some kind of a NEDC, that is a National Economic Development Council, and the suggestion that he has made, which I take it he has made for the contribution that he thinks he and others can make, wil! be looked at carefully because we think it deserves very serious consideration. It fits in very well with the mention I made at the Ceremonial Opening of the House of Ascembly where we said we looked to the Opposition, to public bodies, to the Civil Service, to the Trade Unions and, indeed, to the people as a whole to play their parts each in their own role in the important task of working constructively for the common good of our society. I have made other overtures of cooperation to other people and it does not come as any embarrassment at all for me to say that we would be very happy to Look further into the setting up of a body that would be able independently to advise the Government in matters of the growth, and the various aspects of the economy.

There are obvious difficulties that one can think of: the right people; Mr Bossano is eminently suitable for that, but then people in other spheres of life who have to feed in the information that would be required to give substantial value to whatever advice is given. There is always the same difficulty in many respects, but I think it is worth a try and I would certainly probe the Honourable Member a little more into more specific ideas particularly when he spoke about small committees. I am afraid of too many committees but perhaps one committee with sub-committee and so on might be the answer. Anyhow, all I say in that respect is that we will look at this and probe him a little more to get a little more information and see whether something good can come out of that idea. If not, I shall have to ask him to disclose it in public if only for the benefit of Gioraltar to which he has referred so many times. I am sure that it is really a long-term contribution, a longterm plan that is required and that that is where his sights have been placed.

He said we have to get it right. I hope we do because I remember Dennis Healy saying that just before they lost the election. We have to get it right this time, we did not

get it right the last time, and he has really tried several times to get it right and he failed. But I think it is worth a try.

He has dealt greatly with the question of the Consolidated Fund Balance and the fact that he says that this is a good thing, of course is a matter for him and I am glad to hear it. I still have to deal with the criticism that has been made about it from other members of the House. and I am not going to rely solely on his support to show satisfaction, because I felt, even before he spoke, that we were taking the right decision. I feel confirmed now, particularly in the aspect in which we have to be strong. To meet whatever challenges come from an open frontier was very much in our minds, when we thought that we would not take into account any changes that would come about as a result of the change that is going to take place soon to deter us from maintaining that this was the right decision. In fact, it is confirmed in our minds that this is the right decision.

But those who have criticised this balance should be cautious of inconsistence. I must remind the Honourable and Gallant Major Feliza who spoke for so long about the importance of having a balance, and this is what he said in the Budget debate of 27 March 1972, in that glorious period during which he was responsible for one of the two or three budgets. He spoke about the fact that he had inherited a dreadful position of a deficit of the old City Council, and he said "That was the position that we inherited from the previous administration, so you can imagine how jubilant I find myself today to realise that from a deficit of such magnitude and finding our Balance down to £700,000. I now come to this House to say that, as it looks today, the Revenue balance of reserves will be £1.4m. This is after putting £300,000 to the Improvement and Development Fund. So in fact if we have not done that and we had wanted to show this as reserve we would have £1.7m in reserve today. Anastronomical figure for Gibraltar never having been reached before. What surprises me is that this, which in my view is the highlight of these Estimates has not really been made public yet, and the best I have seen so far is in the Gibraltar Chronicla, nothing else has come out. I have not even heard the figure on television or on the radio news. I just cannot understand this because it was printed in the speech that was given by the Financial and Development Secretary. There are no excuses whatsoever for not bringing to the notice of the people of . Gibraltar this great achievement which is bound to heighten the morale of the people who have been suffering for so many years." That is what the Honourable and Gallant Member was speaking about, about the revenue balance of £1.400.000 in 1972 which I am sure - and I haven't bothered

to look at the figures - that by cost of the budget at that time was well over the proportion that 25m or 26m would bear to a budget of 252m.

HON MAJOR R J PELIZA:

The budget was about £3m.

HON CHIEF MINISTER:

So really I do not think that it makes for the best to use one language when one is on this side of the House and another when one is on that side of the House. But that is part of the philosophy of the Honourable and Gallant Member as he has made clear on one or two occasions in the past. It is one thing which you say when you are in office and another when you are in Opposition.

Locking now at the points made by the Honourable and Gallant Member, since I dealt with that part of it earlier. I did say that we have had a forward planning committee on this question of the possibility of an . open frontier for years and that it has reviewed its blueprint from time to time. It has been looked at very recently but really until we know what terms are involved on this question of reciprocity of rights which are mentioned and so on, and the background against which the frontier is being opened - and I do not refer to this in respect of the negotiation but the background - that is the economic situation in the immediate vicinity and the growth of our economy as an island economy. I feel we can gauge what is expected from us. I have already seen sigms in some sectors of the Spanish press not expressing the view that they should not expect all the problems in the Campo Area to be solved by the opening of the frontier. So some people are expecting that, and it is quite obvious that with the best will in the world we couldn't cope with that. And any attempt at solving the problem in that way might be disastrous for Gioraltar if all that we were going to get out of an open frontier was to solve the problem of unemployment across the way. I agree with what he said but not for the reasons that he said it, and that is that this was a budget at the crossroads. The answer is that we have to lock right and left and forward before we cross and we remain where we are until we see what the traffic is like, generally. He said, we are going to have some change. That is precisely what we have to look out for, not knowing what the repercussions are, rightly so. In fact he did say we had to be cautious and I entirely agree.

Did we have any clue as to tourism? Well, we have clues, but what would that mean in terms of economic growth until we know what the extent of the facilities that are going to be available are going to be. For that and many other reasons which I need not dwell on again, I think we are doing right in preparing our budget on the basis of the availability of knowledge. I think, the point made by Mr Bossano is a particularly good one. It has been said that what was going to be the good of the input/output study now that circumstances were going to change, and I think if it had come a little later we might have been too late on it because we would then not have had a good reflection of the situation before the frontier opens. It would then not be possible to compare one result of the analysis of that one to any future input/output study in order to be able to gauge the difference between one approach and the other.

One or two other matters that were raised I think are common grounds: about the fact that we should not sell things more expensively. Well, I think this is really elementary and the figures given by my colleague this morning about the relative prices in one place and the other show that this is a very important matter which we have been taking into account and so on.

I would like to associate myself with my colleague, Mr Canepa, in congratulating Er Scott on his maiden speech and to correct an omission, for which I apologise, of not having done the same to the Honourable Er Loddo when he spoke on the Police motion. That was an omission for which I apologise. I know it was up to me to have done that as the Leader of the House and I did not do it and I apologise. But I do it on this occasion and I think I would like to add in the second speech and deal with them together and commend him for the care and attention that he has given to the preparation of his contribution to this debate.

I'm afraid I cannot express the same sentiments in respect of the Honourable Mr Haynes. Of course, he is valiant and so on but he should also make an attempt not to be importinent. I don't think he made much effort in that direction and perhaps he would do his homework better and . would follow the example of the youngest Member of the House, and that is the Honourable ar Perez, who was on the other side of the House under the leadership of the Honourable Mr Bossano for about a year, and another period of similar duration under Mr Xiberras, and then as a reasonably cuiet backbencher on this side. He didn't make any impact as the youth that was going to solve all the problems but I think he was learning his job well and I think it is a tribute to his care and attention that he has been able to present, after such a short time with Ministerial duties, the budget of his department with such knowledge,

deep knowledge, of all the matters that concern his depertment. But, nevertheless, perhaps on this occasion in order to show the Honourable Member with his enthusiasm of youth that many of the points that he raised either he improvised them or didn't think enough about them, that he was talking entirely through his hat. When he spoke about what are we going to do when the oil runs out. I'm sure the King's Palace must be thinking about exactly the same thing: what is Saudi Arabia going to do when the oil runs dry what is Kuwait and all the others going to do. I don't know that it might not be a good thing if we could do something else and cope with that aspect that unpleasant part of life in the world today, the pressure which is brought about by those who produce oil. He then spoke about the many other ways in which we could produce energy as if nobody had thought about this until the Honourable Member, whose association with politics arose on the morning of his nomination without even attending the general meeting of the party which he represents, comes along here to try and present ideas that have been thought of for many, many years.

He spoke about other means of energy. Well let me tell the Honourable Member that gas disappeared from Gibraltar around 1968 due to the high operating costs mainly arising from the inefficient use of fuel oil that was needed to produce was, and the state of the gas distribution pipes was such that substantial capital investment was required to restore the pipes to good working conditions, apart from the fact that it perpetuated in the heart of a very thickly populated area, a Gas Works which had been built there when no buildings were about and the presence there was not objectionable. It was then - in 1968 - as much an objection to have a Gas Norks in the middle of that area as indeed today it is to have the Electricity Undertaking in the middle of this town which, of course, is a relic of history, the first Power Station having been built in that Bastion in the heart of Gibraltar.

Now uses other fuels. The production of gas locally would be expensive and inefficient to attempt to use it for powering the engines at King's Bastion. Moreover, space restrictions at King's Bastion are such that it would not be feasible to erect large storage tanks. Importation of gas requires roughly about 6 weeks to 8 weeks supply to be stored locally. The nearest supply areas are Algeria and Libya. The engines at King's Bastion are not primarily designed to be run on heavier oil than currently in use. However, future engines at the new Generating Station will be specifically designed to run on the heavier viscosity of fuel which is expected to be of the order of 15% or 20% cheaper than

the existing price of heavy oil. As you see, the old engines the thin oil which is much more expensive; then we had the marine oil in the engines we have now; the next one, of course, because of the cost of oil, the next one will use heavier oil which, of course, is cheaper. He also spoke about solar energy. Well solar heating is a non-starter because of the high density of population and this type of heating cannot replace electric heating as the amount produced in winter would be in the region of kilowatts and not megawatts, and capital investment required for any project of this nature would also mean less use of electricity which would inevitably push up the cost per unit of electricity to consumers. The Government, not only now but as far back as when the new King's Bastion North Station was built just next to Queensway, considered the question of having gas turbines and even with oil being not so expensive at the time it was even raced by the City Council also to be uneconomic. Steam turbine is another way and the reasibility of steam turbines for power generation has also been considered and found unacceptable since they a constant load and they are not suitable for peaks of different nature at different times.

He did mention one point for which I will give him credit. I am not going to be cruel all the time, and that is the question about the housing and the facts that amendment of the conditions might mean a rent increase and that the houses might deteriorate. Well. that is not the case because the conditions already in force follow the standards of the Landlord and Tenant (Eiscellaneous Provisions) Ordinance which put on the tenants considerably more responsibility for internal maintenance than in fact there was before then and the Government followed suit in their own agreement. The fact that they have these conditions have not been fully enforced is no reason why we should not look at this again. And when the figure mentioned required some explanation I think one aspect of this matter that should be taken into account, and this is why we have identified this aspect of the matter as being important, is that the cost the figure of £1m was mentioned - of doing small items of repairs in Government housing is completely out of proportion to the value received. I am not saving that this is only because of the lack of productivity but of the mechanics of it. The question is that when there is a requisition somebody must go and see what is wrong, somebody must go and see what kind of work is required. the next day they bring the wrong tool, and the next day. they may bring 3 or 4 items which were not required, but required by somebody else. Therefore, the element of waste in that aspect of repairs is so big that I think it is reasonable to try to gradually - this must be done gradually because I do not believe in Governments doing things suddenly after having allowed the situation to

remain unchanged for a long time. I believe in people being educated into their responsibilities but gradually, we feel that this is something that will take a considerable load from us. I would like to say that if most flats were looked after by some tenants as some of them are, who look after every detail there would be no need to have any recourse to the department. In fact if you go into people's flats. workers flats. you find them with every possible amenity and so on, all done by the tenant who looks after his house as wellit should be, his little empire, his little castle. But there are many careless people, many panes from glass are broken deliberately or through lack of discipline in the house, many parts of the house are spoiled by lack of discipline and so on and these are the things for which people should be responsible. I think it would lend to instill a little more home pride for those who need some introduction into this aspect of life, to make them realise their responsibility in respect of this matter. That is why we feel that that is a perfectly ; reasonable thing and, of course, we will monitor it. We are not going to allow the houses to deteriorate and the nature of the items for which tenants are asked to assume are not such that houses should deteriorate. The money saved would be better spent in the more substantial heavy maintenance that is unfortunately still suffering from the initial problems of the sudden withdrawal of the Spanish labour force and the difficulty in obtaining labour to deal with that matter.

Now, I come to the points made by the Leader of the Opposition this morning, and I would like to say that I thought his opening remarks were particularly apposite. to our recent efforts in respect of maintaining our community and maintaining our unity as a people, and I hope that that will remain paramount whatever views we take in matters of a parochial or domestic nature, which, of course, is no reason why the thing should not be fully thrashed out as indeed we have been doing today.

When he spoke this morning about the question of the size of the Consolidated Fund Balance and the fact that we had so little last year, it will be recalled that it was then in those circumstances, regrettably, but I thought it my duty, I asked for some element of aid to the budget. But of course, I should remind Honourable Members that that was done on the 2nd of April and by the time the answer came on the 2nd of June there had been a change of Government in the United Kingdom. It was not for that reason that we didn't get aid for Gibraltar, but it was in the exercise of their new policy of economy that we were told that it was impossible to make this contribution. They drew attention, rightly, to what we have done in the budget and also pointing out areas in which perhaps we could improve. That brings me to

the point raised by the Monourable Mr Rossano, and that is the strength that it gives the people of Gibraltar and the Government in a difficult situation if we have sufficient reserves to maintain a difficult attitude. resolution, decision, situation, this series of difficulties. That is what we really feel must be the backbone of our economy now until we know that we are going to succeed with an open frontier and that we are going to be able to make our economy more viable and that we can be stronger. Well, if that is so, so much the better, but if for any reason that were not so. and not so readily seen, we might go through some difficult periods in the approach as to what our relationship would be on a local level where a reasonable reserve would not put us in jeopardy of having to cut our services and to find ourselves in a weak position politically which I think is of paramount importance in this matter.

I am not going to go now into the reasons for the elections. I think my friend has explained that very well, but it looks from the arguments of the Honourable the Leader of the Opposition, he would have been right, anyhow. He would have been right if we had not held an election, and he would have been right if we had called an election. The point is that we did it and we won and that is the most important thing that elections are about.

Mention has been made of old people and the fact that we have not mentioned them very much.

There are one or two more matters in respect of old reogle which will be disclosed much later on in the budget that will be of some benefit in the general measure. I only mentioned in general the trend of the income tax benefits.

About the giveaway in the income tax provisions, the focal argument that was being used by the Honourable Mr Bossano earlier this afternoon was precisely the sort of thing we had in mind, which I have mentioned in general terms, and that is that we cannot, and we could not have done so anyhow for reasons of the election and had there been a new Government, we cannot possibly think about a wide restructuring of the income tax a month or two menths before the budget. The materials that must be collected, the specimens that must be found, all the statistics that are required, need a lot of timing. We do intend, this is no indication of any basic reductions, but we do intend, and it is in train now, a major study a major revision of the Income Tax Ordinance. Even before the Lisbon communique we had already got quite a number of ideas together. I

think it is also fair to say that we have had a change of Financial Secretary and that was one of the main problems that he has devoted his time to, and that is that, but in the time available it is really not possible to do much more. But despite that I would mention that the changes in the income tax that have been announced will also carry some other changes in the income tax legislation, tightening up certain areas where tax evasion is occurring and we think that it makes it much fairer if these loopholes can be blocked for the time being until another one is orened somewhere else, in fairness to those who make a major contribution be it a worker or be it a company director but those whose tax is deducted according to law at source and not on the strength of a return the year after. We are looking into that in one or two areas and we will disclose that when the Income Tax Bill, which will be produced at the next stage of these proceedings is made public for discussion in the House.

One of the things that we propose to do in the Income Tax Ordinance is to correct an anomaly which now exists in respect of the Old People's Allowance. Now there is an allowance of £320 if one of the couple, or himself is over 55, but the same consideration applies whether he is by himself or he has a wife to look after. We propose to increase that amount from £320 by £130 to £450. That will make an element of relief together with all the other benefits to older people.

Thank you, Mr Speaker.

MR SFEAKER:

Has the Honourable the Financial and Development Secretary a lot to say, because if so we could recess for tea and come back later. Right, we will have a short recess for tea now.

The House recessed at 5.35 pm.

The House resumed at 6.00 pm.

MR SPEAKER:

Well, I will now call on the Honourable Financial and Development Secretary to wind up the debate. After such a wide ranging debate on the Appropriation Bill there is very little left for me to say. But there are one or two points of clarification which I would like to make.

The first is that the Honourable Mr Restano expressed some surprise that only £.25m was being provided in the Improvement and Development Fund for the opening of communications with Spain and he thought that it would probably cost very much more than this. It may do, Sir, but the point is that the reason why we are putting provision in the Improvement and Development Fund is that I can only sign development warrants up to £20,000 on any Head of the Improvement and Development Fund and I would be locked in to that amount until the House next met, whereas in the recurrent budget I can sign warrants. on the Contingency Fund and then bring supplementaries to the House the next time it meets. So I have rather wider powers there. I thought that £.25m should be adequate within the Improvement and Development Fund and that is the reason for that. I thought I ought to give Mr Restano that explanation.

The Honourable and Learned Leader of the Opposition asked this morning whether in the £10.129m in the Improvement and Development Fund for 1980/81 we could identify how much was being given out on contract. We have done a quick exercise on this and of the £10.129m, £5.2m has already gone out to contract, £.6m, which is the amount for power and the telephones, International Subscriber Dialling, tender documents are being prepared by the consultants and we hope that they will issue shortly; the balance, about £.5m, only remains to go out on contract mainly on housing; and the rest will be Government direct works or the purchase of plant and equipment which will not, of course, require work by contractors. I trust that is adequate for the Honourable Member.

The Honourable Leader of the Opposition also mentioned this carry-over of £13m into the next financial year, being the amount to complete the 1978/81 Development Frogramme. I think there is danger of some misunderstanding on the figures. The original cost of the 1978/81 Development Frogramme was £21.3m which was £13m. ODA money - I leave aside the £1m Technical Cooperation - and £8.3m which are to be provided from local funds. From that Programme certain projects have been dropped, other projects have been brought in and the total cost of the 1978/81 Development Programme, as now constituted, is estimated at £29m. Of that amount £3m is for the power development and £1m for telephone development and in the £13m which is carried forward to next year £3.35m is for power and the IDS.

The talance is partly made up by heavy cost increases: for example the St Jago's, St Joseph's, and Flat Bastion Road projects were originally costed at about £1.89m and the cost increase since they were first projected in 1978 is £1.2m. So if to the £3.35m for the power and telephones you add £1.3m for these three housing projects, you get £5.15m. On top of that for other projects there are also cost increases bringing the figure to somewhat over £6m. So roughly speaking, about half of the £13m which falls after 1980/81 are either new projects or because of increases in cost, and it may well be that the Honourable the Leader of the Opposition may well wish to go into this rather more deeply when we come to the actual Improvement and Development Fund.

Two other small points: I confirm the Honourable Mr Bossano's statement that we have left the private sector wage bill from our Income Tax assessment projection. The reacon for this is that estimates are drawn up on the basis of the present cost. We do not build inflation into the estimates. However, because of parity and the knowledge that at some stage during the year we shall be required to pay wage and salary increases in line with those appertaining in the UK, we have adopted in the past two years putting into a new head of the estimates a block vote for pay increases.

And obviously from that pay increase we have to make an allowance for the income tax to be deducted. These are not self-balancing but to an extent they do set off each other and we could not put in the one without the other. Obviously there will be increases in the private sector. The order of them I would not like to guess and if we did put in a provision for the Income Tax and pay increases it would be a complete guesstimate and I much prefer not to do this. In my view it would be bad estimating, but I do confirm what I said in my opening speech that there will be an amount from the private sector pay increases; what it is we do not know.

The Honourable Mr Bossano also mentioned that out of the pay increases, be it from the private or the public sector, we obviously pick up a certain amount in indirect tax, and mentioned the figure of 5% which he thought would come down to possibly 3%. In fact, our latest estimate is that it is 1.5% of disposable income. There is a greater propensity to save in Gibraltar, as Honourable Members will see when they get their statistics and see the total in banking sector, and unfortunately this money, as far as we understand, does not remain in Gibraltar a lot, of it goes overseas to the United Kingdom where it picked up, tax free interest not being declared. It is something that happens in many countries of the world and Gibraltar is alone. We have thought a way of trying to direct the

money into the economy here and we are still trying to do it. But there is that leakage of funds to the UK of which the Honourable Member may well be aware of because it does show up not only in the banking figures but also in the notional account. Those are the only points I would make, and I beg to move.

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

The Bill was read a second time.

COMMITTEE STAGE .

HON FINANCIAL & DEVELOPMENT SECRETARY:

Sir, I beg to move that the House should resolve itself into Committee to consider the Appropriation (1980/81) Ordinance. 1980 clause by clause.

THE APPROPRIATION (1980/81) ORDINANCE, 1980.

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

The Schedule

MR SPEAKER:

In accordance with the practice now established under Standing Orders we will now deal with the Schedule, which is basically the estimates of expenditure, head by head. I have instructed the Clerk to call the Head that we are going to consider, then call the subheads - Parsonal Emoluments, ther Charges, Special Expenditure - and I will pause under each subhead to allow members to ask any questions they wish on any of the items. I will also bring to the attention of the members of the Opposition that at the very beginning of the Head they will find the full establishment of the department. If they have any questions to ask they should do so before we deal with personal emoluments.

Head I, Audit - Personal Emoluments HOW O T RESTANO:

In view of the Principal Auditor's comments that his Department is not large enough to adequately carry out the audit of all Government Departments, would the Government say whether there is any intention to increase the establishment of the Audit Department, and secondly whether, following the visit recently of Mr Jefferson, who came out also to make comments on the Audit Department, would the Government say what their position is with regard to this.

HON A J CANEPA:

The Audit Department is being staff inspected and Mr Jefferson's Report has been submitted to the Staff Inspector as being the representations of the GCCA on this Department. So until a new Staff Inspection Report is received by the Government we are not able to say what it is proposed to do in future with regard to any staff increases.

HON G T RESTANO:

Does the Government have any idea of what sort of time scale is involved; when do they expect to get the report. Have they been given any idea and should the report be long in coming, do they intend to do anything about it in the meantime.

HOM A J CAMEPA:

We would not be doing anything in the meantime, Mr Speaker. I would not like to give an idea of any time-scale because staff inspection is a continuing process and Audit is not the only Department which is being staff inspected. Sometimes we get a number of reports together. For instance, about a month ago Council of Ministers considered three or four reports together. So I would not like to give any indication of time scale but we would not do anything in the interim period until the Staff Inspection report was received and decisions taken on it by Council of Ministers.

HON G T RESTANO:

The other part of my question, Mr Chairman, was, has the Government any idea of when this report might be received.

HON A J CAMEPA:

No, I do not know. The Jefferson Report has been received. I have a copy of it myself. It is being submitted by the GGCA to the Government and copies of that Report have been passed on to the Staff Inspector.

HON G TRESTANO:

And the Staff Inspector, I take it is here in Gibraltar at the moment?

HON A J CANEPA:

There is a team of Staff Inspectors permanently here.

HON G T RESTANO:

I take it that one could expect a fairly rapid reaction from the Staff Inspectors if there is a team permanently in Gibraltar?

HON A J CANEPA:

I think you could say that there should be no unreasonable delay.

Personal Emoluments were agreed to.

Other Charges were agreed to.

Head 2. Customs - Personal Emoluments

HON G T RESTANO:

One point that I do not really understand. The Collector of Revenue I notice is on Scale 12, which is a scale below Qualified Deputy Head Teachers etc, and yet this is a man who appears to be responsible for about 14% of Government Revenue. How is this particular scale arrived at?

HON FINANCIAL & DEVELOPMENT SECRETARY:

It is arrived at, Mr Chairman, by staff inspection which has looked at analogues and put in a similar scale as in

the UK for a Collector of Revenue for a similar sized area.

HON A J CANEFA:

I would like to point out to the Honourable Member that it is not below the maximum of any qualified Deputy Head Teacher. If he would care to look at page 124 of the Estimates, the maximum of a Group 10 qualified Deputy Head Teacher is 28,500 whereas the Senior Executive Officer, which is what the Collector of Revenue is, is on a maximum of £8,900.

HON .G T RESTANO:

But, of course, there are variations in between. At the same time you have qualified Head Teachers who are getting more than someody who is responsible for 15% of the revenue collected. It does not seem to me to be a logical thing and I was wondering how this was arrived at. I know the Honourable Financial and Development Secretary has said that it is the Staff Inspectors who have decided this but to be quite frank in our experience of Staff Inspectors they seem to give strange sorts of advices:

HON J BOSSANO:

On the Executive Officer grade there is a reduction of three and there is no explanation for the deduction.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Er Chairman, those were the three Executive Officers who were engaged at the Casino monitoring the work there and those posts were dropped when it was decided that we would no longer fully monitor full-time operations at the Casino. They were paid for by the Casino.

HON J BOSSANO:

When the Honourable Member says that they were dropped, is the Honourable Member saying that there has been a staff inspection and the staff inspection has recommended that they should be dropped?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

There is a staff inspection on-going to see what additional work should be done in the department:

whether the establishment should be decreased or not.

HON J BOSSANO:

Exacely, Mr Chairman, if the position is that there is an on-going staff inspection to establish whether it should be decreased or not, then isn't the Government pre-empting the result of that on-going exercise by decreasing it at this stage?

HON FINALICIAL AND DEVELOPMENT SECRETARY:

I am sorry, I do not know the answer to that. I know that these are the number of posts which are filled in the Department but I will find out the exact answer and let the Honourable wember know.

HON J BOSSANO:

Would the Honourable Kember accept that since there is a staff association that holds the negotiating rights for this grade and the number of posts is part of that staff association's negotiating rights, and that staff association has not agreed to a reduction in the establishment, it would be an imprudent thing, shall we say, to appear to give the impression to those concerned that the Government has taken a decision without consulting them and ignoring their views, and that it is an area that we do not want to have friction between the staff and the Government if it can be avoided. And in that case will they reconsider the figure in the establishment?

HON FINANCIAL & DEVELOPMENT SECRETARY:

I agree with the Honourable Member's remarks, Mr Chairman, but I think that this could well be an academic exercise at the moment because I rather suspect that there may well have to be an increase in the Customs staff in any case which will be discussed with the staff association.

HON J BOSSANO:

I am aware that that is the case. But there is in fact an important point of principle involved here and it is one that the Government should be conscious of because I happen to have some intimate knowledge to the back-ground to this particular problem.

Members of the service not only in this area but in others, tend to feel that when it comes to making a case for a change in establishment in an upward direction there is a rigid barrier which says that the staff . inspector must have the last word and it must be an impartial thing etc. When the movement is in the opposite direction then the same rigid criteria do not seem to apply. I think this is the case in point, that is how the arguments were originally put. When the three bodies were moved from the Casino the three posts did not disappear because there was no question of sacking the people. If there are Executive Officers in employment who were previously employed in the Casino they are now employed on other duties but they are still in post, their wages have still got to be provided for, and if it is agreed that there is insufficient work in the Department to absorb those officers, then that has got to be the result of an agreement with the staff concerned.

As I see it, if the House passes the Estimates providing for 24 officers in post, as opposed to 27, then I would imagine, that strictly speaking at the level of staff negotiations a decision has already been taken to employ only 24. Those are the implications of passing this vote surely, Mr Chairman, and if that is the case then I cannot support that we should only employ 24 because there are 27 people there and nobody has agreed in that area that the fact that they have been moved from the Casino and into another job means that now there are three surplus to requirements and the number of posts have got to be reduced.

HON FINANCIAL & DEVELOPMENT SECRETARY:

I can only reiterate that I will let the Honourable Member know what the exact position is. So far as I am aware the staff associations were informed about the changes, but whether "informed" means "consulted" I am not certain.

HON J BOSSANO:

I happen to know the position. I know what is involved!

On a vote being taken on Personal Emoluments the following Honourable Members voted in favour:

The Hon A J Canepa
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon A J Haynes
The Hon P J Isola
The Hon A T Loddo
The Hon Major R J Peliza
The Hon J B Perez
The Hon G T Restano
The Hon W T Scott
The Hon Dr R G Valarino
The Hon D T R G Valarino
The Hon D Hull
The Hon R J Wallace

The following Honourable dember voted against:

The Hon J Bossano

The following Honourable Members were absent from the Chamber:

The Hon I Abecasis
The Hon Major F J Dellipiani

Personal Emoluments was passed. Other Charges - were agreed to.

Special Expenditure - was agreed to. . Head 3. Education - Personal Emoluments

HON CHIEF MINISTER:

I would like, if possible, to jump this one until first thing tomorrow morning in order to enable the Linister for Education to be here to answer this. It is much more convenient for him to be here in the morning.

MR CHAIRMAN:

Most certainly, we shall defer Head 3 and $\,$ go on to Head $\,\mu_{\bullet}\,$

Head 4. Electricity Undertaking - Personal Emoluments

HON P J ISOLA:

Can we know why there is an increase in the establishment?

HOM DR R 7 "ALAPINO:

Yes, Mr Chairman, In fact if you look at the present establishment we outht to consider the little (a) beside the WorksSupervisor on 7, and the little (a) on 17 as well. Really there has been a decrease by two which are shown as supernumerary staff. This is arising but of staff inspection and the frocess and General Supervisor E, which you will notice at No. 8, these posts have been non-industrialised as a result of staff inspection, therefore increasing the staff and there will be a subsequent saving in item No. 11. The other increase in establishment is Typist (d) and those are the three that you have mentioned.

HON J BOSSANO:

Can the Honourable Member confirm that the staff increction recommendations to abolish the grade of WorksSupervicor has not been accepted by the staff association concerned and, therefore, if he can confirm that this is the case, how is it that the Government is initiating action to accept unilaterally something that has not been accepted?

HON DR R G VALARINO:

Mr Chairman, I think the subject is still under review.

HON J BOSSANO:

Mr Chairman, I think this is a point I may have to make on more than one Head, because it appears to me that this is again another example of the Government having a staff inspection affecting a particular grade on the Estimates and the matter being under negotiation with the staff concerned. Before there has been a settlement of that difference of opinion between the Government and its employees the House is being asked to vote on the basis that the result of those negotiations are going to be favourable to the Government. The implications of that would be that the result of the negotiation is being pro-empted, and it will be seen as being pre-empted by the people concerned. Is the House being told that if as a result of the negotiation the matter is looked at again by the Staff Inspector, or evidence is put forward that there is a suitable analogue for Works Supervisor then all the WorksSupervisor grades are now being aboliched are going to be reinstated? What is the point of asking the House to take a decision on a matter that has not yet been decided?

HON A J CAMEPA:

I think the position, Mr Chairman, is that with regard to the first round of staff inspections the Government, when it embarked on the parity adventure, stated that it would commit itself to abide by the result of staff inspection. There has been a second round where a number of Departments are being staff inspected again arising from representations made by staff associations. I do not think that the fact that the Government has committed itself to abide by the first round of staff inspection and that those recommendations have both this year and last year been reflected in the presentation of the Estimates. I do not think that that has pre-empted proper consideration being given to representations by a number of staff associations on matters where they are in dispute with management. matters that they are not happy about. My understanding is that they can be the subject of another staff inspection.

This is my understanding as to the procedure that is being adopted and the manner in which the Estimates are presented. The Honourable Wember is in a far more advantageous position of being directly involved in negotiations. On this side of the House none of us are involved and what happens is that minutes of numerous meetings are circulated, I get them. Sometimes I ask questions, sometimes things stick in my memory, but as the Honourable Wember will realise I may get during the course of a week minutes of seven or eight meetings and I cannot keep track of what is going on and that is why I cannot answer the matter fully.

HON J BOSSANO:

I appreciate that entirely, Mr Chairman, but I feel that if the House is being asked to vote in a particular way, in a way that I would put it to the House reflects a particular policy on decision, then the House should be in full possession of the facts. I happen to be in full possession of the facts, certainly, since I have been intimately involved in the negotiations resulting from the staff inspection. It is the first staff inspection of Works Supervisors, not the second. The works Supervisor grade - I do not know whether I am, allowed to give an explanation. Am I Mr Chairman?

HON DR R G VALARINO:

If he will look under supernumerary staff we have two Works Supervisors, the only thing is they have been changed over pending

What the Honourable Member wants to know is the final decision.

HON J BOSCANO:

I do not want to know what the final decision is. That is a decision that has already been taken which has not. been accepted. What happened was that when the staff inspector inspected this grade the result of the staff inspection throughout Government was that the staff inspector said that these first line supervisors should be industrial grades setting an allowance which was the case before the implementation of parity. During 1974/75 there was a claim to regrade all industrial foremen as PTO IVs. In the case of the Gibraltar Government, the Gioraltar Government agreed with the Union that they would re-grade them as Works Supervisors analogued to Local Authorities staying in UK. In the case of the PSA the agreement was that they would remain analogued . to industrial foreman in PSA pending the settlement of an outstanding claim in UK to regrade all foremen as PTO TV. So there is an agreement in the UK department that says that when the claim is settled in UK this grade will become PTO IV. In the case of the Gibraltar Government there was a settlement in fact which preceded the settlement with the UK departments and there was industrial action in the UK departments which did not involve the Gibraltar Government, which created the grade of WorksSupervisor and then that grade was analogued to a specific point on what is known as the spinal column of Local Authority grades which covers a Wole multiplicity of different categories of workers in the non-industrial scale.

Once the Works Surervisors was subjected to staff inspection the staff inspector wanted to re-grade them back to their old mosition going back four years. The Government off r on the result of that staff inspection was that that should be implemented by phasing out the grade and not by actually demoting people, and consequently the move from the establishment to the supernumerary is in fact the move to phase them out, because if you have got somebody to supernumerary and he retires tomorrow you do not replace him because he is supernumerary, and that offers to phace them out, which is effectively to make them sure rnumerary, was suggested by the staff association. Therefore, it seems to me that the offer was made several months ago, there has been one meeting since the staff inspection took place, and that offer was made and it was rejected. There has been no feedback at all from the Government side and yet the Government is coming to the House and saing, look the House has been asked to vote as if the thing that we have proposed had been accepted. I think it is wrong to do business like that and I think it will so down badly with the people who are Government's employees. And I certainly think the House should know the background of what it is voting for before it votes.

HON CHIEF MINISTER:

Mr Chairman, I understand that this is going to happen all along the way. All I can say now is that certainly in respect of the electricity I am assured by the City Electrical Engineer that as far as they are concerned the matter is with the Industrial Relations Officer because this thing is an on-going process. All I can say now as responsible for the Government is that whether they are here or are not here, we will abide by the final outcome of the negotiations of the IRO.

On a vote being taken on Personal Emoluments the following Honourable Members voted in favour:

The Hon A J Canepa

The Hon M K Featherstone

The Hon Sir Joshua Hassan

The Hon A J Haynes

The Hon P J Isola

The Hon A T Loddo

The Hon Major R J Peliza

The Hon J B Perez

The Hon G T Restano

The Hon W T Scott

The Hon Dr R G Valarino .

The Hon H J Zammitt

The Hon D Hull

The Hon R J Wallace

The following Honourable Member voted against:

The Hon J Bossano

The following Honourable Members were absent from the Chamber:

The Hon I Abecasis
The Hon Major F J Dellipiani

Personal Emoluments was passed.

Other Charges

HOM A J HAYNES:

Thank you, Mr Chairman, Under Subhead 5, Fuel and Fuel Sundries, one sees that there is an increase of £779,000, that is in excess of £2m. Does Government propose to meet the inevitable future rises in oil prices with acquinimity or are other measures being explored?

HON DR R G VALARINO:

On that one, Head 5 covers not only fuel but associated expenditure, lighterage, lighter, berthing etc. This is based on £1,922,000 tons of oil, on 11,600 tons of heavy fuel and 2,700 tons of light fuel. The FCA is also included at present at 1.74.

HON A J HAYNES:

Mr Chairman, I am asking if Government has thought of a way to avoid these incredibly high prices in order to save the taxwayer some money and to plan for the future, and I ask Government if they have any proposals?

HON DR R G VALARINO:

Mr Chairman, Sir, there is no possible way that Government can save fuel except that as the House may remember we did buy a fuel redistillation plant this year which has already been committed and has in fact been working for about four weeks now. It will save a small amount something only in the region of about £20,000 a year on fuel alone. What we used to do before was to send this type of fuel after using it in the engines to the MOD and that was lost. Now we have bought this little plant, in fact it should be paid for in about 80 months time and this year we should be saving a small amount in the region of about £20,000. Otherwise there is no way of saving fuel in any other way except by running the heavy engines instead of the light engines.

HON A J HAYNES:

Sir, I commend an approval of any efforts to save fuel. But my point is I am sure that the Komourable Member will agree that oil prices will be going up in the future as they have in the past, and that oil is a commodity which will eventually disappear. In the light of that, Mr Chairman, I ask Government if they have any plans to meet these eventualities.

MR CHAIRMAN:

No, no, we are not going to extend on future projections. We are now debating whether you should spend £1,922,000 on fuel and fuel sundries for the year 1980/81.

HON A J HAYNES:

Mr Chairman, the point I am making, Sir, is that if Government would like the Opposition to vote for this £3m the Opposition would like to be assured that this money is not asked of the people with equanimity and without any efforts to avoid high rises in prices, and whether Government is making any effort to reduce the burden on the people. If there is no effort to reduce the burden on the people we will find it difficult to accept such increases:

HON DR R G VALARINO:

Mr Chairman, there are two things I would like to say: first of all that the new engines that are proposed at No 5 Jetty will be on heavy fuel and they will save about 20% to 25%, and by the time we shut King's Bastion South, with the proviso on new engines on No 5 Jetty, a saving of about $\pounds_{\pi}^{1}m$ will be made on fuel.

HON CHIEF MINISTER:

Mr Chairman, I dealt with this matter in the general debate, I answered the Honourable Member in detail, I only omitted one other of his suggestions, and that of course, though it refers to oil, but I should say that he referred to the possibility of buying North Sea oil from the United Kingdom. Well North Sea oil is sold by the United Kingdom at OPEC prices even to its own undertakings. I think we have to face the fact that there is no answer to this problem at this point in time. We are in the same position as many undertakings around the world. It is part of the big problem of the world today. We cannot be isolated or pioneer on it because all these other processes I dealt with in my reply to the debate are really even worse.

HON A J HAYNES:

Mr Chairman, the Chief Minister has the advantage over me in that I was unable to reply to those so called answers to my proposals, which I believe were not answered fairly,

or directly, but to an extent were quoted out of context, and I am not therefore reassured by his answers in any way.

HON CHIEF MINISTER:

I do not care if he is not reassured. I have given you the answers.

HON A J HAYNES:

Well that is no answer. I asked the Government whether those United Kingdom hasn't bought the

MR CHAIRMAN:

No, no. You are quite at liberty to ask whether there is anything that Government can do to reduce the actual expenditure, not if there is anything Government can do to reduce future expenditure. Now we are voting £1,922,000 and you are free to ask whether there is any way where Government can reduce that particular expenditure and nothing else. Otherwise we will be bogged down for hours on general principles which we have already discussed in the second reading.

HON G T RESTANO:

Sir, coming back to fuel. Is Government satisfied that it is getting the best possible price for the oil that we are getting?

HON DR R G VALARINO:

Mr Chairman, I am satisfied that we are getting in fact the very best price as far as fuel is concerned.

HON G T RESTANO:

I am glad to hear that, Mr Chairman. Perhaps the Minister would like to say what investigations have been made to make him satisfied that this is the best price possible.

HON DR R G VALARINO:

Mr Chairman, Sir, we are beating about the bush sometimes. We have considered local prices with other prices and prices bought on the open market and certainly the prices

that we get in Gibraltar are extremely good and extremely reliable. I am very satisfied with the prices that we do get get for our engines here at the Generating Station.

HON A J CAMEPA:

Last Year in his memorandum on the estimates of expenditure the Financial and Development Secretary drew attention of Ministers to the whole question of the price of fuel as a result of which an investigation was carried out on petrol and diesel, by the Consumer Protection Unit, and we found that the prices really were, given all the circumstances, the best that we could obtain.

: HON G T RESTANO:

As compared to what other sources of supply?

HON A J CAMEPA:

Compared to world sources, naturally.

. HON G T RESTANO:

But specifically I mean, was it from refineries in Holland in France or

HON A J CAMEPA:

It comes from Holland, the fuel that is supplied to Gibraltar by Shell comes from Holland.

HON G T RESTANO:

les, but there are different suppliers in Holland, there are different prices.

HON A J CANEPA:

We didn't send the Consumer Protection Officer over to Holland.

HON G T RESTANO:

That is in fact what I am asking, what in fact was done?

HOM A J CAMEPA:

He made the necessary enquiries.

HON G T RESTATO:

What I am asking, Mr Chairman, is can I have some details of those enquiries.

HON A J CAMEPA:

I cannot give any more details. What do you think I am a computer carrying around all this information.

HON G T RESTANO:

In that case the Minister for Municipal Services is hardly in a position to say that he is satisfied if he doesn't know the details.

HON A J CAMEPA:

He is satisfied on the basis of the report that the Consumer Protection Officer made which I took to Council of Ministers, which went to Council of Ministers in my name, and the Minister got a copy of the report.

HON G T RESTANO:

Is that report secret or can it be made available to the opposite side.

HON A J CAMEPA:

It is confidential to the Ministers like all Council of Ministers papers.

HON DR R G VALARINO:

Mr Chairman, Stand-by Service. This stand by service is not within the station, this is external to the station, and this is a standby service that we provide for anybody who suffers a powercut at home, a major powercut to a through cable fault.

HON A T LODDO:

Mr Chairman, Subhead 21. I notice there is a drop in the sum allowed for the training of apprentices. Could the Minister please explain?

HON DR R G VALARINO:

Yes, Mr Chairman. Subhead 21: these are fees payable to HM Dockyard and wages payable whilst attending Dockyard Training Centre. These are for two apprentices. There is probably a decrease because we have had no apprentices who have been recruited this year.

HON A T LODDO:

Is this for two apprentices?

HON / J CANEPA:

I know quite a bit about this, Mr Chairman, becau e Members who have been in the House over the years will recall that there has been quite a lot of discussion of the very high charges which the Ministry of Defence was making in respect of the apprentices attending their centre. We made repeated representations through the Financial and Development Secretary going back now to the time when Mr Mackay was the Financial and Development Secretary, and earlier, and eventually in 1979 we were successful in our representations we have had a considerable, decrease in the charge which the Ministry of Defence has been making for training our apprentices. Among the overheads we were being charged for all sorts of things, for furniture, equipment and various people working in their London Meadquarters, and the Financial and Development Secretary managed to make a break-through late in 1979 on this matter and, that is the reason why it now costs

HON MAJOR R J FELIZA:

Yes, but, am I right in understanding that £13,200 is going to be for two apprentices? Is that the cost of two apprentices?

HON DR R G VALARINO:

Mr Chairman, as I said before this is the fee payable to HM Dockyard, that is one, and the fees payable whilst attending the Dockyard Training School. Those are the two things involved, for two apprentices a year.

HON MAJOR R J FELIZA:

I don't quite follow. This is paid to the Dockyard for the apprentices, and what else did you say. I didn't quite understand what you said.

HON DR R G VALARINO:

Mr Speaker, these are the wages payable whilst attending the Dockyard Training Centre.

HON W T SCOTT:

If I may just revert to Subhead 18 Purchase of Meters. Is this for new housing?

HON DR R G. VALARINO:

Mr. Chairman, this is an annual item. It was previously shown under Special Expenditure. These are for new meters and this will consist of 150 domestic and industrial meters.

HON W T SCOTT:

Are some of those meters intended for new housing?

FON DR R G VALARINO:

Chairman, some of those meters will be for new housing, others will be to replace existing meters which may be faulty.

HOM W. T SCOTT:

Under those conditions, for new housing, should it not come under the Improvement and Development Fund?

HON DR R G VALARINO:

Mr Chairman, as far as I know this has always been a recurrent vote because we need new meters continuously even though some may be used for new housing. They are really for replacement and it is invidious to change this small item into two Subheads. The other thing is that it is impossible to say towards the end of the year how many will be going into housing and how many are going to be replacements. This is extremely difficult to be able to say so, therefore, it comes under Recurrent Expenditure.

HON MAJOR R J PELIZA:

Item 23 New Services Reinforcing of Existing Ones. Could the Minister explain what that is?

HON DR R G VALARINO:

Mr Chairman, yes. These are connection of the new consumers to main cables and minor distribution improvements to either underground networks or rising mains.

HOM A T LODDO:

Mr Chairman, on subhead 22 I notice that there is a decrease in staff training as well. Could the Minister please explain?

HON DR R G VALARINO:

Well, Mr Chairman, there is a slight decrease of £500. These are the feez and the subsistence allowances payable to staff sent to UK on short courses. This is only a reduction of £500 and it follows the general trend of reduction of Government expenditure.

HON MAJOR R J PELIZA:

Mr Chairman, could the Winister explain the Orange Bastion deficit? What does the expenditure consist of? Item 24.

HOW DR R G VALARINO:

This is the operation of Orange Bastion Depot. These are the Cleaners, the Depot Writers and the maintenance, and also includes all the electricity and water consumption at Orange Bastion.

HON P J ISOLA:

Could I ask about the floodlights outside the Cathedral of St Mary the Crowned?

HON DR R G VALARINO:

Mr Chairman, Sir, first of all let me say that this does not only concern the Cathedral and the Moorish Castle, which are permanently floodlit, it also consists of the Christmas lighting, Catalan Bay festivities, Our Lady of Lourdes, and other events. The fact that the Cathedral lights may be on during the day is that these floodlights, if I am not mistaken, are run on a time switch. Sometimes due to power cuts the time switch may be badly set and, therefore, you may have the lights on during the day until the switch is readjusted.

HON P J ISOLA:

Surely if the lights are left on all day this increases consumption needlessly.

HON DR R G VALARINO:

Mr Chairman, let me say on that, that the amount of floodlighting for this particular area is exceedingly small. Although I take the point and I agree with the point of the Honourable the Leader of the Opposition, the amount of electricity used by these floodlights is extremely small.

HON G T RESTANO:

Mr Chairman, we are not satisfied with the answer that has been given on the supply of fuel. We do not consider that the reply that has been given to us as to a possible cheaper source of supply has been adequate.

FON MAJOR R J PELIZA:

I wonder if the Minister could explain this. There is a lot of oil I believe round about the Varyl Begg Estate. Is this money used for that purpose so that the tenants of that area can enjoy a swim?

HON DR R G VALARINO:

If the Member will just give me time to get my notes on the Fire Brigade vote I shall give him the necessary answer.

MR CHAIRMAN:

Any other items on Other Charges in the meantime?

HON DR R G VALARINO:

This is Head 5 subhead 10, Oil Pollution, Sir. This is to maintain a stock of 5,000 gallons of dispersants ready for use should the need arise. In fact, we were very lucky last year. We had a major incident, as the Honourable and Gallant Major Peliza will remember, and the City Fire Brigade carried out an excellent job on that. They cleaned our beaches thoroughly. The Revised Estimates for 1979/80 was £40,600 but it refers back to page 13, he will find that this was repaid to Treasury.

HON MAJOR R J PELIZA:

I congratulate the Fire Brigade on carrying out that task but what I am saying is whether could be use part of this vote to clear the area around the Varyl Begg Estate?

HON DR R . G VALARINO:

Mr Chairman, I think this question came up at the last House of Assembly. It was answered by my Honourable Colleague on this side who said that Admiralty waters were not our responsibility and he further enlarged on that.

HON A J CAMEPA:

In answer to a question from,I think it was, the Honourable Mr Haynes, I explained in detail - or was it Mr Scott - I explained in detail, and perhaps he could refer to the Hansard, the procedure which is adopted in respect of oil slicks, the action which is taken in endeavouring to give early warning of them and then in reporting them to the Fire Service for them to take action on the matter.

HON MAJOR R J PELIZA:

What I am trying to get at, Mr Chairman, is, will the Government then, whatever the circumstances, knowing that the area is highly polluted, be prepared to use part of this vote to clear that area for the tenants of the Varyl Beng Istate? I don't know whether it is their responsibility or not but that, I suppose, is for Government to decide but what I am saying is that the tenants there naturally would like to use the area, whoever's the responsibility it is, if I cannot get an answer from Admiralty or whoever is responsible for that area, will the Government use its own resources to clear that?

HON A J CAMEPA:

Yes, if the matter has been observed by the Port Department they will take the necessary steps to communicate it to the proper authorities so that action is taken.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 6, Governor's Office - Personal Emoluments was agreed to.

Other Charges was agreed to.

Stecial Expenditure was agreed to.

Head 7, House of Assembly - Personal Emoluments was agreed to.

Other Charges was agreed to.

The Committee recessed at 7.10 pm.

WEDNESDAY THE 23RD APRIL, 1980

The Committee resumed at 10.40 am.

MR CHAIRMAN:

I will remind Honourable Memoers that we are at the Committee Stage of the Appropriation Bill. I see that the Minister for Education is back with us and perhaps we could now go back to his Head which I think is Head 3.

Head 3. Education - Personal Emoluments.

HON A T LODDO:

I have noticed that under item 13 the number of teachers has been reduced by 10. Could the Minister give an explanation on this?

HON MAJOR P J DELLIPIANI:

Yes, Sir. In actual fact the cut is 9 because there is an extra Head teacher. So there has been a cut of 9 and these 9 are the replacement teachers for the unqualified teachers who were in the UK training and we won't need the replacements this year. So there has been no cut in actual establishment.

HON P J ISOLA:

There have been no cuts in pupil/teacher ratios?

HON MAJOR F J DELLIPIANI:

No, no cuts.

HON W T SCOTT:

Mr Chairman, can I ask the Minister for Education which is the new school that the Headteacher has been appointed to?

HO WAJOR F J DELLIPIANI:

No, this was an acting appointment at St Martin's and now it has been confirmed.

Personal Emoluments was agreed to.

Other Charges

HON MAJOR F J DELLIPIANI:

Mr Chairman, I beg to move an amendment to subhead 6, Scholarships under the column headed "Estimates 1980/61" to delete the figure "2228,600" and substitute therefore "2183,600" with the consequential amendments to the Draft Estimates including Appendix H.

Honourable Members will recall that the Financial and Development Secretary mentioned in the course of his statement on the Estimates that it was proposed to reduce the amount to be provided as a contribution to the Scholarship Fund by £40,000 following the British Government's decision not to apply the higher tuition fees to EFG students at Universities in the United Kingdom.

MR CHAIRMAN:

Is there any need to propose the amendment? You will be able to discuss the subhead as part of the other charges, once this has been amended.

HON P J ISOLA:

Mr Chairman, the cut in education expenditure proposed is a matter of principle, as far as we are concerned and this is why I should explain. We do not favour the motion for a cut because as you have heard in the general debate we would like to see this money, that is a windfall, being kept in education and being used for other items such as books and equipment; the question of further training in the United Kingdom; for inservice training; and so forth. We are opposing the proposed cut because we feel that that money could be spread out and used in improving education standards and in making the books and equipment vote a more realistic one.

MR CHAIRMAN:

So it is quite acceptable then after what the Leader of the Opposition has said if I put the question and now propose it.

Mr Chairman then put the question in the terms of the Hon the Minister for Education's amendment 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 H J Zammitt
The Hon D Hull
The Hon R J Wallace

The following Hon Members voted against:

The Hon A J Haynes
The Hon P J Isola
The Hon A T Loddo
The Hon Major R J Peliza
The Hon G T Restano
The Hon W T Scott

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon J Bossano
The Hon Dr R G Valarino

The amendment was accordingly passed.

MR CHAIRMAN:

All that we have done is amend Subhead 6 and we are still on Other Charges.

HON G T RESTANO:

Mr Chairman, Subhead 3. Can I have an explanation of what these services are?

HUN MAJOR F J DELLIPIANI:

Services mean electricity, water, telephones, etc.

HON A T LODDO:

Mr. Chairman, under Subhead 5, Books and Equipment. Can the Minister please explain how a year later, and taking into consideration the rate of inflation, we can still manage to maintain our standards by using the same amount of money as was voted last year?

HON MAJOR F J DELLIPIANI:

I think I explained on Monday, Sir, that over the years the Government has been very generous on books and equipment. We have a fairly high standard in books and equipment in all schools but it has been the practice for the department to withhold certain amounts of money for contingencies and special expenditure. We haven't done so this year so in actual fact for First Schools and Middle Schools there has been, in money terms, an increase of 4%.

HON A T LODDO: .

Mr Chairman, perhaps the Minister can explain how in the Boys' Comprehensive in the Senior Classes books have to be shared by students taking 'A' level subjects.

HON MAJOR F J DELLIPIANI:

I cannot explain it. I don't go down to details of books in one particular class, but if you require the information I shall check it.

HON W T SCOTT:

Mr Chairman, I can also confirm that a similar situation exists in the Girls' Comprehensive School at first year level.

HON MAJOR F J DELLIPIANI:

That information has not been passed on to me.

HON MAJOR R J PELIZA:

Would the Minister not agree that this is very undesirable and that he will obviously do his best to put that right even if it means increasing the Estimates?

HON MAJOR P J DELLIPIANI:

I think it is important first of all to check on the facts.

HON MAJOR R J PELIZA:

Yes, but if in fact, as my Honourable Friends have said, the situation is such that the children are sharing the books, will the Minister given an undertaking now that he will put that right if necessary be asking for supplementary funds?

HON MAJOR F J DELLIPIANI:

It is not a question for the Minister to put it right, it is a question of whether a headteacher might not be using the money properly. She has the right to allocate the money to whatever she or he wants.

HON MAJOR R J PELIZA:

Then the Minister is satisfied that children should share books in school?

HON MAJOR F J DELLIPIANI:

I am not saying that I am satisfied, I am saying that we shall have to look at the facts.

HON CHIEF MINISTER:

If Honourable Members have details of matters which have not been brought to the notice of the Mirister they should provide him with the particulars and he will look into them and will satisfy the Members personally if necessary. At this stage it is very invidious for the Minister to be able to confirm whether at a particular place or time people are sharing books. Of course we don't want books to be shared.

HON MAJOR R J PELIZA:

Exactly, this is it, Mr Chairman. All I want to do is to get an undertaking from the Minister that he doesn't think it is a good idea, that he doesn't agree with children having to share books in school in principle.

Well, could the Minister say whether he agrees with that principle or not?

HON MAJOR F J DELLIPIANI:

First of all I have to check the facts. I have been given the wrong facts.

HON MAJOR R J PELIZA:

Well, even the Chief Minister has said, Mr Chairman, that obviously it is not desirable that children should share ocoks. That is all I want to know.

HON MAJOR F J DELLIPIANI:

And I agree with yea.

HON P J ISOLA:

May I say on this question of books and equipment that I know it is very much a matter for headteachers to decide how they use the money that is allocated to them for the purchase of goods and equipment. But the whole tenor on our argument on education is that headteachers should not be put in a position where they need a tape recorder, for example, and they have to say, right, well, I will take the tape recorder and I will have boys and girls in my class sharing books. Now this arises, this need of choice arises if the supply of money is not there to maintain proper educational standards. Quite independently of my Honourable Friend Mr Loddo and my Honourable Friend Mr Scott it has been brought to my notice in recent weeks that books are being shared and that there seems to be generally a shortage in the Comprehensive Schools of these matters due to the restraint that has been put on expenditure. What we on this side of the House are saying is that although we would like wasteful expenditure to be cut by the Government, we cannot agree that educational standards should be allowed to suffer because of this expenditure cutting. It is quite clear to us from the Estimates that if the Minister thought that in 1979/80, £124,000 was sufficient. with the school population continuing as it does, and books having to be replaced and so forth, it is quite clear to us that asking for £124,000 again for 1980/81 will not meet adequately the needs of the schools, having regard to the in-Tlationary trend and having regard that presumably their decision to put £124,000 in 1979/80 was because it was needed.

Therefore, if you provide the same amount for the following year and don't even allow for inflation you are reducing the amount available and putting headteachers in the position of having to choose between one necessary item of expenditure and another necessary item of expenditure. The result of that is that something that is necessary has to suffer. That is what we are asking, and that is why we voted against the cut of expenditure of scholarships. Not that we do not welcome the fact that our students will be paying less but because we think that that money which was put in the Estimates should be left in Education to meet other necessary demands for maintaining standards of education in Gibraltar if not for improving them.

· HON MAJOR F J DELLIPIANI:

Mr Chairman, the Honourable Leader of the Opposition has made a speech, not put a question.

ME CHAIRMAN:

He is entitled to do this.

HON MAJOR F J DELLIPIANI:

I will bring up one point. He gave an instance of a headmaster buying an expensive piece of equipment like a tape recorder and sacrificing books. If he bought the tape recorder last year he will not have to buy it this year so he will have more money for books this year.

HON A J HAYNES:

Mr Chairman, could the Minister explain what he meant when he said that the headmaster had not dealt with the money allocated to him properly? Does that mean that in these circumstances the Minister would not intervene to help and ensure that there were books in the classrooms? Given that complaints have been lodged that there are certain classes without a complete set of books, your first and initial reply was to check on the facts. Your second was that if they were correct, that since the money had been allocated to the schools so that the headteacher has failed to allocate the money given to them properly, that that was their affair. Does that mean that if that were the case, that his fairs that the headmaster might not have allocated the money properly were truthful, would that mean that he would not intervene to ensure that there were books?

HON MAJOR F J DELLIPIANI:

Certainly not. If the information is right and there is need for more books I can always come to the House and ask for supplementary funds.

HON A J HAYNES:

So you would go back on what you said earlier, that this was their affair?

HON MAJOR F J DELLIPIANI:

Well, it is the Headmaster who controls the vote and he is the one who decides his priority. But if he does make a mistake and we cannot go a whole year with a situation which is wrong, we will correct it.

HON A J HAYNES:

That is what I wanted to know.

HON P J ISOLA:

May I ask the Minister what is the per capita allowance being made for books and equipment in our schools and how does this compare with the per capita allowance in the United Kingdom in the Education authorities?

HON MAJOR F J DELLIPIANI:

I am having in fact a statement prepared on that question but I can tell you that the last time I checked it was higher in Gibraltar than in the United Kingdom even allowing for the cost of freight.

HON G T RESTANO:

On Subhead 9, Mr Chairman, how is it that that vote has been reduced: Sharing of running expenses of the Gibraltar and Dockyard Technical College?

HON MAJOR F J DELLIPIANI:

Mr Chairman, if we look at establishment we see that Lecturers, subhead 14, increased by 3. The reduction in fact is due to Gibraltarians replacing UK contract teachers, contract lecturers in the Dockyard. They do not get foreign service allowances.

HON G T RESTANO:

And the difference, if I read the Minister correctly, is that there are no foreign service allowances, etc.

HON MAJOR F J DELLIPIANI:

Yes, Sir.

HON P J TSCLA:

Mr Chairman, I wanted to ask a question because it is related to Item 7 and to Item 9. Together these two items represent a reduction of some £21,000 not taking into account inflation, and could I ask the Minister what are the reasons for the saving.

HON MAJOR F J DELLIPIANI:

This is a question which has been the subject of correspondence with the Chief Minister and I think the Chief Minister will have a comprehensive reply to this, the question if in-service training. But there is one aspect and that is that this year we are not training the Unqualified Teachers, they were trained last year and they will be finishing this year, so that could count as part of the reduction in costs. In action fact provision was made for four to undergo in-service training and there are four this year.

HON P J ISOLA:

Can I refer to the letter to the Chief Minister written by the Cibraltar Teachers' Association in which they talk of vicious cut-backs and state that the cuts have been made due to the cuts in public spending. Now, as we have said, it is the policy of this side of the House that cuts in public spending should not affect standards and the service of education which is so vital. Apparently the Gibraltar Teachers' Association has been given as a reason for the cuts in this vote of in-service training and so forth, the cuts of public spending. Now this is an item that has occurred which shows a clear cut in furthering the training of teachers and the service of education which is so vital.

I would like to know whether it is Government's policy to have cuts in expenditure in education affecting standards of education as they must inevitably do? And although the Gibraltar Teachers' Association may be in correspondence with the Chief Minister on the matter I think we are entitled in this House to know what is Government's policy on cuts in education.

HON CHIEF MINISTER:

I am not going to anticipate nor am I going to deal with the question of the Teachers' complaints by letter which I saw in the paper before I read it in my office, but the simple answer is that there are no cuts on inservice training this year. As the Minister has said there were four last year and there are four this year.

HON A T LODDO:

Mr Chairman, I have it on good authority that in 1978/79 it was agreed that eight teachers should be sent for inservice training, and that in 1979/80 only six were sent. One had

to withdraw because of promotion, and one had to be deferred because there was no place for him in the University, so that brings it down to four. That to my mind is a cut. Now in 1980/81 it was agreed to maintain the 1979/80 level, which would have been four, plus the deferred one which would have been five. That is what I have been given to understand but only one teacher has been selected. Now, is this correct or is this not correct? Can the Minister please answer?

MR CHAIRMAN: .

The important thing is that I don't think we are so much interested just now whether one or more is selected, but rather whether we are now voting monies for four. I think that is what the Minister has said and what the Chief Minister has said. In other words, whether they have been taken up or not is another matter which can be discussed at a later stage, whether you are supplying money to cater for four. I trink that is the assurance that has been given.

HON P J ISOLA:

Cannot the position as outlined by my Honourable Friend Mr Loddo be correct, must it not be correct having regard to what the Honourable Mr Canepa told us yesterday in the general debate? The Minister did say that he did not believe in teachers going back after three or four years, he said it should be after 10 years.

HON A J CANEPA:

I said I was expressing my own personal point of view, it was not the Government's policy. I was expressing the point of view that I would take in discussions in Council of Ministers on the matter, Mr Chairman.

HON P J ISOLA:

I am grateful for that clarification, but, Mr Chairman, what we really want to know is whether the facts contained in that letter are correct about cutbacks and that they were told they were going to have the same level as 1979/80 and apparently this is not the case. This is what the letter said, this is the information that my Honorable Friend Mr Loddo has given the House. It seems to coincide and that is why I ask if we can have a categorical statement.

HON CHIEF MINISTER: .

The information I have from the Director is that there is provision for four teachers to do this, which requires that we also provide money for the replacement of the teachers whilst they are away and, therefore, there is no gap in the actual number of people going away from last year.

HON P J ISOLA:

But if that is so, Mr Chairman, why is there a reduction in the vote of £23,000?

HON CHIEF MINISTER:

I understand that the cost of the tuition of one of them is provided by a Commonwealth scholarship.

HON P J ISOLA:

That would not be £23,000. That would not count for inflation with £23,000. Mr Chairman, why would the GTA be expressing concern if everything is the same as last year?

MR CHAIRMAN:

Well, we have been given assurances.

HON J BOSSANO:

It is not difficult to establish whether the House is being asked to vote the same provision as in the previous financial year or not. And if it is not then, in fact, the answer is a cutback, unless we are getting the same thing cheaper. It is a question of fact isn't it?

MR CHATRMAN:

It is a question of fact that you are being asked to vote a lesser amount than last year, but you are being told that you are getting the same number of teachers going for inservice training.

HON J BOSSANO:

It isn't the question of the same number of teachers because, you see, I think the point made by the Honourable Mr Loddo was in fact that last year the provision that should have been taken up was not fully taken up, and in fact we had less people going last year than should have gone last year. The fact that again this year we have got no cutback in the actual numbers who went doesn't necessarily mean that there is not a cutback in the potential number who could go. If last year there was provision for six and only four went; we have four going this year because we only made provision for four, then in actual number we still have the same number of people going but in what we are providing we are reducing from providing for six to providing for four, and I think it is important to have the facts before one knows how to vote really.

HON CHIEF MINISTER:

Mr. Chairman, obviously the Minister has been away, unfortunately and perhaps he would want time to consider this. The information that I have been given now is that last year provision was rade for 5 teachers but 4 went because one could not find a place. Now, provision is made for 4.

. HON P J ISOLA:

But on the other hand the amount voted last year apparently has been spent. So, therefore, if it is £215,000 with four going, actually going, instead of five and now we reduce by £22,000, there is something wrong somewhere, Mr Chairman.

HON MAJOR F J DELLIPIANI:

As this vote was a combination of both inservice and the initial teacher training, we cannot say how it has been spent. We know that all the money has been spent either on initial ceacher training or inservice training.

HON P J ISOLA:

I appreciate that, Mr Chairman, but the net result is a reduction in the total vote taking them both together, item 19 and 7, of about £23,000. But something is suffering. The Government cannot say with inflation that they have not made cut-backs and that is what we are protesting about, cut-backs in education, cut-backs in matters that affect the young generation of Gibraltar.

HON J BOSSANO:

Mr Chairman, I think there is a distinction between a reduction in the provision for initial teacher training, which is determined by the need to train teachers, and in my judgment that is not a cut-back. If we do not need any teachers then we do not need any teachers and we do not train them as teachers, we train them as doctors or scientists or something else. However, if it is a question of maintaining the existing teaching staff up to date with the latest developments in education, then a cut-back in that provision, if that is required, would be a reduction in the service. I think the fact that the initial vote has been cut-back does not necessarily indicate a cut-back in education if there has been a cut-back in initial teacher training because we are now up to full complement and we are not sending people to train because there are no jobs or them.

MR CHAIRMAN:

In other words you would need a breakdown of the figures?

HON J BOSSINO:

Precisely, I don't want to vote on an issue without knowing what I am voting for, Mr Chairman.

HON CHIEF MINISTER:

It was mentioned earlier by the Honourable Minister that part of it was that all the Experienced Teachers are now finishing their training and coming back.

HON J BOSSANO:

Mr Chairman, if in fact the only reduction that is taking place here is the reduction in provision for teacher training because we are now up to the necessary complement and we do not need to send people to train who cannot have jobs to come back to, then I support that policy because I think people should be told when they come out of school what the employment prospects are. There is a lot of dissatisfaction amongst people being trained and then finding that the job they expected at the end of their training is not there. If that is the situation that is alright. I am satisfied with that explanation. But if there is conflict between that and a situation where we were saying last year that we were going to send 5 existing teachers on refresher courses or updating courses to bring them up to date with the latest development in education in UK, and this year we are only going to provide for four, whether four went or one vent last year, and . if what the House intended was that there should be provision for five, if it was possible for five to go. I think the House should be told.

I mean if last year we decided within that vote - there must have been an internal breakdown there - whether we actually questioned it or not, the House decided that they should provide for five teachers to go, and it may be that during the course of the year the five were not taken up because it wasn't either possible or necessary, I think there is still a cut-back if this year we provide for less than five, and I would not support providing for less than we did last year.

MR CHAIRMAN:

Do I take it that the Government does not intend that inservice training will suffer if it is necessary and that this vote doesn't mean that? Is that correct? Do we have such an undertaking?

HON CHIEF MINISTER:

It is a fact.

MR CHAIRMAN:

Right.

HON P J ISOLA:

I am not wholly satisfied with this because I understand the position is that there is saturation point in certain areas and people like to go for particular subjects and if they are not available they get upset. I am not talking of that situation, but I am talking of the situation where Government apparently every year has to bring in a certain number of teachers on contract in certain areas and I do not see how you can reduce the numbers of teachers being trained, or you can have a policy of reduction until you have reached saturation point. Are we being told that saturation point has been reached?

MR CHAIRMAN:

I think we are now reginning to talk at cross purposes. I think the Government has now given an undertaking that there is no gap ir in-service training or even in teacher training but that this is the vote that is required for this year, and if there is any need for further funds then they will come to the House.

HON CHIEF MINISTER:

I have just had my attention drawn to this matter of detail, but item 7 Initial Teacher Training, which has a reduced vote on last year, there is a note (c) below which tells us "Not includes ten courses which will be financed from Technical Assistance Funds". None were financed from Technical Assistance Funds this year. Ten are going to be financed next year.

HON P J ISOLA:

Mr Chairman, that is patently not correct because if the Chief Minister looks at the Estimates of Expenditure for 1979/80 we had a note there saying; "Partly financed from Technical Assistance Funds". So either the note in last year's Estimates is incorrect - we were given the wrong information last year or we were given the wrong information this year.

HON CHIEF MINISTER: '

Not new ones. These are new ones.

HON P J ISOLA:

Well, I don't know which they are but the question of financing was there last year.

HON CHIEF MINISTER:

Not new ones. They were continuing ones. Now there is provision for ten this year.

HON P J ISOLA:

Yes, maybe, Mr Chairman, but there was an element of finance from technical assistance. If we want to find out the exact position we also need to be told why there is a reduction of £23,000. If it is not concerned with in-service training then it is concerned with teacher training. Can we then please be told what are the reductions in numbers proposed because last year we were told 28 courses ended in 1979; 26 ended in 1980; 13 ended in 1981; one ends in 1982; 15 commence in 1980. What is the breakdown for this year so that we can compare to see what the actual situation is?

MR CHAIRMAN:

Is Government prepared to give such information at a later stage?

HON MAJOR F J DELLIPIANI:

I am prepared to give that information at a later stage, but the thing is that when we are talking about teacher training we have to project what our future needs are. I am not going to send 30 teachers to UK if we only require 10 in 3 years' time, and that is what we are doing. We are cutting down on the training because we are reaching saturation point.

MR CHAIRMAN:

I think we have discussed this matter fully. You are going to be given a breakdown. Any other items on Other Charges?

HON P J ISOLA:

Mr Chairman, I would like to raise the question of financial assistance to youth and cultural activities.

I notice that there is not an increase, there seems to be a cut. Admittedly it is only £200 but it is the philosophy behind the education vote that we are challenging. It seems to me there that the Government, although it has spent £19,000 which is a mere pittance in the Budget, is being niggardly, if I may use the expression, to the youth and cultural activities by reducing £200. Taking account of inflation that is a cut-back, and that is what we are complaining about in this vote, the philosophy behind the vote of cutting on education, and we were going to have to put cur usual protest of proposing a reduction of £1 to mark our dissatisfaction.

Here again, before I get to that, why is there a cut-back in financial assistance to youth and cultural activities? I would have thought that this is an area of Government activity and help which ought to be expanded rather than reduced. The amount involved is so small and so much good can be done with this sort of assistance.

HON MAJOR F J DELLIPIANI:

There has been no cut-back as such on our part. This is the money that was asked by the different clubs and that is the money they are getting.

MR CHAIRMAN:

Any other item on Other Charges?

HON G T RESTANO:

Item 16 - Educational Visits and Holidays. I notice that the approved estimates were £13,100 but only £3,800 was spent in the revised estimates. What is the explanation?

HON MAJOR F J DELLIPIANI:

Mr Chairman, on the question of Educational Visits and Molidays, I do remember this because I think I have mentioned it in the House. This was because we were discovering that the same people were going for the same holiday year after year. What we have done is that we have restricted the visits to purely educational visits connected to field work such as geography and biology.

HON P J ISOLA:

Therefore there has been a change in Government policy during the year. The House approved expenditure for particular purposes and Government in its quest to cut expenditure decided to cut in this area. Well, we protest, Mr Chairman.

MR CHAIRMAN:

Fair enough, it is a protest. Any other items now?

HON MAJOR R J PELIZA:

Mr Chairman, if you remember when we were discussing the general principles, one of the points I made was that Government obviously had more money, there is no doubt about that, and more money is likely to come in. I stressed the importance of broadening education, not just seeing education as a question of academical qualifications, and in fact precisely on these two votes I think that the Government can do a lot. The statement by the Minister saying that the youth cluts have not asked for more money, if I may say so, shows lack of interest on the part of the Government in that respect. I am sure that the youth clubs, if they knew that, would be able to get more money if more money was available and were encouraged to do this. I am sure that they would have asked for more money.

I have no doubt whatsoever that if they hear what the Minister has said he will have a queue later on this morning in his office asking for more money. So what I say, Mr Chairman, since we have more money, and I think it is vital from the point of view of education that the children of Gibraltar should have a wider view of life generally and one of them, of course, is visits abroad and cultural activities within youth clubs. I think this is an excellent situation to be in where the money is available and this can be supplied. And, therefore, I do fully support my colleagues here in encouraging the Minister to increase the vote not reduce it as, in fact, he has done in this Estimate.

HON J BOSSANO:

There are a couple of points I would like to make on the education vote as a whole, generally speaking, in terms of the policy direction the Government should be looking to as far as grants and the framework within which grants should be given. I think first of all that in making grants available one should be guided partly by the principle that the educational opportunities we give our own people in Gibraltar should not be inferior to those they would have in the United Kingdom if they resided there, and that, therefore, as a matter of principle, if people were to meet the criteria laid down in the UK for further education, then they should expect to get assistance in Gibraltar for further education. Within that policy I think the Government should encourage people to select things that are going to benefit G braltar economically, and consequently within the ambit of an economic plan and of expansion of one area as opposed to another, people should be told when they are considering what sort of field they are going to study that they may be inclined towards one area by a particular interest in that area, but that that area will provide very little or no employment prospects in Gibraltar, but they should still not be frustrated from doing that because I believe it is better really to export a good scientist. for example, than to force somebody to come back here and be a bad doctor or a bad teacher, although we should try and encourage them to stay. They should be told before they choose their career that they really have no chance of coming back, because in the past people seem to have gone away on specific courses with very high hopes of coming back and fitting in at a job at a fairly high level within Government service and being very disappointed with the sort of prospects that they have found when they have got back. So I think it is important that Government should protect its own position in making at the onset clear what the position is.

The other thing is that I think that the Government should give serious consideration either within the education vote or within the technical assistance provision under the aid programme to providing a chance for older people to go on computer courses, computer programming courses, computer orientation courses, which are ran in the United Kingdom by

the Department of Employment and are under the training opportunity scheme in the UK where basically that scheme works for people who are either unemployed or because it is considered in the UK. and I think in most of Western Europe today, that in any dynamic society people have got to be retrained several times during their lifetime. One cannot expect any more, I think, with the pace of technological change, to learn one set of skills and one job and spend ones working life in the same thing. And this training opportunity scheme effectively is to encourage people to leave declining industries and enter expanding industries, and computers is one of the things that is not limited to us. I think that if there is money within the existing £1m that we have of technical assistance which was unallocated,. if there is money there which is not being set aside for something for a higher priority, the Government should consider sending perhaps one or two people at least on this thing because I believe that this would form an important sort of scheme for development in future economic development in Gibraltar and the Government should be looking at having a pool of skilled people from which local employers and they themselves could recruit in what is bound to be an area of expansion. Those are considerations which I put to the Government.

HON CHIEF MINISTER:

With the first part of the point I would entirely agree but I don't think this is the best time in which to say we ought to follow UK standards because the cuts in education in England are absolutely savage. I was talking to a teacher five or six evenings ago from a very reasonably prosperous area, the South East, and they say that the cut in bocks, the cuts that they have to suffer every day is unbelievable, and, therefore, I do not think that this is the best time to compare standards. I am sure the Honourable Member was referring to normal standards before these serious cuts came on which we have always based our comparisons.

FON J BOSSANO:

I was specifically referring to the provision of places in higher education and not in fact to how good the schools or the colleges may be. We are not providing higher education ourselves in Gibraltar. But if somebody can get a grant for doing a course in UK then he should not be deprived of the opportunity of learning that skill because he happens to have been born in Gibraltar. If we could do better than in UK then I would certainly support that wholeheartedly, but as a minimum we should expect to give our people the same opportunity for developing their skills and developing their careers as they would have if they had lived in the UK.

MR CHAIRMAN:

I think the point has been made now. Are there any other matters under Other Charges?

HON W T SCOTT:

Mr Chairman, can we have an explanation on Subhead 17 and the reason for the reduction?

HON MAJOR F J DELLIPIANI:

Yes, this is a Government decision not to continue to send new children to attend the Services school.

HON W T SCOTT:

There is still a vote there for £33,500.

HON MAJOR F J DELLIPIANI:

For the children who are still there.

HON W T SCOTT:

I see. And I would also if I may be allowed to, Mr Chairman, relating back to page 13 of the items of revenue, subhead 3, the Reimbursement by the Ministry of Defence shows a very substantial reduction. I am suggesting in fact whether it is a wise decision where we spend £35,000 and yet we are reimbursed even this year £116,000.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, that is the reimbursement for services children attending secondary schools.

HON W T SCOTT:

Yes, but it is a drop of over 50%.

MR CHAIRMAN:

I think one vote is not related to the other in any manner or form. The other is the Gibraltarian school children attending MOD schools, and this is the other way round, MOD children attending Government schools.

HON W T SCOTT:

Yes, Sir, but they are inter-related in some way.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The reasons for the drop this year is that the figures in the 1979/80 included arrears of revenue over two years which was brought into that year.

HON W T SCOTT:

Thank you, Sir.

HON A T LODDO:

Mr Chairman, I notice that there is a reduction in the running costs of the Teachers Centre. Subhead 14. Perhaps the Minister could explain how this has come about.

HON MAJOR F J DELLIPIANI:

The running costs of the Teachers' Centre, in fact, used to come under the whole question of initial teacher training and in-service training because it is connected, in fact, with in-service training. This year we have separated it to see how much it is actually costing us so that we have an idea to be able to monitor it.

LON A T LODDO:

Mr Chairman, but there has still be a cut there. You were reclamating £5,000 and now you are estimating £3,500 or was this £5,000 an arbitrary figure?

HON MAJOR F J DELLIPIANI:

No. this still forms part of the whole vote.

HON W T SCOTT:

Mr Chairman, I would like to return to subhead 17 where there seems to have been a distinct change of policy over very many years with Government on that, and I would like to hear more substantive reasons than those that have been explained already.

HON MAJOR F J DELLIPIANI:

It is a Government policy decision not to sponsor children going to the Ministry of Defence schools unless they want to pay for themselves. We can provide for their education ourselves.

HON P J ISOLA:

Has this matter been discussed with the religious community concerned and have they agreed?

HON MAJOR F J DELLIPIANI:

The community as such has not made any objections, we have had objections from several parents. We have asked them for certain information which they say they have, certain guarantees and this guarantee hasn't been forthcoming.

HON P J ISOLA:

Mr Chairman, going back a few years, when St Chrictopher's and St George's Schools which were schools to which children of Church of England persuasion, or non-Catholics and non-Jewish, were sent, and at that time it was Government's policy that children up to 11 plus level, primary level should go into schools of their different religious persuasion, as it were, and then at secondary level everybody went to the same school. When those two schools were closed and agreement was reached on that, and it was on the basis that the children who normally went to those two schools which included service children, would go to the Ministry of Defence schools, because the Gibraltar Government was not able to provide education at that time because of shortage of teachers and so forth. It seems to me that now to make somebody in Gibraltar go to what is the substitute for St Christopher's and St George's Schools, to make them pay if they want to go to that, is to bring an influence to bear on them which I would have thought was not Government policy or in fact not Gibraltar policy if I may put it that way.

HON MAJOR F J DELLIPIANI:

Mr Chairman, the whole situation of religious education in schools has changed very drastically from the old sort of system that we used to have in our schools. In actual fact, I can think of one school now where half the teacher complement are Protestants and they give religious instructions to Catholic children. No matter what agreement there has been in the past, and we haven't seen this agreement, it is now Government policy that all children in Gibraltar of non-Catholic denomination, Protestant denomination, can be taught in our schools adequately and their religious interests safeguarded.

HON P J ISCLA:

Mr Chairman, I would have thought that such a radical change of policy affecting admittedly only a small section, a minority of Gibraltar, the Government would have solicited the advice of the religious groups concerned. In fact, this takes no regard of the agreement that the Honourable Minister for Education has just mentioned which apparently he hasn't had sight of.

MR CHAIRMAN: .

May we perhaps for the sake of good order have an answer to that.

HON MAJOR F J DELLIPIANI:

There has been consultation with the parents. We have asked the parents to provide particulars of this agreement which they say exists. We have no knowledge of it and that is the situation. Sir.

HON P J ISOLA:

Mr Chairman, I am extremely surprised to hear the Minister saying that. That is patently incorrect. The reasons why Church of England children went to the Ministry of Defence schools were clearly explained at the time it was done. All he had to do was read back 15 years. That may be a lot of trouble for the Minister. He is misleading the House, if I may say so, or he is tending to mislead the House in making a statement that there was never such an agreement. Of course there was an agreement.

MR CHAIRMAN:

The Minister has never said there wasn't an agreement, the Minister has said that he hasn't seen it.

HON P J ISOLA:

Well, perhaps he should look at it.

MR CHAIRMANA...

He has not said there isn't an agreement and he has not misled the House.

HON P J ISOLA:

Mr Chairman, if I may flimish, before he starts telling the House things like this I think you ought to check. Of course, the Government schools could have taken in the small minority of Church of England children that were being taught in St George's and St Christopher's school; of course, the Government could have been able to absorb them in their schools disregarding the question of religion; of course they could have done this. It was precisely in an effort to be fair to all the religious communities in Gibraltar that the Government has this policy at primary level of allowing children to go to their various religious community greas. I think it is very important to Gibraltar and ought to be maintained. I think we must look after the minorities and respect their rights, and I think that before the Government makes a final decision on this they ought to look back at the whole history of the question and the first person they ought to consult is the religious Head of the Church of England community. If after consulting him they come to the conclusiong that. "well. I am sorry, we are going to break with tradition; we find this too expensive; it costs us so much" I know there are a lot of financial arguments, there must be obviously, otherwise I am sure the Government wouldn't have intervened in this, but before they do that I think they ought to consult - I don't know whether there is still a Board of Education, there is something in the Education Ordinance on this, and I think it ought to go there for advice.

HON CHIEF MINISTER:

Mr Speaker, I think it is fair to say that some of these consultations unfortunately took place at the time when my Honourable Friend was in hospital and he has not been able to deal with it as indeed with some other factors that he could well have avoided by not coming here. He is not, therefore, as well versed in the details of the examination of the Estimates which were done in his absence. To that extent I think we ought to bear a little with him.

Now I would like first of all to make quite clear that I am particularly conscious, and I have always been particularly conscious about mirorities in our community, so that I would like to make it quite clear that there is no attempt at any discrimination. But if I remember rightly the problem started because quite a number of children of UK families who arrived in Gibraltar on their own for any particular reason, not Service children, not Government children, were getting automatic sponsorship into these schools for which the Government had to pay. This is really what brought the matter to a head, that the numbers were going up not simply out of our own resident Anglican community who were concerned. because many are not concerned, this is what I have been able to find by the discussions I have had with three parents who were concerned. This is what brought the whole matter up because the sponsorship is costing us a considerable amount of money. It was felt educationally, and to some extent religiously, and here I do not know, but it was felt that there was nowadays not the difference that there was when St Christopher's was closed in the sense of the religious education as between Anglicans and Catholics.

I am saying what I have been told. I know nothing about this. It is not my religion and therefore I want to tread very cautiously because I do not want to give offence to anybody to say anything that is not correct. Now, there are, as two of the parents told me, caring parents about the children wanting to go to Anglican school and there are parents who do not mind. But there is also an element of status symbol in going to an Anglican school because those two schools are very well equipped and people think that because children are being brought up with English speaking children they have an advantage. Well that in itself is really no reason for us to sponsor children to that school. So the matter is a cit delicate. It has not been finally decided. We have made a . provision on the basis that there is a commitment to all the children and in fact even brothers and sisters of children who are already there so that there should be no difference in the education in the family until they come out.

It is intended to phase it out gradually subject to this question of the agreement. Now, despite the fact that it is alleged that there is an understanding and not an agreement, it was not an understanding of a commitment on the part of

the Government, as I have been led to believe, but a commitment on the part of the Services' school that they would accept these children. It was not a commitment on the part of the Government to undertake to send them but a commitment on the part of the Ministry of Defence that they would accept up to 100 children between the two schools.

Now, in addition we have found out that a number of Catholic children are going to these schools but on payment by their parents. They are perfectly free to do that. People can do what they like, but that of course has brought more to the fore the question of the need, in religious terms, of maintaining that difference. Now, I have seen the parents, the Minister was in hospital, I have seen the parents, they have been reasonably satisfied with the original undertaking that there would be no change in the people who are undergoing this education until they go into Secondary School, and also the adjustment that has been made in respect of some of the minors who were about to join who have a brother or a sister there so that there would be no separation, no difference.

The matter is still under consideration, but even if there was an understanding it does not necessarily mean that that is binding forever. If there are good reasons and they are acceptable to the Head of the community, then of course it is a different matter. But in fairness the people who came are very close to the Dean and we have not had any reaction at all by the Head of the Anglican community. If we do receive representations we will give them our most careful consideration. But it is getting more and more expensive when in fact children can be absorbed into our classes. The teacher/pupil ratio is very satisfactory and it can absorb this. There are only a few who would really regard the question of the atmosphere in which they are broughtup as objectionable. We have the example of the Anglican Home where for reasons of expense it was absorbed by Mount Alvernia and there have been no difficulties in that respect.

As I say the Government is prepared to be guided in principle on matters if it affects the conscience of people. If it doesn't, then it is a waste really to be sending some children at great expense when indeed there is provision in the school of adequate education of both Catholics and Anglicans instructions.

MR CHAIRMAN:

I think we have ventilated the matter completely. I will allow the Leader of the Opposition to say a few words in reply to the Chief Minister but I think we have now exhausted the matter.

HON P J ISCLA:

Yes, Mr Unairman, I appraciate that. I understand a lot of the arguments that have been put forward by the Chief Minister and obviously the parents of children presently in the school will, of course, go away satisfied if they are told that their children may stay for the rest of their time. The point I am making is that it is wrong to say that there was no agreement because I was involved in it personally, and I certainly have a clear recollection of it. The Board of Education minutes will show, I think, at the time and it was clearly agreed with the Head of the Religious community. I think that if the Government feels educationally there is a lot to be said for doing away with this subvention then so be it. It may well be so, it may be better in terms of educational efficiency, I understand all those arguments but above all that is the commitment given at the time. And I think it is not a question of the Government waiting for the Read of the Religious community to approach them, it is a question of the Government calling in the Head of the Religious community and saying; "This is our policy for the future, these are the reasons why we are doing it", discuss it in the appropriate Education Board and then come to the House and tell us. I think just to phase it out quitely and satisfy the parents of existing . children is not a fair way or indeed a proper way of dealing with the matter.

And may I say, Mr Chairman, that I can quite appreciate that the Minister for Education is at the moment labouring under a great disability. He has been away and I can understand it all and to that extent we are sorry we have to question his department, but it so happens that his department, from what we can see - I am sure it will please Mr Bossano - shows application of Thetcherite principles in education with which we on this side of the House do not agree.

HON CHIEF MINISTER:

Mr Chairman, I think it is less unfair to the parents who came to see me to say that they were only interested in respect of their own children. I think it is less than fair to say that. They were speaking on the whole and in fact one of them is very closely associated with the Church. They did not go away satisfied nor did we agree with them on anything. In fact, they are coming back to the charge. It is less than fair to say that they were concerned about that. They were concerned as to those who feel much stronger the question of being in an Anglican atmosphere on religious grounds.

MR CHAIRMAN:

Fair enough. That is the matter now. I understand you want to reduce the vote but not on this particular vote.

HON A T LODDO:

Mr Chairman, I would like to propose that the total on Other Charges of £1,126,400 be reduced by £1 to £1,126,399.

Mr Chairman put the question in the terms of the Hon A T Loddo's amendment and on a vote being taken the following Hon Members voted in favour:

The Hon A J Haynes
The Hon P J Isola
The Hon A T Loddo
The Hon Major R J Peliza
The Hon G T Restano
The Hon W T Scott

The following Hon Members voted against:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon J B Perez
The Hon Dr R G Valarino
The Hon D H J Zammitt
The Hon D Hull
The Hon R J Wallace

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon J Bossano

The amendment was accordingly defeated.

Other Charges was agreed to.

Head 3 was agreed to.

Head 8. Housing - Personal Emoluments was agreed to.

Other Charges

HON G T RESTANO:

Can I have a full explanation for the cut-back in the maintenance of Government housing?

MR CHAIRMAN:

Yes, you can be optimistic and ask for an explanation, \whether it will be full or not we will have to wait and see.

HON H J ZAMMITT:

Yes, the explanation was given both in my address in the general debate and by Mr Featherstone, the Minister for Public Works, in the general debate, by the Honourable the Financial and Development Secretary and I think by the Chief Minister.

The facts are, Sir, we mentioned that we were introducing the fulfilment of the tenancy agreement which would mean a reduction in expenditure mainly on wages from the Public Works Department gang on housing repairs. That is to say the smaller household defects so that the Public Works Department can concentrate more on major housing repairs. Therefore the small, and I think I mentioned such things as door knots and tiles and whatever is broken, a pane of glass, will not in future be done by the Housing Department, it will be the responsibility of the tenant. I think I gave cuite an elaborate answer on that earlier on, Mr Chairman.

HON A J HAYNES:

As I recall the elaborate answer was by way of reply to some points which I had made, and one of the points which I made was ignored by the Honourable Member. I will repeat it so that he may have the benefit to answer; that was that in the case of the elderly or poor there may be a financial burden involved which could be prejudicial. Will the Minister give an assurance that this will be avoided? Or is there no intention to avoid hardship? I would like to emphasise that so often it is the elderly and poor who find themselves in old Government houses and therefore are more likely to be inconvenienced with internal disrepair.

HON H J ZAMMITT:

Mr Chairman, I think that the Hon Member can sleep very happy tonight, we will certainly not leave the elderly, particularly those who are on rent relief or on supplementary benefits and the like, I don't think Government would refuse installing a pane of glass or a door knob or any other minor repair, I am sure.

HON A J HAYTES:

Then why did not the Government make this assurance earlier so that I wouldn't have needed to ask this question?

HON H J ZAMUITT:

Mr Chairman, I cannot answer in a debate or in a statement where one is making comments on the general principles of the Bill or cover every single little item, but I can assure the Hon Member he need not worry, Mr Chairman, we will certainly not be causing suffering to the aged and the poor. In no way.

HON A J HAYNES:

Sir, he ridicules my efforts as if this was just one of the mary introductions, yet it is not wrie, Mr Chairman. This instance that internal repairs will now be the burden of the tenant was specifically mentioned by the Financial and

Development Secretary and later by the Chief Minister who singled out amongst many aspects of housing, amongst a myriad of points that appear on the Estimates. It was singled out because it was a change, and it was singled out without any explanation.

MR CHAIRMAN:

No, the Honourable Minister is saying that he did not answer your specific question on elderly people perhaps because he cannot be expected to give an answer to everything that is raised. Not to the general principles of not repairing houses.

HON A J HAYNES:

It should have been because he is not confident to what he is meant to do.

MR CHAIRMAN:

That is another matter.

HON H J ZAMMITT:

Mr Chairman, I am not taking up the Honourable Mr Haynes because quite honestly one is very unimpressed by his performance in the House although I grant that he is a greenstick and brand new, but I think to remind his youthful mind, I did mention specifically, Mr Chairman, and so did the Honourable the Financial and Development Secretary on the question of the tenancy agreement, and I remember vividly having said that there was nothing drastically new, it was just the implementation of the tenancy agreement and the fact that Government or tenant had adopted an attitude that every single thing that happened in the House was Government's duty to repair. I may not have used those exact words but I think I made it abundantly clear. I hope, Sir, that the Honourable Mr Haynes will wake up and be as active as I think other new Members in the House have proved to be already, Sir.

HON A J HAYNES:

These continuous references to disappointment in my efforts, Sir. I share these mutually with the whole Government, Sir.

HON CHIEF MINISTER:

I am very glad to hear you share the views.

MR CHAIRMAN:

Let us not talk across the floor.

HON P J ISOLA:

Mr Chairman, the Minister talks about the Government now enforcing the contracts. Now what I suppose has been happening is that for the last ten years they have not been enforcing. them and gradually the bill has gone up and up and up, it must be that. The drop in expenditure is estimated to be something of the order of £600,000 in 1979/80. The Revised Estimates for 1979/80 is £1,052,000. Maintenance of Government Housing for 1980/81 has gone down to £426,000, so it is almost a drop of £600,000. I know an explanation will be given that half of that vote goes into another vote in the Improvement and Development Fund of backlog and heavy duty works. Right, I accept that, but the point I am making is that he whole structure of the Housing Department was based on the fact that the maintenance of Government Housing would pass to the · Housing Department. The super-structure of Warden, District Warden, Head Warden and all that. Now, I don't know what the position is. but as a result I can imagine that for the first year the Warden and the District Warden and the Head Warden , will be very busy telling tenants; "No, you have got to do that not us", and there will be arguments galore because the tenants will look at this probably as a rise in rent.

They are now being made to do things that the Government was doing for them. That is why I presume there is no increases in Government rents this year and they will come next year, but that is not what I am getting at. What I am getting at is that the fundamental work of the Housing Department, as far as maintenance is concerned, has been changed in these Estimates. Now, what I would like to ask the Minister is, does that not require reconsideration of the establishment of that department?

HON H J ZAMMITT:

I think that two budgets ago we introduced the maintenance, housing repairs into the Housing Department in an attempt to find out exactly the funding of the Housing Department. It has been found, and experience has shown up, Sir, that the money involved in carrying out the minor repairs which are not Government's responsibility, and which were never Government's responsibility but which Government has erroneously carried out and I must mention, Mr Chairman, if you will allow me in detail

MR CHAIRMAN: .

No. Let us not go over and over the same problems once again. You have been asked a simple question. Why have you not cut down the establishment of the department if you are not going to be responsible for works that you were doing before? It is as simple as that.

HON H J ZAMMITT:

The money that we are cutting down incorporates the wages of members of the Public Works Department that were carrying out repairs for housing and, therefore, it has the element of their own superstructure which is not carried out by housing. We have a vote where we have a small maintenance going but the £521,000 incorporates the wages and salaries of - in fact, I think the total number of men from the Public Works Department dedication to housing affairs was something like 280.

HON W T SCOTT:

Mr Chairman, given this reduction and the charge of policy on maintenance one can safely assume Government intends bringing this agreement with the tenants fairly quickly. Can we have a date for that please?

HON H J ZAMMITT:

Mr Chairman, yes, that is a good question. I think the matter of the tenancy agreement has been looked at very carefully by the Honourable and Learned the Attorney-General and, of course, tenants are being reminded of this, but I would like to make one particular point. Where the Government has found an enormous amount of money possibly being wasted is by fitments that been placed by tenants over and above Government's...

MR CHAIRMAN:

That was made on the Second Reading. Let us not start all over again.

HON W T SCOTT:

Yes, Mr Chairman, but I don't think my question has been answered yet.

MR CHAIRMAN:

He wants a date as to when the change will be implemented.

HON H J ZAMMITT:

I am afraid I cannot give an exact date. The matter is with the Honourable and Learned the Attorney-General and the question of tenancy agreement I think is a question of possibly a couple of months. I honestly do not know exactly when the Honourable and Learned the Attorney-General can really give his final views on the matter.

HON W T SCOTT:

I see. Then my next question, Mr Chairman, is prior to the date of the new tenancy agreement will Government still continue to do the maintenance work it has been doing over a number of years?

HON H J ZAMMITT:

Well, Mr Chairman, in honesty yes, but not the minor little door knob, not now, but even a few months ago, we have been telling people that we are not carrying it out.

HON W T SCOTT:

The tenants presumably will be informed about this prior to the signing of the agreement.

HON H J ZAMMITT:

No, Mr Chairman, because as I have said earlier on in the old tenancy agreement there was an agreement that minor repairs in a schedule were not Government's responsibility.

HON P J ISCLA:

Can I ask who is going to decide this point, is it the warden? Is it going to be the PTO IV or something? Who is going to decide? I remember rightly the distinction between fair wear and tear and so forth was a very difficult one, so on the ground, who is going to tell the tenant that he is responsible?

HON H J ZAMMITT:

Yes, Mr Chairman, again that will be a question of obviously in the case of a normal break one would know whether it is or it isn't; in the case of fair wear and tear they will, of course, require technical savice one way or the other. It would be either the Housing Department PTO IV or if it is put through the Ragged Staff Depot then, of course, it will be the Public Works Department to assess.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 5. Income Tax Office - Personal Emoluments was agreed to.

Other Charges

HON G T RESTANO:

Mr Chairman, on subhead 4, I see there is a substantial increase in the rent of office and service charges. Can I have an explanation for this, please?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

A service charge previous appeared under General Office Expenses and the Honourable Member will, I think, see that in 2 - General Office Expenses, there has been a reduction to this provision.

HON G T RESTANO:

But, nevertheless, Mr Chairman, has there been an increase in the service charges?

THON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Sir, there has been a slight increase both in the rent and the service charge. This is rented accommodation and the agreement runs, if my memory serves me correctly, for three years and last year there was an increase in rent and in the service charge. The service charge is based on actual expenditure to Government tenants. The actual figures, if the Honourable Member would like them, are: rent £7,300; service charge £1,600; and apportionment of a short fall on the service charge for the previous year, a smaller amount bringing a total of £10.300.

HON G T RESTANO:

When does the lease terminate. Mr Chairman?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If my memory serves me well, Sir, it is a three year lease and I think it is for renewal next year. But I would like to point out that the Government has a committee looking at its requirements for accommodation to see whether we can give up rented accommodation by utilising other Government properties.

HON G T RESTANO:

I am happy to hear that. Mr Chairman, under subhead 5, could I have an explanation?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

We have an agent in the United Kingdom who works for us and we pay him £1,800 a year for the work which he does giving us information. There are companies in the UK who earn profits in Gibraltar and our agent works for us on their accounts.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 10, Judicial (1) Court of Appeal was agreed to.

(2) Supreme Court - Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

(5) Magistrate's and Coroner's Courts - Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 11. Labour and Social Security - Personal Emoluments was agreed to.

Other Charges

HON MAJOR R J PELIZA:

Mr Chairman, I wonder whether the Minister can explain, under Subhead 8, Relief Payments Abroad.

HON A J CANEPA:

Mr Chairman, there are a number of persons living in Morocco, and Spain who are paid social benefits. This is done through the British Consulate. The reason why there has been a drop in the provision is due to deaths during the past year and thereby because of that our commitments have decreased slightly.

HON P J ISOLA:

I was going to ask, Mr Chairman, on item 7, Supplementary Benefits, where the increase is slight, I have noticed it has been less than actually estimated for. Can the Minister say, I don't know whether he said it yesterday, the difference in the number of people on supplementary benefits that are expected during the year?

HON A J CANEPA:

The number has been decreasing over the years. One of the categories under the Supplementary Benefits Scheme, are nonhouseholders. At the time when we introduced the Elderly Persons Pension the level at which that pension was introduced was equivalent to the non-householders allowance under the Supplementary Benefits Scheme, and what has, therefore, happened over the last six years has been that when people reach the sg: of 65 and they are receiving the non-householder allowance, which is by far the largest number of people in receipt of supplementary benefit, when they reach the age of 65 they get the Elderly Persons Pension so they come out of this subhead and go on to the Elderly Persons Pension Head. That is why I have been pointing out here in the House that the number of people on Elderly Persons Pension is not decreasing because it is being fed constantly by persons from the Supplementary Benefits vote, but nevertheless in this one the number has decreased and we have been able to increase the level of Supplementary Benefits by about 450% over the last 7 or 8 years whereas the actual provision has increased from about £130,000 to £280,000.

HON MAJOR R J PELIZA:

On Subheed No 11, Mr Chairman, Head 11, I am very pleased to hear that the Minister is increasing the child allowance from £4 to £5 which is very good, and I welcome that, but could he explain, I am not very clear as to whether all the children in the family get it?

HON A J CANEPA: '

No, we are still not paying family allowances to the first child, instead of that what we are doing is that we are giving income tax payers relief under the Income Tax allowances structure, which is now £200 and will go up to £250.

HON MAJOR R J PELIZA:

So the position is that every child except the first one gets £5 a week now and the first child gets

HON A J CANEPA:

Nothing, except £250 the parent gets from income tax relief.

HON MAJOR R J PELIZA:

Has the Minister given thought of doing away with the child allowance in the income tax and giving them the benefit of £5 a week?

HON A J CANEPA:

This was the subject of a very deep study last year. Because last year we did carry out really a re-structuring of income tax. In fact, it was last year that we abolished the income tax relief in respect of the second and subsequent children in a fiscal package that we brought to the House which also involved doubling of family allowances and they were made tex free. Yes, we have given consideration to that. It would be a very costly exercise because there are just about as many first children of family and one child family as there are now children in receipt of family allowances. It would be very costly to do that. In addition to that I think that it would exacerbate even further the feeling of discrimination that there is amongst the alien labour force who do not get family allowances and only get tax relief for the children. If we were to abolish the tax relief for the first child and pay family allowances in lieu they would have a further grievance, they would have lost that tax relief. They would not be entitled to receive family allowances'. because family allowances are only payable on the basis of 'presence' is the word in the law, presence in Gibraltar. They would feel even more discriminated against.

From the tax point of view the convenient thing about also limiting tex relief to the first child is that there can be no abuse in respect of anny other children for which in certain countries it is not too difficult to produce certificates. I hope the Honourable Member gets the import of what I am trying to say without my having to spell it out in too much detail.

HON MAJOR R J PELIZA:

I get it, but I am not fully satisfied because I think the two sides could be satisfied. For instance, it is quite simple to say that those whose children are not present in Gibralter would continue to get the tax allowance and those whose children are in Gibraltar would get the child allowance of £5 a week, so I don't think that that is insuperable.

HON A J CANEPA:

I am not sure whether that can be done, Mr Chairman, I don't know that there are any conventions, you know, I am not certain.

HON MAJOR R J PELIZA:

I would have thought it would not be discriminatory because obviously it would apply to whatever nationality, whatever status, if he lives in Gibraltar.

HON A J CANEPA:

But as I say there is the other aspect of it which is the financial consideration and the Government policy has been to use whatever funds are available to the greatest good and we consider that the greatest good is to give it to the larger families. We think that if there is a sum of money that can be made available it should be used to improve family allowances generally rather than give the allowance to the first child because then the benefit after the one child family would get is greater and we think the larger family is the one to be helped.

HON MAJOR R J PELIZA:

I see the point of the Minister, but I think there is a lot of argument to be said too for the poorer families with one child who is obviously getting very little, perhaps nothing, in income tax. His wages do not get to the stage where he pays income.tax.

HON G T RESTANO:

May I have a breakdown of subhead 13, Accommodation for Labour - £300,000?

HON A J CANEPA:

I haven't got the details of the breakdown, Mr Chairman. I can obtain it for the Honourable Member in respect of how much we spend at Devil's Tower Hostel. At Casemates Hostel the provision is £199,000; at Devil's Tower it is nearly £110,000. A lot of it goes on wages; for instance, at Casemates wages and related allowances, leave, sick pay, efficiency bonus, and so on, that takes up about £100,000. Water nearly £42,000; Electricity £23,000; Linen and Bedding £2,500; Laundry £7,200; Repairs and Maintenance £5,000; Miscellaneous Stores £10,000; New Lockers £4,800; Protective Clothing £500. Does the Honourable Member want a similar breakdown for the other hostel?

HON G T RESTANO:

Yes.

HON A J CANEPA:

At the other hostel, wages and related items are taking up about £70,000 at Devil's Tower; Water £5,000; Electricity £10,500; Miscellaneous Stores £7,500; Linen and Bedding £3,500; Laundry £4,000; Repairs and Maintenance £6,000.

HON G T RESTANO:

Mr Chairman, how many people are employed in this?

HON A J CANEPA:

At Casemates Hostel there are 27 employed, at Devil's Tower 20.

HON G T RESTANO:

First of all the water charges. I think I heard correctly it was £42,000 at the Casemates and when one compares that to the Devil's Tower, £5,000, it seems to be quite disproportionate. Is there any form of control to cut wastage ir water?

HON A J CANEPA:

The accommodation at Jasemates is for about 800, all Moroccans, and therefore, they use rather more water because of reasons of hygiene and so on. At the other hostel there are fewer people and the fact is that at Casemates it is much more difficult to control the use of water because in a hostel which is virtually open and there are so many people who are residents I imagine that it may not be difficult for non-residents to get in and have a shower as well. It is difficult to keep strict control at Casemates. I am perfectly satisfied about the control at Devil's Tower but it is difficult to do so at Casemates.

HON G T RESTANO:

I would have thought, Er Chairman, that with a team of 27 at Casemates there would be sufficient people there to have an element/control of water.

HON A J CANEPA:

No, Mr Chairman. There are 27 people employed, there is one Hostel Supervisor, two Skilled Labourers and a Handyman, 6 labourers, 17 female domestics who are only there as cleaners. So the actual staff involved in supervision is very small. And it is not easy I think to get to know 800 people.

. HON W T SCOTT:

Mr Chairman, coming back to the question of the water situation at Casemates, when that project was redeveloped or refurbished, has Government made any provision, for example, in the showers to have them metered, coin operated as, in fact, it exists in the Government Hostel at North Gorge.

HON A J CANEPA:

No, no such provision is made. The charge which is made at the hostel is an all inclusive charge for everybody and as we announced we are putting up the charges very considerably. They now stand at £4 a week, they are going up to £7 a week.

FOR W T SCOTT:

Mr Chairman, if I may ask another question on subhead 13, the revenue accrued from charges made, from £4 to £7, can I ask the Minister where it appears?

HON A J CANEPA:

I think it is under departmental earnings. Revenue from Government Property. Page 10, Head 5, Item 5, Imported Labour. Accommodation Charges.

HON P J ISOLA:

Mr Chairman, on Elderly Persons Pensions. Could I ask how many people were in receipt of Elderly Persons Pensions, for the current year 1979/80, and could the Minister repeat, I think he said the increase in pension was going to take place in July or have I got the wrong one?

HON A J CAMEPA:

The provision we are making in the Estimates for next year and, I don't think it has changed very much from last year, is for 935. During 1979 the number must have been of that order give or take a few. And the pension is going up in January in connection with the general review of social benefits. January 1981.

HON P J ISOLA:

The increased provision reflects the increase in this January.

HON A J CANEPA:

Last January we increased the pension to £9, in the financial year ending 31st of March, 1980, there was only provision in respect of the increase of January 1980 for 13 weeks; now in next year's Estimates there is provision for the whole of the year and then, of course, there will be a further amount to be met for the last quarter of the year, January 1981 to March 1981. Should that prove to be insufficient we may have to come back to the House for some more funds.

HON P J ISOLA:

The reason I say this, Mr Chairman, is I wonder whether the provision of 935 persons is correct because in fact we provided £400,000 last year, there was an increase in January and still it is underspent by £5.000.

HON A J CANEPA:

Well, £5,000 in a vote of £400,000 is nothing.

HON P J ISOLA:

I know it is nothing but no provision was made last year for the increase on 1st January for 13 weeks.

HON A J CANEPA:

I think we did make provision, yes. The increase last January was £1, it went up from £8 to £9, and I think, Sir, that we did make provision.

HON P J ISOLA:

Then there is provision for the increase. In the figure of £438,000 there is provision for an increase on the lst of January.

HON A J CANEPA:

We are intending to increase the level of pensions in January. We think that the numbers are going to go down curing the course of this year, we think we have reached caturation point and so the extent of the increase is going to be partly offset by savings.

Now, I have given an indication of the order of increases in social benefits but Council of Ministers have not yet taken a decision on the matter because I have not put any proposals to Council of Ministers, but at departmental level we have some idea of what we are proposing to do.

Subject to that, depending on whether the increase is of 15% or 17% or 15%, depending on whether the numbers go down as we anticipate, we may or may not have to come back to the House for further funds. I may have to come to the House for say £10,000 to £12,000 but it is not a great deal in such a large vote.

HON P J ISOLA:

And you will have it, of course, Mr Chairman, but what I am saying is, therefore, that you have really only made a sort of rough calculation there because it is too early really to say what should be the order of the rise in the pension on 1st January, 1981.

HON A J CANEPA:

I have some idea, I think it will be say, about 15%, and of course the increase here is not 15%, I see the point the Honourable Member is making, it is slightly over 10%, but if the numbers go down we will be alright, if the numbers do not go down I may have to come back for another £10,000 or so.

HOM A T LODDO:

Mr Chairman, on Item 14, Holidays for the Elderly. I notice that there has been a slight drop there.

HON A J CANEPA:

It is the same as we provided last year. A party of 10 elderly persons and two escorts. The Honourable Member will notice that in fact we made provision for £3,800 last year and we only actually spent £3,000, so we think we can make do with £3,300. We are not able to send more people because it is necessary to provide a social worker and a nurse to accompany the elderly and, therefore, we can only handle one party a year. We cannot make arrangements for more social workers and more nurses to take time off to accompany parties of elderly holidaymakers. It is exactly the same as last year.

HON MAJOR R J PELIZA:

Could I know precisely what the nurses and other people do?

HON A J CANEPA:

I am not sure, Mr Chairman, that we can do that. The other thing of course is, and let me make one point, that the provisions for elderly persons to go on holiday is limited as per the policy introduced at the time when the Honourable Member was Chief Minister, because this is something which Mr Kiberras introduced. It has always been for people on Supplementary Benefits. The amoit of it has never been widened beyond that. There are fewer people on Supplementary

Benefits today than there were when the scheme was introduced in 1971 and what we tend to find is that the same people go every three years, and every two if we are not careful.

HON P J ISOLA:

We wouldn't object on this side of the House at all, let them go every year.

HON A J CANEPA:

Everybody doesn't do that, Mr Chairman, I can assure the Honourable Member that a lot of large families are not able to take an annual holiday.

HON P J ISOLA:

The last one. Expenses of Industrial Tribunals. Could I ask how many cases came before Industrial Tribunals during the current year? Are they proceeding satisfactorily?

HON A J CANEPA:

We couldn't say how many cases actually came up, Mr Chairman.

HON G T RESTANO:

Read 16, Training Courses in the United Kingdom. I notice that the £1,000 that we voted last year was not spent. Can I have the reasons for this?

HON A J CANEPA:

There has been a very large turnover of staff in the last year both ways; new people coming to the department and other people leaving the department. This was consequent on a number of promotions which had been held back for some time and which took place during the course of 1979. That made it impossible to make arrangements to send people to train in the UK. The people who it was intended to train left the department and those that have now arrived haven't been there long enough to send them.

HON G T RESTANO:

Does this £1,000 we are voting for now, will that cover the full training in the United Kingdom? How many people would go and what sort of training would they do?

HON A J CANEPA:

Not many people would go. Social Workers for instance, or Labour Inspectors. They would be short courses of training, by and large. In the Family Care Unit there is a Trainee Welfare Assistant, and in that case the course is a much longer one. I think it is very nearly a one year course at a University. Therefore, the provision would have to be higher, but what is being provided for here are shorter courses, Lucour Inspectors, perhaps for a Social Security Officer who might do an attachment course for a fortnight at Newcastle, that kind of thing.

HON G T RESTANC:

So really it is almost a sort of token vote. If you require more you will come back and ask for supplementary funds.

HON A J CAMEPA:

Yes, it is a token provision that we are making.

Other Charges was agreed to.

Head 12. Lands and Surveys - Personal Emoluments

HON P J ISOLA:

I would like to make use of this particular vote to ask two questions. One is that I notice that the salaries of civil servants between grades 3 and 8 haven't yet been agreed.

HON A J CANTEPA:

That is correct.

HON P J ISOLA:

That is the correct position. Do they have a Trade Union?

HOM A J CAMEPA:

Yes, they used to belong to the Federation of Senior Government Officers which has disbanded and now the negotiating rights are held by the IPCS.

HOM F J ISOLA:

Well, I hope the Industrial Relations Officer, who seems to be one of the officers concerned, doesn't negotiate on that.

Mr Chairman, that is one question. The other question on that department is, is the Government satisfied - perhaps I should choose my words carefully, and output is not the right word - with the way activity of this department as it affects development generally in Gibraltar? It seems to me, in my experience and so forth, that this department seems to be one of the departments in the Government that is rather slow in dealing with matters. Have the Government any plans on that?

HON A J CAMEPA:

The position I think is a great deal better now, Mr Chairman, since there is a Deputy Surveyor and Plenning Secretar; who has only been in post a couple of years. As I say I think the position has been improved because when the Surveyor and Flanning Secretary has to go on leave, and leave is quite extensive these days, there is no problem in keeping the momentum going. I am personally very satisfied since I became Chairman of the Development and Planning Commission two months ago. I find that whatever I ask the department to do for me gets done very, very quickly. I know that I am a pusher and I do not mind phoning people two or three times a week if I have to in order to get them do things for me. But I am satisfied.

Since I took over responsibility for economic development, I have asked the department to deal with a number of important, crucial matters that I made reference to in the general debate and I am very satisfied with the manner in which they have been dealt with. I know what the Honourable Member is referring to. There have been delays in answering letters. It works both ways. The other day I remember in Development and Planning Commission seeing a letter where we were expecting a reply, the Government was expecting a reply, and a firm of solicitors - this has nothing to do with any of the Honoureble Members who are here - have taken two or three years to reply. I think it works both ways. The fact is that the department deals with very complex matters. In processing building applications they have to be circulated to five departments and sometimes the technical investigations involved take time and it is not easy to collate all the information. Overall I am not sakahappy really about the work that this department has been doing over the years, and as I say, I personally as Minister for Economic Development, am very grateful for the manner in which people respond to the demands that I make of them.

HON CHIEF MINISTER:

I have discussed one aspect where sometimes there is delay in this department with the Attorney-General only tentatively which may expedite one aspect of the matter on which we tend to feel that we are not getting quick work, and that is on the preparation of leases and documents that should not emanate from that office but should emanate from the Attorney-General's Chambers. It may, of course, mean that lessees will not get away with the advantage they have now that no fees are being charged on the part of the Government for the preparation of the documents but I do not see any reason why they shouldn't pay. It should be done in the legal department. I have discussed the matter with the Attorney-General and in the context of his own arrangements the matter is being locked into.

Personal Emoluments were agreed to.

Other Charges

HON A J HAYNES:

The wages of Grave Diggers are £38,400 I take it. Are these Grave Diggers entitled to any other monles?

HON M K FEATHERSTONE:

When you say entitled to any other monies, what do you exactly mean, entitled by Government to any other money?

HON A J HAYNES:

Are their wages all-inclusive? Is overtime catered for in the wages and so forth?

HON M K FEATHERSTONE:

That is paid separately.

HON A J HALFNES:

The point I am making is would a Grave Digger have any rights to have recourse to the bereaved family for an extra charge?

HON M K FEATHERSTONE:

I think this is the thing that comes up every year. During their own spare time I believe Grave Diggers undertake certain works for families and Government I am afraid is not able to keep control of that.

HON A J HAYNES:

I am talking about a simple burial.

HON M K FEATHERCTONE:

No, they have no recourse to a family for a simple burial. Where they have recourse is where they have to open up a vault and move remains or do something like that in anticipation of a burial. They do that in their own time.

HON A J HAYNES:

Will the Minister inquire because this is something that occurred somewhat recently and I would ask that the matter be inquired into.

HON M K FEATHERSTONE:

If you would like to give me the specific details I will look into it.

HON P J ISOLA:

On this question of the Grave Diggers, Mr Chairman, the overtime is in that figure I presume?

HON M K FEATHERSTONE:

This figure is basically on a 7-day week job, so there is not a great deal of overtime actually, they are on a 7-day basis.

HON P J ISOLA:

Do not all funerals take place during the day? Are they on duty all the time?

HON M K FEATHERSTONE:

They clean up when they are not actually digging graves.

HON G T RESTANO:

Just one I had before that. Rate Assessment of Government Buildings. I see that there is a decrease of £10,800. What is the reason for that?

HON A J CANEPA:

If the Honourable Member will look at Head 8, Housing, subhead 10, he will see that there is an increase there. Certain properties have been transferred from one head to the other.

HON G T RESTANO:

On subhead 7 - Upkeep of Cemetery. Is Government satisfied that the cemetery is in a tidy and clean condition?

HON M K FEATHERSTONE:

One could always hope that it could be kept in a better state. The Grave Diggers themselves and the Public Works Department at times make special efforts to try and get the cemetery look decent, especially for example around All Souls Day. It is a constant battle with the growing of weeds etc but in the main it is kept in a reasonable state.

HON G T RESTANO:

I don't think the standard is high enough. But I remember I think it was two years ago or something like that that the Minister said that he was going to employ somebody for this particular purpose. Was that person employed, or what?

HON M K FEATHERSTONE:

Yes, we did a JPC there, it's mainly visible in the Protestant side of the cemetery where the brambles had been growing in very great profusion, and this has been severely cut back and the Grave Diggers can now keep it in reasonable check.

HON MAJOR R J PELIZA:

Mr Chairman, at subhead 18. I notice that we spent £1,400 in 1978/79 for the removal of chicken coops. We have a revised Estimate of £2,000 in 1979/80, and we have now allocated £2,000 for the removal of chicken coops again this year. Some one puts them up and we take them down. Can the Minister explain what is going on?

HON M K FEATHERSTONE:

Yes, Sir, this is a constant battle. We take them down from one area and I am afraid they tend to appear somewhere else. This is one of those things where the general public doesn't respond to the Environmental Health ideas that chicken coops are rather detrimental.

HON A J CANEPA:

There is one particular area where something very successful was done but not all areas lend themselves to that, and that is in Panino's Ramp. A number of chicken coops were pulled down and then seats were placed there for the elderly. It happened to lend itself to that. The place was embellished and a very nice little garden, if you like, for the elderly was built there and, of course, having done that you cannot put the chicken coops back again. But it is not easy in some areas and its part of the constant programme over the years; we intend to make provision and wage battle against this.

HON MAJOR R J PELIZA:

Isn't there a way of making the people who put them up responsible to bring them down? Surely there must be a way of finding out.

HON A J CANEPA:

In some cases you have to take them to court or otherwise the police have to be brought along accompanying the people employed by the department to ensure that they are pulled down.

HON M K FEATHERSTONE:

With the Spanish situation eggs will be more easily obtainable from Spain and perhaps there may be less demand for chicken coops.

HON G T RESTANO:

. How many chicken coops is the Government aware exist?

HON M K FEATHERSTONE:

I should say at a rough guess 300/400.

HON A J CANEPA:

And I am sure that the Government is less aware than some of us who roam around the Upper Rock.

HON A T LODDO:

On Sundays - I go to the cemetery every Sunday - there is a lack of water, fresh water, from the taps and I haven't been able to get an explanation at the cemetery itself. Why?

MOD M K FEATHERSTONE:

I will look into that. I do not see any reason why there should be no fresh water on Sunday.

HON A T LODDO:

There is no fresh water on Sundays.

HON M K FEATHERSTONE:

I will check that for you.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 13. Law Officers - Personal Emoluments was agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 14. Medical and Public Health - Personal Emoluments

HON P J ISOLA:

There is an increase in the numbers. Could the Minister comment?

HON J B PEREZ:

Mr Chairman, I gave an explanation on this in my contribution on the general principles and merits of the Bill. The basic increase is in the complement of junior nursing staff and senior nursing staff. This has arisen out of parity in

which nurses now have extra leave and, therefore, it has been necessary to employ more. May I remind the Honourable Member that in fact this had already been approved last time by the House.

HON P J ISOLA:

So this is the nursing establishment at full strength.

HON J B PEREZ:

Yes, Sir.

HON G T RESTANO:

May I ask, I don't know whether it is under this or under Other Charges. I want to ask about the Health Centre. How many people are employed at the Health Centre?

HON J B PEREZ:

Mr Chairman, at the Health Centre we have 4 Nursing Sisters, 3 Staff Nurses and, I think, 10 Enrolled Nurses/Nursing Auxiliaries, plus, of course, the Clerical Staff and the doctors.

HON G T RESTANO:

I would like to know how many people are, in fact, involved in the keeping of records?

HON J B PEREZ:

I think there are 3 Clerical Assistants employed at the Records Office, but may I inform the Honourable Member that there is a staff inspection at present being carried out in connection with the Records Office at the Health Centre. I gave this answer at the last meeting of the House in reply to a question by the Honourable Mr Bossano. I did say that staff inspection would be carried out and I am pleased to inform the House that it is being carried out now.

HON G T RESTANO: .

As I understand it, Mr Chairman, there is one aspect of the records which I think is not being done in the way it should be, and that is that patients' record cards are I believe itemised under the doctors themselves and not under the patients. In other words patients, as I understand it, can go and see one doctor and his record will be kept in the records of that particular doctor. Then perhaps he goes a week later and is seen by another doctor who because the record is not kept per patient has no idea what has been prescribed to them by the first doctor. I think it should be looked into very carefully because I would imagine that doctors would have the need to know the full record of the patient before they can really make a decision as to what is to be prescribed to that patient.

HON J B PEREZ:

Mr Chairman, I take note of what is being said by the Honour-able Mr Restano and I shall look into the matter.

HON A J HAYNES:

Mr Chairman, can the Minister explain whether with the advent of parity all doctors and other staff members are paid as per the post they actually work at or as per their qualifications?

HON J B PEREZ:

As per the post.

HON A J HAYNES:

Is there no reduction made taking into account that perhaps their qualifications are not up to that post?

HON J B PEREZ: .

Sorry, I do not follow the question.

HON A J HAYNES:

Are there any members of the staff who are filling a post for which they are not fully qualified?

HON J B PEREZ:

No, Mr. Chairman.

HON W T SCOTT:

Mr Chairman, will the Minister please explain why under the Establishment and Salaries, under item 2

MR CHAIRMAN:

Where are we?

HON W T SCOTT:

Establishment and Salaries, Medical, page 49. Item 2, Consultant Paediatrician, and in fact also one of the medical officers under item 3, which is on scale 1. If the scale 1 at page 124, mentions specifically a Consultant without private practice as distinct to scale 6 which is the Consultant with private practice. Are we to take it then that the Consultant Paediatrician and the medical officer under scale 1 do not see any private patients?

HON J B PEREZ: .

I am sorry I do not understand the question.

MR CHAIRMAN:

You are being asked since the Paediatrician is under scale 1, and scale 1 envisages a Consultant who will not see private patients whether the Paediatrician is seeing private patients.

HON W T SCOTT:

And in fact medical officers as well under scale 1.

MR CHAIRMAN:

And the medical officer.

HON W T SCOTT:

Yes.

HON J B PEREZ:

The question is that the Consultant Paediatrician is entitled to private practice, is that it?

MR CHAIRMAN:

Yes, since he is receiving a scale which prohibits him from doing it.

HON J B PEREZ:

He is entitled to private practice.

HON W T SCOTT:

How does Government find it consistent, therefore, to put him under scale 1 instead of scale 6?

MR CHAIRMAN:

If you go to page 124 where scale 1 defines the salary of a Consultant without private practice you are being asked how you reconcile the payment of this salary with the fact that the Paediatrician is entitled to private practice.

HON J B PEREZ: '

The answer is, Mr Chairman, that he is entitled to a limited amount of private practice under a new agreement with effect from the 1st of January this year.

HON W T SCOTT:

Right, Mr Chairman, but then the remark under scale 1 after the Consultant should not have been inserted there. Perhaps they should have a special scale.

HON J B PEREZ:

Perhaps, Mr Chairman, if he gives me an opportunity to explain the situation as I see it, and that is pre-January 1980 this year, all Consultants in the permanent establishment at St Bernard's Hospital were in fact given an option as to whether they wanted to do private practice or not. If they chose to do private practice then they would suffer an abatement of 20% in their salary.

MR CHAIRMAN:

I don't think you are being questioned on the salary, you are being questioned on the fact of the wrong description in the Estimates.

HON J B PEREZ:

Yes, Sir, I agree to that, but the reason is that as from the 1st January 1980 the position has changed and all Consultants are entitled to private practice without having the abatement in salary.

HON W T SCOTT:

Yes, then why have two different scales for Consultants, scale 1 and scale 6 if they are both entitled to private practice?

HON J B PEREZ:

I am sorry, which is scale 6?

HON W T SCOTT:

Scale 6 on page 124. You see, Mr Chairman, if the Minister is saying that under the new agreement Consultants can see private patients then why have a scale for a Consultant who cannot have a private patient and then include one that has a private practice in that scale?

HON J B PEREZ:

I see your point and I agree-with you.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Could I make a point? It is the Treasury that prepares the Fstimates. I was not aware of this change in the medical practice. I accept responsibility for the error and I will ensure that this is excised from the printed Estimates. I am grateful to the Honourable Member opposite for picking this up.

MR CHAIRMAN:

What the Government is saying is very clear. There has been a change of policy. The Consultants who get the scale 1 will, be entitled to do private practice. There has been an error of description in the draft estimate which is going to be corrected. Is that correct?

HON P J ISOLA:

But the point we are asking is, is it that scale 6 disappears and all Consultants go from £11,503 upwards and get private practice, or is it that they all go down to scale 6, £9,202, and get private practice?

HON J B PEREZ:

The first alternative.

HON P J ISOLA:

So all Consultants are now at the top scale and can practice privately. Is this as a result of the contract with the Paediatrician?

HON J B PEREZ:

This is as a result of a new agreement reached in the United Kingdom between Consultants and the Department of Health and Social Security.

MR CHAIRMAN:

So we forget scale 6.

HON J B PEREZ:

That is correct. I am sorry, I didn't take the point of the scale figure.

HON W T SCOTT:

In any case, Mr Chairman, in item 3 you do include a medical officer, presumably a Consultant, as defined by page 104 on scale 6. Should that not be scale 1?

HON J B PEREZ:

Scale 6 will disappear. It will all be scale 1.

HON G T RESTANO:

May I ask then what happens to scales 16, 36 and 40, who are also without private practice? What happens to the Registrars?

HON J B PEREZ:

The answer is that this agreement reached in the United Kingdom in January only applies to Consultants and among the medical officers not all are Consultants.

HON G T RESTANO:

So Registrars will continue to serve without being able to do private practice?

HON J B PEREZ:

We only have a Supervisory Registrar.

HON G T RESTANO:

Under the 9 medical officers you have scale 16 and 36 and scale 16 is for a Senior Registrar and scale 36 is for an ordinary Registrar. If we haven't got a registrar what are they for?

MR CHAIRMAN:

These people are entitled to the same scale as a Registrar. It is not that he is a Registrar but he is entitled to the scale 36 which is what a Registrar without private practice would be entitled to.

HON G T RESTANO:

What I am asking, Mr Chairman, is will those medical officers be allowed to have private practice?

MR CHAIRMAN:

No, you are misleading yourself. The people who would get scale 36 are not Registrars but they are entitled to a salary equivalent to a Registrar without private practice.

Personal Emoluments were agreed to.

Other Charges

HON P J ISOLA:

I have two questions on provisions and drugs and dressings. Has the Minister taken account of inflation there because it seems to me that the increase in the cost of provision over the year is possible, and on drugs and dressings and pharmaceutical sundries, does the Minister expect in some way or another to control costs there?

HON J B PENEZ:

Mr Chairman, if I could deal first with provisions. Tenders go out every year, tenders go out in July, and in these estimates we have allowed for an increase which we anticipate will come through process of tender.

Now on the question of subhcad 9, Drugs Dressing and Pharmaceutical Sundries, here again I would like to warn Members of the House, as my predecessor always did, that prices of drugs tend to go up and are hit very hard by inflation. However, I did mention in my speech I would keep this vote closely in hand, I will carefully scrutinise this and I hope to be able not to have to come for supplementary.

HON G T RESTANO:

Running Expenses of Market. I think the Minister said in his speech yesterday that he was installing a refrigerator for fish. I take it that this will eventually come under the expenses of market. I would like to know how he is going to run the refrigerator, what charges are going to be made and so on? Who is going to be allowed to use it?

HON J B PEREZ:

Mr Chairman, the provision is for Cooling Chambers for fish. Taking into account that the frontier is closed at present this is a matter which we will have to look at. Fish importers will be able to keep the fish fresher from one day to another, rather than keep on using the procedure they are using today.

HON G.T RESTANO:

What sort of rent will they be charged?

HON J B PEREZ:

This is a matter which Council of Ministers will have to consider.

HON G T RESTANO:

Is the Minister telling me that he has ordered this Cooling Chamber without even knowing how much money it is going to cost to run?

HON J B PEREZ:

I am not telling the Honourable Member that I have ordered it, I would not order something until I have got money voted by the House. It has not been ordered.

HON G T RESTANO:

Well, I hope, Mr Chairman, that when it is ordered proper calculations are done beforehand and the policy of who is going to be able to use it and at what rate is decided.

HON MAJOR R J PELIZA:

Mr Chairman, I have mentioned the improvement of the place, the hospital as such, can the Minister explain where the actual maintenance of the hospital is shown? I have been looking for this and cannot find it.

HON J B PEREZ:

I would like to inform the Honourable and Gallant Member first of all, Mr Chairman, that subhead 22, Minor Works is precisely what it says "minor works" like locks and other minor stuff that the department itself caters for. What I must inform him also is on the question of maintenance. The money appears under the vote of my Honourable Colleague Mr Maurice Featherstone, Minister for Public Works, under Maintenance. In fact, I would inform him that, for example, this year it is proposed to paint the whole hospital and also to do some modifications and redecorations at the mortuary and various other wards. The funds are not shown under minor works, minor works is only what we can do ourselves and do not need to call in the Public Works to do it. So it is not there.

HON MAJOR R J PELIZA:

Have you got your own Handyman at the hospital, how does it work?

HON J B PEREZ:

Yes, we do have our own Handyman. He is paid by the hospital itself.

HON-W T SCOTT:

Speaking on the hospital. I notice that the bed linen seems to have to be replaced constantly. Is the Minister satisfied that every effor: is being made to find out why all this linen disappears or is lost or whatever?

HON J B PEREZ:

Yes, I have only been Minister for two months and this is a matter which I have already started looking into. I can inform the Honourable Member that we are in fact having to spend quite a sum of money for linen which is included in this vote.

HON W T SCOTT:

Thank you, Mr Chairman, but will the Minister not only make provision as he has done for the replacement of the bed linen but make some effort to stop this practice continuing?

HON J B PEREZ:

I have informed the Honourable Member that I have already asked for this to be looked into and I will be au courant with the situation in a few weeks time. I am aware of the shortage of linen, let us put it this way.

Other Charges were agreed to.

Special Expenditure

HON J B PEREZ:

Mr Chairman, I beg to move an amendment to the draft Estimates 1980/81 by the inclusion of the sum of £20,000 under an additional subheading 84 Dental Equipment, with the consequential amendment to the Estimates.

As I said in my contribution to the general debate this sum is required to purchase dental equipment to enable the department to provide an improved service.

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

HON G T RESTANO:

The £40,000 on new equipment, can we know what this consists of?

HON J B PEREZ:

Mr Chairman, after reading the Hansard of last year I had prepared myself for this one. Well, we are buying an Amplifier for the Speech Therapist, we are also buying two ECG machines, two Monitor Cardiac Recorders, mini Writers ...

MR CHAIRMAN:

And what is that may I ask?

HON J B PEREZ:

I don't know, Sir.

Anyway, Chest Aspiration Set, Metal Drip Controllers, Bladder syringes. Do you want more?

HON A T LODDO:

Government is not contemplating in those £40,000 including a cold charber for the mortuary?

HON J B PEREZ:

No. Sir.

HON A T LODDO:

Why not?

HON J B PEREZ:

I am told there is one in the Royal Naval Hospital.

HON A T LODDO:

Yes, Mr Chairman, I know that there is one in the Royal Naval Hospital, but isn't it about time that we were self-sufficient in that sphere as well? We are already relying on MOD for electricity, shouldn't we be self-sufficient in this?

HON J B PL REZ:

All I can tell the Honourable Member is that I will look into it and if I find that this is essential I will try and convince my colleagues and bring it as a supplementary to the House.

HON A J CANEPA:

I will at this point say that the long term plan, and I underline long term, is to re-site the mortuary probably at North Front. But I stress that it is long term. Whether it can be done in the next development programme is another matter. We may not be able to fit it in but that is the long term plan.

Special Expenditure was agreed to.

The Committee recessed at 1.05 pm.

The Committee resumed at 4.15 pm.

M! CHAIRMAN:

Before we go on to the Police vote I understand that the Honourable the Minister for Medical and Health Services wishes to give an explanation on his Head.

HON J B PEREZ:

Mr Chairman, it is in connection with the matters which were raised by Honourable Members opposite related to the salary scales of the medical officers. I must point out to Honourable Members that there is an error in the salary scales and it should read scales 1 and 79. In other words the 9 medical officers are composed of 6 Consultants, whose salary scale is scale 1, and in that connection I would point to Members that

under scale 1, as it is today in 1980, referring to page 124 in the Estimates, should read "Consultant" and that is all - exclude "without private practice". Furthermore, scale 6 in the Estimates in possession of Honourable Members, as from January 1980, scale 6, "Consultants with private practice", that particular scale no longer exists.

So the position as far as we are concerned for this particular financial year 1900, the breakdown would be 6 medical officers being Consultants, scale 1, irrespective of whether they have private practice or not they are just Consultants and they do come under scale 1; and scale 79 for the three House Officers who are employed at St Bernerd's Hospital.

May I thank the Honourable Members opposite for bringing this anomaly to my attention and I trust the information I have now given the Honourable Members will satisfy their questions and bring the matter to a satisfactory explanation.

HON W T SCOTT:

I am grateful for the Honourable Member's contribution.

Head 15, Police - Personal Emoluments

HON W T SCOTT:

Mr Chairman, having regard particularly to the projected open frontier, I understand that there are a substantial number of uniformed personnel exclusively involved in clerical activities. Would Government, particularly having regard to this new open frontier situation, seriously consider replacing those trained uniformed personnel who are now undertaking clerical duties by other civil servants?

HON ATTORNEY-GINERAL:

Mr. Chairman, proposals have been made for the civilianisation of certain posts in the Police so as to release uniformed policemen for police duties as such. Those proposals are still being considered. They are at the point where an expert will come out to Gibraltar to look into it and to advise at which stage the Government will want to consider the matter. Of course, with the prospect of an open frontier I think there is obviously an additional reason to look at the question of civilianisation. But at the moment the position is that the matter is being looked into.

HON P J ISOLA:

Mr Chairman, I hope that some sense of urgency is put into this because it seemed to us, in the visit we made to the police force for which we were very grateful, it seemed to us from our talk about it and so forth, that the number of uniformed policemen that are available at any given time

for the town area is extremely small. And I would have thought with a situation that could develop with an open frontier and so forth there should be a sense of urgency put into this.

HON ATTORNEY-GENERAL:

Mr Chairman, I think I can say that the matter is being treated with the appropriate degree of urgency. As I said we are awaiting the arrival of an expert from the United Kingdom, a Police expert, to advise on what is involved in civilianisation, but I think the need for the matter is recognised.

Personal Emoluments were agreed to.

Other Charges

HON MAJOR L J PELIZA:

Subhead 11, Investigation expenses. I see that that is going up by £3,500. Could I have an explanation why such a big rise?

HON ATTORNEY-GENERAL:

Yes. Mr Chairman. There have been increased expenses arising from more than one matter recently and this estimated increase is in anticipation of that type of expense continuing. I can tell you a little about what it constitutes. I cannot tell you everything, of course, because it partly relates to the ongoing criminal matters. but, for example, there has been an increased tendency recently to bring out a Forensic Pathologist in cases not every case warrants that - but in cases where it may be prudent to do so. That is part of the element for which this item allows. There has also been a necessity recently, and again it is a matter which can be provided for in the future, to bring out forensic experts. If I car give you an example you might, of course, recall the Time that took place last year, and there it was necessary to bring out forensic experts, so provision was made to that effect.

The other relevant thing I can say is for the prospects of ongoing investigations by the police as part of their normal business. It is an item that has become more expensive over the years. This is what the provision is made for.

HON MAJOR R J PELIZA:

It has risen quite considerably, from £642 in 1978/79 to £3,000 in the current year.

HON ATTORNEY-GENERAL:

One might say that the vigilance perhaps has increased. I think it is a well justified item because one is getting expert advice. I think the proper administration of law enforcement is a matter worth spending money on and the police is certainly conscious of keeping it within a reasonable level.

HON A J HAYNES:

No. 13, Female Searcher. Can the Government explain what a female searcher does and why the emoluments have gone down to £500? Is that a wage?

HON ATTORNEY-GENERAL:

Mr Chairman, this is in no way a reflection on the mirror, Sir. Female Searchers. What has happened here is that because there are uniformed policewomen in the service it has been decided that the post for the future will not be necessary. There is in fact an incumbent at the moment who is retiring and the £500 for this year is to cover her wages up until the time she retires. I don't know whether the Honcurable Member really wants me to explain what a female searcher does. I think I can leave that to his imagination.

HON MAJOR R J PELIZA:

Mr Chairman, item 12 Maintenance of Wireless Apparatus. Again an increase of £1,000 which is really 50% on the cost of 1979/80.

HON ATTORNEY-GENERAL:

Mr Chairman, that is simply increased costs in the equipment and it is necessary to keep wireless equipment up-to-date.

FON MAJOR R J PELIZA:

What amazes me is the amount that it has increased by. If you look at 1978/79 it was 2642, now 1980/81 it is £3,000.

HON ATTORNEY-GENERAL:

Sir, I understand that in the past it has been possible to obtain technical services in relation to wirelesses free or at little expense, but in recent years it has been necessary, this year in particular, to pay for those services. I cannot say that I can answer the question any more fully but I will look into it and if the Honourable Member desires give him details.

HON MAJOR R J PELIZA:

I would very much like to because I just wonder how it is done. Whether it is done by the Police themselves or whether this is done outside. To me it seems quite a jump, quite honestly. Five times as much.

HON ATTORNEY-GENERAL:

It is done outside, I can say that. I think wireless equipment is in fact sent to the United Kingdom for servicing, but I will look into it further and will give the Member a more detailed information.

HON A J HAYNES:

Subhead 6, Subsistence of Prisoners at the Police Station. Could the Honourable Member give me a breakdown of the subsistence facilities for prisoners?

HON ATTORNEY-GENERAL:

The meals.

HON A J HAYNES:

Is there any monies allotted for prisoners for medical services they may require?

HON ATTORNEY-GENERAL:

Mr Chairman, this is in fact actually an estimate for meals for prisoners while they are held in custody in the Police Station. The question of medical treatment is dealt with under other votes. It does not reflect on this amount.

HON A J HAYNES:

In the light of the James Kelly affair in England where -Mr Chairman, if I may expand on the matter - it has been often the recommendation of doctors that a man found drunk and disorderly, or allegedly under the influence of drink whilst driving, should first and foremost be attended by a doctor. I know the practice here is to bring a doctor but the recommendations are that the doctor should see him immediately. And in the case of James Kelly had a doctor seen him immediately, as opposed to the Police trying to restrain him, they may well have avoided the unfortunate instance of his death. I was wondering whether the Police do avail themselves of any money in order to ensure that if there is not a doctor at the Prison that at least a medical orderly or some other such trained nurse can examine a man allegedly drunk to ensure that there is no medical ailment which may prejudice him later on.

MR SPEAKIR:

I am afraid we cannot wait until the answer comes. I am afraid we just cannot interrupt the proceedings of the House every time there is a question so that we can get an answer to it. It has happened before and I hope it is understood. If the answer is not available it is not available but we must not interrupt the proceedings.

HON ATTORNEY-GENERAL:

Mr Chairman, my apologies. I wanted to check but there has not to my knowledge been any problem in Gibraltar insofar as people becoming ill in custody is concerned. I think I have to agree that it is obviously a prudent practice for the Police, if they have any reason at all to suspect that the man may need a medical examination to make sure that he has one. In fact, it is the practice wherever there is reason to believe that a man in custody may need treatment to take him from the Police Station to the Hospital where he is examined. Of course, that is met under the Medical and Health vote. I am quite sure that in the case where the man for obvious reasons couldn't be moved from the Police Station then, of course, they would bring a medical practitioner down to the Station.

HON A J HAYNES:

Mr Chairman, a further note on the point. I appreciate that the Police will on the occasion that they feel necessary take a man to the doctor, but unfortunately that is open to the catch that the police may not necessarily know when the man is in need of medical assistance. He is a policeman not a doctor. I was suggesting that perhaps Government should provide monies for a medical orderly to be present at all times in the Police Station, at least say during the night hours. I am wondering whether this money was in fact intended to cover some such emolument.

HOW ATTORNEY-GENERAL:

I am not sure I could agree that this should be automatically decirable, Mr Chairman. The Honourable Member will bear in mind that many of the Police Officers are, in fact, trained in first aid themselves. They are all, in fact, trained in first aid themselves, but I note the point that you make. I am prepared to say that I think that will be necessarily desirable in every case but it is a point which we will give consideration to.

HON A J HAYNES:

Mr Chairman, I accept that policemen are trained in first aid. So are they in England and in England we had this unfortunate case of James Kelly which is not alone. It is a

case that has had most publicity but there have been other instances, and I would rather that this be avoided rather than have implementations after the event. If we are going to wait for some such incident in Gibraltar then it will be at the cost of say, one life.

HON ATTORNEY-GENERAL:

Mr Chairman, as I said, I note the comment. I wouldn't like to seem complaisant in any way at all but we don't think there have been such incidents in Gibraltar and I think there is an element of reasonability in making any such arrangement.

MR CHAIRMAN:

Right, let us leave it at that. Any other items?

HON W T SCOTT:

Mr Chairman, if the Honourable the Attorney-General would have the information at hand under subhead 22, what constitutes "special equipment"?

HON ATTORNEY-GENERAL:

Mr Chairman, this is really safety equipment for the Police Officers.

Other Charges were agreed to.

Special Expenditure

HON W T SCOTT:

Mr Chairman, why weren't the two motor cycles funded in 1979 bought at the time? Subhead 82.

HON ATTORNEY-GENERAL:

The orders were not placed in time and therefore it has been necessary to seek a revote of this money.

Special Expenditure was agreed to.

Head 15, Port - Personal Emoluments

HON G T RESTANO:

Mr Chairman, may I ask whether the seven supernumerary are the seven individuals who have been on temporary employment for the last five years, and if so, in view of the fact that the Staff Inspector's report came to hand on the 7th of November, what has been the result of that report?

HOM A J CAMEPA:

These people are still awaiting staff inspection.

HOM G T RESTANO:

Are these not the seven who were the subject matter of questions and answers two or three months ago on two occasions and the subject matter of a report of the Staff Inspector which came to hand on the 7th of November?

HON A J CANEPA:

The information from the Captain of the Port is that these are still the subject of staff inspection. Other people have been staff inspected. I wouldn't answer about the question that the Honourable Nember is referring to because he must realise that I did not have responsibility for the Port at the time and unless my attention was directly drawn to that particular question I don't really know what he is referring to.

HON G T RESTUNC:

I see. I did ask questions on this in October and again in December last year, and I would like to know whether these seven individuals supernumerary have been on temporary employment for the past five years?

HON A J CANEPA:

Yes, these are temporary and their position is in the process of being regularised by staff inspection.

HON G T RESTANO:

Well, Mr Chairman, these are the ones that have been there for five years on a temporary employment. The staff inspection report was received on the 7th of November and I would like to know why it has taken so long to finalise their employment position?

HON A J CANEPA:

I cannot say why it has taken so long to finalise the position of these people other than to say that they are in the process of being staff inspected. Until they are staff inspected their position cannot be regularised. As far as the other people in the Port Department are concerned they have been staff inspected already and the implementation of that report is the subject of discussion.

HON G T RESTANC: "

I think we are probably talking at cross purposes. Let us try and make that absolutely clear. If these are the seven that was the subject matter of question then the inspection has already been completed.

HON A J CANEPA:

That is not the information that I have from the Captain of the Port. It has not been completed, and until it is completed their position cannot be regularised. It will be done.

HON G T RESTANO:

I have in front of me the answer from the Honourable the Attorney-General saying that the Staff Inspector's report was received on the 7th of November and is now under consideration. This he said in December. If we are talking about a different set of people then, of course, that is why I would like to get this clarified.

HON A J CANEPA:

The position is still under discussion and under negotiation with the Union. The Union which has negotiating rights has not accepted the result of the staff inspection. There is a great deal of diversity of staff involved in this department. We are not dealing with a straightforward staff inspection. People performing great varieties of duties, and this is the subject of the quite intensive negotiations. I know that because I get copies of the minutes of the meetings between the Industrial Relations Officer and the Union.

HON G T RESTANO:

I am grateful for that clarification. It is not that they have to be staff inspected. They have already been staff inspected and it is on account of their non-acceptance, I take it, of the report or matters arising that they are still on a temporary basis.

HON A J CANEPA:

That is correct.

Personal Emcluments were agreed to.

Other Charges

HON G T RESTANO:

Mr Chairman, subhead 2, General Office Expenses. At one time, I believe, and I think it is still on the cards, for the Port Office to be moved to another place. Is this the intention of the Government?

HON A J CANEPA:

Yes. It depends on other matters, there is a game of musical chairs involved but it is still the intention for the Port Office to move to the Western Arm.

HON G T RESTANO:

Is there no idea, Mr Chairman, of when this move is likely to take place?

HON A J CANEPA:

Work is going to commence in about six weeks time.

HON A J HAYNES:

Mr Chairman, could the Honourable Minister in form me as to where we would find under other charges the expenses incurred by the Port Authority in improving the services at the Camber? Would that appear here, and if so under what Head?

. HOW A J CANEPA:

I would refer the Honourable Member, Mr Chairman, to Head 108, subhead 2, Camber Improvements and Renovations. We still have to come to that.

HON W T SCOTT:

Mr Chairman, under subhead 4, there seems to be, percentagewise, an enormous increase.

MR CHAIRMAN:

Office Furniture and Equipment?

HON W T SCOTT:

In other words, is this the purchase of totally new office furniture?

HOH A J CANEPA:

When the department submitted the estimates the provision that it was seeking for 1930/81 was for £400, but then in the presentation of the Estimates an item of £1,000 was taken out from Special Expenditure and placed under Item 4 and that is why the provision here for this year appears to be a great deal more.

HON A T LODDO:

Sir, subhead 7. I notice it has gone up this year. May I have information here?

These are DOE estimates. We are charged by the DOE in respect of the installation charges at the North Mole. The DOE is proposing to spend £7,500 there this year and we have informed them, in fact, that we will not countenance any work in the future unless estimates have previously been submitted and accepted by us.

HON G T RESTANO:

I take it that this also covers cost of the electricity charges. Is the Minister satisfied that sufficient economy is being carried out during the day time? I think it is a matter for very generalised comment by users of the Port that one can go at 11.00 am and all the lights in the Port are on. If it is the DOE who keeps the lights on during the daytime, I see no reason why the onus should fall on the Government to pay for that rather waste of electricity.

HON A J CANEPA:

The provision that we have for electricity this coming year is the same as last year, £1,250. I imagine that they are on an automatic switch and sometimes, I suppose, the automatic switches go wrong, but I think we can look into that. I will take note of that and I will ask the Captain of the Port to approach the PSA in connection with that matter.

HON G T RESTANO:

The control therefore is with PSA on the switches?

HON A J CANEPA:

They supply the electricity.

HON MAJOR R J PEILLA:

On item 12, Rents and Berthing Charges. I suppose that the rent is constant at the berthing daily. Could the Minister explain? Of course, it fluctuates if you notice over the years up and down. I imagine that the rent is constant, every year the same, could the Minister please explain how it works?

HON A J CANEPA:

There has been a new agreement, Mr Chairman, reached between the MOD which we approved last year, and the annual rent was increased to £25,000 for the leased area and we are also paying £5,000 of arrears for the year 1976 to be paid curing 1980. Then there is a further payment of arrears for 1977 which will become due in 1981. So there has been a new rent agreement.

HON G T TESTANO:

Mr Chairman, on item 14, Port Advertising. I notice that the Estimates have been cut back by £500, there has been a decrease of £500.

HON A J CANEPA:

Yes, Sir.

HON G T RESTANO:

We have always argued from this side of the House that the more money that is spent on advertising the more results one can get in increased activity in the Port. And I am sad to see that this year it has gone down by £500 and, therefore, obviously with inflation it is a greater cut back.

HON A J CANEPA:

No, Mr Chairman, what has happened is that there have always been six insertions placed in two magazines namely Fair Play and Marine Services, and we have decided this year to cancel the advertisement which was being placed in a German magazine Hansa which was hardly worthwhile. The saving in respect of that is going to enable spot advertisements to be placed in other magazines at the same time and as a result of this new policy we have been able to save £500.

HON G T RESTANO:

I am not quite clear on that. I take it then that £3,000 will include or will not include everything that has been done before.

HON A J CANEPA:

Except the German one.

MR CHAIRMAN:

Plus spot advertisements in other newspapers.

HOL G T RESTANO:

Where is that going to be covered from?

HON A J CANEPA: .

From this money. The advertising in the German magazine was more than 2500.

HON G T RESTANO:

What, in fact, was the sum of the German magazine?

I haven't got a breakdown because I have only got this year's estimates not last year's estimates. I don't know how much it was in the German magazine, I haven't got the information here.

HON G T RESTANO:

I would really like to know because that would give us a picture, you know. We are being asked to vote for the money. it is a decrease and

MR CHAIRMAN:

Well, you have been given an explanation, what they have't given you is what they spent last year on the German magazine.

HON G T RESTANO:

We don't know whether there has been a cut-back in advertising.

HON A J CANEPA:

There has been, of course. We are saving £500 overall, and I have given the reason why. The reason is that we were advertising in 3 main magazines, we are discontinuing the advertising in the German magazine because it wasn't worth—while, the Captain of the Port does not consider that we were getting the return for the money, it was just not worth advertising there. We are continuing to advertise in the two main English magazines that I have mentioned and that as a result of the savings realised from the German magazine we will be able to place a number of spot advertisements in other magazines. As a result of the re-appraisal of the submission we are saving a mere matter of £500. I mean, if he wants to spend half an hour on £500 we can do so.

HON G T RESTANO:

It is the principle, Mr Chairman,

HON A J CANEPA:

The principle is that the Government has considered this to be sufficient . . .

MR CHAIRMAN:

Order, order.

HON A J CANEPA:

And if he doesn't want to vote the money then let him vote against it. It is as simple as that.

MR CHAIRMAN:

Now you can have your say.

HON G T RESTANO:

It is the principle, Mr Chairman. It may only be a mere saving of £500 but I think it is the principle of it, and the Port as well as Gibraltar in other spheres, should be advertised to the limit. I quite understand that perhaps the German advertisement was not producing results, but there should be advertisements elsewhere, not just east out altogether or just a few spot checks. That is a very stagnant sort of policy.

HON A J CANEPA:

But the principle also is that you make the best use of taxpayers money and you do not throw taxpayers money down the drain. And the taxpayers money that was being spent on advertising in the German magazine wasn't warranted.

HON MAJOR R J PELIZA:

Mr Chairman, in view of the fact that the Port is one of our major sources of income in Gibraltar, to spend £3,000 in advertising this great asset, doesn't the Minister think that it is worth spending a bit more in the hope that we might be able to attract more ships to Gilraltar given the good account that he gave of the activities of the Port and of the very prominent place it has in the shipping world. Could we not spend a little bit more money on this and reap more success?

HON A J CANEPA:

Perhaps we could, Mr Chairman. I think it was my Honourable predecessor who introduced the whole concept of Port advertising, it was not being done by the Port previously. I am not an expert in this field. I was not even involved in the preparation of these Estimates and I must go by the advice that I am given. My colleagues and I have no objection if the Captain of the Port advises me that it is worthwhile to spend another £1,000 or another £1,500 in spet advertising. If that advice is given to me the situation is such that we can go ahead and do it, but this is what it is considered to be prudent, and this is a department which has always been very well managed both by the previous Captain of the Port and the present Captain of the Port. They have always looked very carefully after every penny to make sure that the taxpayer has full value for money.

MR CHAIRMAN:

Right, I think we have ventilated that matter sufficiently.

HON MAJOR R J PELIZA:

Mr Chairman, sometimes officials look after every penny, they may be penny wise and pound foolish.

MR CHAIRMAN:

Order. We have finished with this item. The Minister has given an undertaking that if he is advised by his depart-mental head that it is necessary to advertise more he will.

HON G T RESTANO:

Mr Chairman, I have a question on the next subhead. Subhead 15, Upkeep of Cranes. I see there has been a very substantial increase. Can the Minister say what the reasons for this is?

HON A J CANEPA:

If the Honourable Member will look into this carefully he will realise that this is a vote that has fluctuated. He might notice that the actual expenditure for 1978/79 was \$256,000. In fact, the revised estimates of \$20,200 as against an approved estimate of \$16,800, and we are only asking for less than £1,000 more. The bulk of the money goes on wages.

Other Charges were agreed to.

Head 17, Post Office Savings Bank Philatelic Bureau - Personal Emoluments, was agreed to

Other Charges

HON P J ISOLA:

Mir Chairman, may I ask on the Post Office, the Personal Emoluments, can I ask about mail?

HON MAJOR R J PELIZA:

Perhaps Mr Chairman, just on the question of Savings Bank as such can I ask under perhaps General and Office Expenses? I wonder if someone could give an explanation of how we are doing, how the Savings Bank itself is doing? I say so because perhaps there is more money now coming in and I wonder what progress the Savings Bank is doing and has the Government any

MR CHAIRMAN:

No, we are most certainly not going to go into that now. That should have been done in the second reading of the Bill. It was done, as a matter of fact, if I recall rightly, and I think a full report was given. Not only that, the Honourable the Financial and Development Secretary has dealt with it in his bidget speech.

HON W T SCOTT:

Generally, is the Government satisfied with the state of the vehicles at the Post Office? My information is that they are constantly breaking down to the extent that it is not unusual for them to have to hire private contractors to deliver mail?

HON H J ZAMMITT:

Under Special Expenditure there is provision for the purchase of a mail van this year. It is a fact that the vehicles do suffer certain amounts of damage because the mileage in the Upper Rock area and the like has caused perhaps certain defects and there have been occasions when we have had to hive them. But it is not a very constant thing. It is not a common factor.

HON W T SCOTT:

Well, Yr Chairman, my information is not just one van, or one mini van or one lorry breaks down at one time but on a number of occasions, for the past 6 or 9 months they have all been out of order.

HON H J ZAMMITT:

As Members are aware I am covering for my Honourable Friend Mr Isaac Abecasis. I will certainly look into that but the fact that all vehicles have been out of order has certainly not been reported.

HON W T SCOTT:

I insist on this. It has been on more than one occasion.

HON H J ZAMMITT:

I am sorry, Mr Chairman, I am afraid it is a question I am not able to answer. I will certainly send the Honourable Member details.

HON CHIEF MINISTER:

The idea is to replace these vans gradually, one a year, until we have come up again with a new fleet. We had very old vehicles, they have all been replaced, but they do suffer a lot.

HON G T RESTANO:

Mr Chairman, is it a fact that it takes rather long for the Public Works Department to repair the vehicles when they are out of order?

HON H J ZAMMITT:

Mr Chairman, this question has caught me completed unaware. I cannot say that it takes the Public Works garage a long time to repair. I can inform the Honourable Member that some vehicles that are under guarantee are repaired by the corresponding garage of origin, let us say the dealer itself, and in my experience in Government, particularly during the period I was Mayor, I did not find the Public Works Department took very long in repairing staff cars.

HON P J ISOIA:

Conveyance of Mails, subhead 5, there is a considerable amount of discontent, I think, about the delivery of mails to Gib-raltar and so forth. Can I ask if the Minister knows whether every time a plane arrives at Gibraltar and doesn't bring mail, whether immediately the Post Office chases it up? One gets a terrible feeling at the moment that mail is going astray. It is very intermittent. Is something done about it every time recause I think it is terribly important?

HON H J ZAMMITT:

Mr Chairman, my information is that when a plane arrives at Gibraltar without a mail bag the Director of Postal Services at once contacts the UK on the matter. There have been, I think it was mentioned by my Colleague at the last Budget session, that there have been occasions during this change-over from Heathrow to Gatwick of some mail bags inadvertently being slowed down, but they were quickly put back and, in fact, I think they are quite pleased with the services that are being offered from Gatwick today. The Honourable Chief Minister is very right, in fact, the Director of Postal Services went over to the UK and came to a very satisfactory agreement with the Post Office people in Gatwick.

HON G " TESTANO:

Mr Chairman, may I ask on subhead 6, Supply of Stamps. I see that there is quite a large increase there. I don't suppose that this is the supply of stamps for philatelly because this is on the other side. So what is the reason for this very large increase?

HON H J ZAMMITT:

Mr Chairman, it is an increase in the amount of printing of stamps, and a larger sale of stamps, coviously.

HON G T RESTANO:

Increased sale of stamps over the counter at the Post Office?

HON H J ZANMITT:

No, not necessarily, Mr Chairman, it goes to the Philatelic Bureau.

HON G T RESTANO:

I thought, Mr Chairman, that the Philatelic side of things had been covered over the page under Other Charges, Supply of Stamps.

MR CHAIRMAN:

I imagine the Post Office supplies the Philatelic section with its stamps.

Other Charges were agreed to.

Special Expenditure was agreed to.

2. Philatelic Bureau (1) Fersonal Emcluments were agreed to.

Other Charres

HON-A T LODLO:

On Subhead 7, Commissions Payable to Agents. This differs between £75,000 and the Revised Estimates.

HON H J ZAMMITT:

I am sorry I didn't hear that.

HON A T LODDO:

On Subhead 7, Commissions Payable to Philatelic Agents. the difference.

MR CHAIRMAN:

Between what?

HON A T LODDO:

Between the estimate of £75,000 obviously the revised estimates were £111,000.

MR CHAIRMAN:

The Revised Estimates is for the year 1979/80. They are estimating £75,000 for the coming year.

HON FINANCIAL & DEVELOPMENT SECRETARY:

This is for the sale of £450,000 worth of stamps and the commission of 25% giving £75,000.

HON A T LODDO:

Mr Chairman, could he repeat the last sentence.

HON FINANCIAL & DEVELOPMENT SECRETARY:

The figure is based on the actual expected value of philatelic stamps to be sold, £450,000, and the commission payable to agents at 25% equals £75,000.

HON MAJOR R J PHLIZA:

I think we heard from the Minister responsible that this was doing very well, they had found another agent and that the chances are that they would even sell more. How will they reduce the commission this is what I am asking.

HON H J ZALMITT:

Hopefully, hopefully, we hope to increase the commission.

ER CHAIRMAN:

Order, order. I think we are all speaking at cross purposes. The estimated commission payable for the year 1979-80 was £52,500, the actual commission which was paid was £111,000. What is being estimated this year to be paid in commission is £75,000. There is reduction upon the estimated for 1980-81 and the actual paid for 1979-80 admittedly.

HON MAJOR R J PELIZA:

This is what I mean. If the Approved Estimates were £52,500 and the Revised Estimates, which in fact we found that we sold more, went up to £111,000. With all the improvement that the Minister spoke about, the chances are that we should sell more than that.

HON H J ZAMMITT:

It depends, Mr Chairman, on a number of items which I was completely ignorant of until a few days ago. It depends entirely not only on the value of the stamps, Sir, but the items in the stamps. There are apparently collectors who wish to go for uniforms for birds or butterflies and, therefore, it depends entirely on the card contents of the actual stamps, we print them in tens or twentyfives. It depends entirely on that, Sir.

HON MAJOR R J PELIZA:

And in the view of the Minister the motifs that are going to be used this time are not going to be as successful as those used

last year?

HON H J ZAMITT:

No, Mr Chairman, certainly with Mr Pablo de la Rosa's participation in Italy and Switzerland, it is estimated we will be selling this year about £450,000. If the Fonourable Member will recall I did mention that this particular year there was a windfall of a possible further £80,000 as a result of Her Majesty the Queen Nother's 80th birthday. That does not mean to say that we may not sell £lm. God willing I hope we do.

HON MAJOR R J PELIZA:

I am not trying to be critical, Mr Chairman, I just want to find out because it is interesting to know how this works.

HON G T RESTANO:

Mr Chairman, the Honourable the Financial and Development Secretary said that the commission is 25%. I understood that there were different percentages. Can I know then what the different commissions are to the different agents.

HON H J ZAMMITT:

Mr Chairman, Sir, in the case of IDPC, the Crown Agents, Boric, the commission is 25%: in the case of Mr Pablo de la Rosa I think it is $22\frac{1}{2}\%$ but I am not very certain because I haven't got that here.

HON G T RESTANO:

And then there is an American as well, isn't there?

HON H J ZAMMITT:

The American is Borric. He is the one that carries the Western Hemisphere.

MR CHAIRMAN:

He gets?

HON H J ZAMMITT:

25%.

HON MAJOR R J PELIZA:

Is this negotiated in every instance or is there an International rate.

HON H J ZAMMITT:

No, Sir, it is negotiable with every dealer.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 18 Prison - Personal Emoluments.

HON J BOSSANO:

The deletion of the Staff Nurse post. In fact the Staff Nurse post was never actually filled, I understand, because it appears that really the role that was required in terms of fulfilling minor medical treatment on the spot could be covered otherwise. I take it that the situation is that there is provision under Personal Emoluments for allowances or something to prison officers who will be covering for the absence of the post.

HON A J CANTPA:

That is correct, Mr Chairman. The establishment of the Prison Officers has been increased by one from 12 to 13 and it is intended to train two of them. They will undertake a nursing course and be paid an additional allowance for doing nursing duties.

HON P J ISOLA:

It seems that the allowances on overtime represent something like 67% of the salary.

HON A J CANEFA:

Yes, Mr Chairman.

HON P J ISOLA:

Does this mean that they are being overworked, since there are too many hours being done would that not justify an increase in the establishment?

HON A J CANEPA:

Mr Chairman, they are working a 48 hour week and in addition sometimes some Prison Officers have to be brought in on escort duties when there are a number of prisoners to be escorted to and from the Supreme Court. The Expenditure Committee went into this very carefully, whether it was not worthwhile increasing the establishment and thereby cutting the working week from 48 hours to 40 hours. We would have to employ I think an additional four Prison Officers and the net saving, not taking into account provision of uniforms and so on, and not taking into account long term commitments in respect of gratuity and pensions, the net saving would be \$4,000 a year. The Expenditure Committee recommended to Government and Government accepted that it would not be worthwhile for a notional saving of £4.000.to increase the establishment when having regard to the difficult conditions under which the staff are working there is a necessary incentive for people of the

recessary quality to take up this job that their earnings should be fairly high.

HON P J ISOLA:

Yes, but it just seems to me that on this basis, how many hours are they working.

HON A J CANEPA:

At least 48. Usually more particularly when there are public holidays and so on when the premis are increased further.

Personal Emoluments were agreed to.
Other Charges.
HON MAJOR R J PELIZA:

Subhead 6. I notice that on the maintenance of prisoners and diets, there has been an increase, £5,500. Is that due to inflation or is it that the menus have been improved.

HOM A J CANEPA:

Meals are provided by the hospital and naturally the hospital have to review their charges. They do suffer the ravages of inflation so they have to charge us rather more. The provision that we are making is on the basis of 30 meals a day and we do know that the level of occupancy at the prison is likely to remain fairly high throughout the financial year in question and unfortunately beyond that.

HON A J HAYNES:

Sir, under Head 7, Clothing for Prisoners, I see that there was an increase last year from £500 to £1,500, and now the figure of £400 is being put up. Can the Minister give an explanation for that.

HON A J CANEPA:

I had to come to the House for a supplementary before the general election consequent on the prison riots last August when clothin; was destroyed, so I had to come for supplementary funds. So having made increased provision which is reflected in the Revised Estimates, through a supplementary vote, we can go back to the normal level of expenditure. The normal thing would have been £500 or so a year but we had to purchase a new set of clothing.

HON A J HAYNES:

I accept that, Mr Chairman, but is it not one of the prisoners' grievances concerned with clothing, that they don't have suitable clothing when they leave.

. HON A J CANEPA:

I think they do have suitable clothing whilst they are there,

and when they leave the clothing with which they entered the prison is retained for them. After 7 years I imagine they would have to be reprovided with something else, but we haven't yet reached the stage in the prison when we can provide Saville Row clothing!

HON A J HAYNES:

The point I am making, Mr Chairman, is that generally I would like to see more expenditure on the concerns of the prisoners to alleviate those lost. They are being punished by society but I am sure the Minister will agree that the idea is that they be kept as comfortable as possible within limitations and that they be encouraged to change their way of life. I am sure the Minister will agree with me when I say the prison is not really suited for longtermers and that every effort should be made to ensure that they are corrected as possible.

HON A J CANEPA:

I share those sentiments up to a point, Mr Chairman. The Government has accepted in principle the need to try to provide new prison and we hope to start work, all priorities being considered, in the next development programme. We hope to include that and I do agree that we do have to provide a modicum of comfort for prisoners. I would like to remind the Honourable Member though that it has already cost the taxpayer a small matter of £46,000 as at the end of March, and probably another £20,000 to come to put right the result of the riot last August.

Kind you there is an element of betterment because we have taken advantage of that to provide improved amenities all round, but I would invite the Honourable Mr Haynes to try and get hold of some estimates of expenditure going back 7 or 8 years and he will see what the taxpayer was having to pay for in respect of the prisoners and what we are having to pay for now.

I remember that when I took office for instance there were only 8 Prison Officers now we are talking of a staff of 19. Generally I think if he were to get an opportunity to compare the provisions that was being made in years gone by with what is being made now I think he would see that there has been a general level of betterment.

HON A J HAYNES:

Those things may have improved since he arrived but I believe that they could be further improved.

HON A J CANERA:

I reject that totally. My predecessor who belonged to a different administration, the Honourable Mr Kiberras, took a great interest in the welfare of the prison. So mich so that he was the Chairman of the Prison Board. So, no, I hope I do not give that impression. I don't intend to ac so.

· HON A T LODDO:

A question on this vote. Do the prisoners have different types of clothing for winter and summer wear or is it the same standard of clothing throughout the year.

HON A J CANEPA:

I have been up to the Prison at different times of the year and I see that they do wear rather heavier clothing in winter than what they do in summer.

HON MAJOR R J PELIZA:

Mr Chairman, suchead I2. I notice that for the first time, and I welcome the vote for this, Provision for the Rehabilitation of Prisoners, but the amount is £100. Could the Minister explain what is this intended to be for? To what extent is he acting on advice, and is there a general plan to see how we can rehabilitate our prisoners so that they do not return to crime?

HON A J CANEPA:

This is a token vote, Mr Chairman. It is intended to purchase tools and other basic equipment for the work parties. One of the senior Prison Officers is a trade officer, he has undergone training for instance at Landport Training Centre and we have agreed at Council of Ministers that we need to do rather more in the area of providing work for prisoners. And as part and parcel of that we have got this token vote so that the prison itself can purchase whatever tools are necessary without having to rely say on Public Works to provide the tools. Or in cases where we paint the lockers and chairs for the Tourist Office that the prison can purchase our own brushes and so on and just be provided with the paint and so on. This is what it is intended for.

HON MAJOR R J PELIZA:

But is it not intended to rehabilitate prisoners in the hope that when they do finish their sentence they somehow find themselves again the the new life and are not likely to return.

HCT A J CAMEPA:

I do not know whether rehabilitation is the right phrase to have used here. Obviously the provision of work for priscners in that environment is a very important part of the process of rehabilitation, but really the manner in which you schieve rehabilitation of prisoners in their home environment is through parole, and now I think the situation is quite satisfactory in the sense that they are able after having served ind of their sentence to be eligible for parole. And when we are talking of people with very long sentences it is particularly important so that they can leave the prison and go back to their families and get work and so on. This is really what will achieve the purpose of rehabilitating the prisoner in his environment. Ferhaps

it is a misnomer to use the word rehabilitation in what is really meant to be the narrower context of tools and equipment for work.

HON MAJOR R J PELIZA:

Occupation at the prison more than anything else.

HON A J CANAPA:

Yes.

HON MAJOR R J FELIZAS

Could the Minister give some thought to putting some money into the rehabilitation of prisoners?

HON A J CAMEPA: ...

Well, we do provide for instance under another item remedial education for prisoners. It is also done under that. Rehabilitation of prisoners can also include materials, like for instance if we had a female prisoner which has happened on occasions you need to provide other sorts of materials to keep the prisoner occupied, but as regards the question of parole, once the prisoner is out on parole there is no need to provide under any other item of the prison any funds to cover that situation.

HON A J HAYNES:

Mr Chairman, I refer to subhead 8, Wage Earning Scheme for Prisoners. I think, Mr Chairman, I think the Minister said that there was going to be research into the matter so that more schemes for wage earning would be brought up. But would that be for the maximum of £2,200 to be paid out? Could he explain it.

HON A J CALEPA:

There is a basic £1.30 paid a week to all prisoners who are eligible. I say to all who are eligible because remand prisoners do not come under the wage earning scheme. So the provision that is being paid is for 23 prisoners that is £1,500 we also have three landing cleaners and they get £1.50 a week; there are two laundry orderlies they get £1.90 a week; there is a cock for minor meals, not for the main meal, who gets £1.90 a week; and there is a librarian who gets £1.70 a week. That is not connected with the general work which I have just been talking about, this is the work parties that do work in and out of the prison. There is no specific provision made in respect of that, that is covered by the basic £1.30 that £1 eligible prisoners who participate in the wage earning scheme get.

HON A J HAYNES:

Is the Minister proposing to provide more forms of work for the prisoners?

HON A J CAPEPA:

Yes, a greater diversity of work and to ensure that they are well occupied because there is not always sufficient work and we do not want them to be idle longer than they need to be.

HON J BOSSANO:

Wasn't there in fact at one stage a scheme to actually try and give the prisoners up there a trade because of the difficulties of finding employment when they come out and in the hope that because of the shortage of skilled craftsmen if they had a trade it would be easier to persuade an employer to take them.

HON A J CANEPA:

This is correct. This is why I mentioned that one of the senior officers is a trade officer. I was saying to my friend here on my left a moment ago that one of the prisoners there who has given a lot of trouble in the past but who thank God is not doing so now, is quite a good mason and he is rehabilitating the old military cells, in the military yard, where it is intended to set up the workshop for the teaching of basic trades by the trade officer to the prisoners. This is a scheme which we still hope to introduce. Because of the trouble in the prison in the last two years or so it wasn't possible to getting around to doing so.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 19 Public Works - Personal Emoluments.

HON P J ISOLA:

Could I ask a general question on personal emoluments. I notice there has been a reduction of three in the establishment and they seem to be professional officers. I understood that when all the things were worked out that they required a higher figure of establishment to get the development programme going, and I find that the Government didn't really produce much. And now in a year that it expects to produce its highest, I notice it reduces the establishment. It seems to me a little illogical. That is the first question. Another question on the establishment is, can the Minister say why there are so many officers on a personal basis and on Obsolescent scales. I will just stop there.

HON M K FEATHERSTONE:

The reductions, Sir. One is the Mechanical Engineer who is at the moment in England studying on his own bat; a two year course to obtain a further degree. There is one Maintenance Surveyor less and one Engineer less.

HON P J ISOLA:

Why is that? Surplus to requirements?

HON M K FEATHERSTONE:

Yes, Sir, that is a surplus as such. There is still ample in the development programme to work out our \$10m.

HON P J ISOLA:

We are delighted that the establishment is on its way down.

HON M K FEATHERSTONE:

The question of why a number of officers still hold certain salaries on a personal basis is that when staff inspection regraded them obviously it has always been the principle that the post may be regraded but the person in the post remains at the same salary that he used to have prior to the regrading.

HON P J ISOLA:

Mr Chairman, just one more. The beaches, cleansing, gardens and Upper Rock. I presume a Works Supervisor is out of that and re-appears again as a supernumerary following staff inspection. I presume he is still on the same joo?

Are these the persons who supervise the cleaning of all these beaches, gardens and upper rock? Is this personal supervision, are they on the spot regularly, because it seems to me to be rather few over a very large area. Could that be a reason why possibly things aren't done that well in these areas.

HON M K FEATHERSTONE:

They are the Chief Supervisor and the three PTO's who work with him and who control the whole of the operation. Coviously, there are senior industrials who are also in charge to a certain extent. For example at a beach you have a chief beach keeper who is classified as an industrial grade. He would come under the PTOs who would check or him as such.

HON P J ISOLA:

Are these gentlemen full time on all these jobs time ighout the year?

HON M K FFATHERSTONE:

When they are not working on the beaches for example in summer they are doing the gardens, the upper rock area which keeps them going the whole year round.

HON J BOSSANO:

The 23 Works Supervisors.

HON M K FEATHERSTONE:

I think this is the same which has been brought up earlier and they do have an undertaking from the Chief Linister that although they are put under supernumerary staff it doesn't mean that it is a fait accompli that they are going to be industriablised from non-industrials until an agreement is worked out with the Union through the IRO.

Personal Emoluments were agreed to.

Other Charges.

HON G T RESTANO:

I see that there is a considerable reduction in the training of the apprentices and trainees. May I know the reason why?

HON M K FEATHERSTONE:

Yes, we have had a very intensive programme of training of apprentices over the last few years and we are finding that by the time these apprentices work through their course and become craftsmen we are starting to get rather an imbalance of craftsmen to labourers. So this year we are only taking in the number of apprentices we feel will be necessary to cover natural wastage in the actual trades that they are going through.

HON G T RESTANO:

Would this first of all not create an unemployment problem? If these young people who leave school are no longer going to be trained as apprentices, should they be unable to find jobs in the private sector they will be unemployed presumably. Would this not be the result of this cutback?

HON M K FEATHERSTONE:

Yes. On the other hand you cannot automatically say that the Public Works Department is going to be the sponge that absorbs all youngsters leaving school. We must obviously keep our figures within reason as otherwise we will be expanding every single year and we would be getting a continual increase in costs as such. We only need a specific size of labour force and one wants to try and keep it within reasonable bounds, not to let it be continually inflating.

HON G T RESTARO:

Can the Minister say then on how many apprentices these £55,000 will be spent? How many people will be trained?

HON M K FEATHERSTONE:

There would be 10 who are in training and another 10 who will be taken on this year.

HON G T RESTANO:

So these £55,000 are to train 20 people.

HON M K FEATHERSTONE: ...

That is right. Yes.

HON J BOSSANO:

Could I ask the Minister what the drop in the intake is? He said there are ten in training.

HON M K FEATHERSTONE:

Yes, there were 20 taken on last year.

HON J BOSSANO:

So the intake has been halved.

HON M K FRATHERSTONE:

The intake has been halved, yes. We are getting quite a strong imbalance. Obviously we do not want to dismiss craftsmen at one end when an apprentice qualifies and becomes a craftsman.

HON J BOSSANO:

But in fact it the intake of ten is intended to produce sufficient craftsmen at the end of the training period to meet natural wastage I take it then that the Einister does not anticipate employing any non-Gibraltarian craftsmen in the foreseeable future.

HON M K FRATHERSTONE:

Not at the moment, no, not in the foreseeable future unless we had a craftsman who died and has to be replaced on an emergency basis.

HON J BOSSANO:

Yes, but I mean when the Honourable Kember talks about natural wastage I imagine an exercise has been done on the turnover of craftsmen in the Fublic Works four years hence, which is when the people you are taking in now are going to be ready to take up the jobs.

HON M K FEATHFRSTONE:

Yes, we are working on the turnover at present which is providing guidelines as to what the turnover should be in the next two or three years.

HON J BOSSANO:

I take it, Mr Chairman, that this has not been discussed at all

with the staff side because certainly it is the first that I hear of it.

HON M K FLATHERSTONE:

I think there has been some discussion at the Apprentices Board, but I am not sure.

HON J BOSSANO:

But not with the representatives of the Industrial Labour Force, because I would have thought that the underlying assumption that we are not going to be providing as many opportunities for school leavers in the Gibraltar Government to take up apprenticeships as we have been doing in the past, on the assumption that in four years time we are only going to be needing 10 craftsmen, and it can be shown that that assumption is inaccurate, it would be worthwhile reviewing what could have a serious impact in employment opportunities.

HON M K FEATHERSTONE:

Yes, obviously if for example next year we find that our calculations are wrong and that the number of craftsmen by wastage is increasing we would take more apprentices in as such. You cannot obviously have the same quantity each year. I would comment that in this head there are three new entrants as trainee technicians as well as the 10 apprentices.

HON J BOSSANO:

Mr Chairman, it would seem to me, with the size of the labour force in the Public Works Department, that an intake of 10 craftsmen a year, from my knowledge of the situation, would be on the low side. I accept that the figures may be accurate but would the Minister agree that if it is shown between now and September, which is when the apprentices are normally taken on after the end of the school holidays, that there are likely to be vacancies for more than 10 craftsmen, it is worth reviewing because certainly it wouldn't make sense to deprive Giraltarian school leavers of the opportunity of learning a trade and then have to recruit labour from outside Gibraltar to fill those trades. Would the Minister agree if that is shown to be the case it would be worth reviewing between now and September.

HON M K FEATHERSTONE:

Yes, Sir, we are quite willing to be flexible on this. If there is need for more then we are quite willing to take more on.

HON P J ISOLA:

Unallocated Stores £80,000. I do not think I have seen this put this way before, "deduct value of stores to be issued". Not issued, but to be issued "to other subheads and services". Do those amounts appear in the other subheads and services in the Estimates?

HON M K FRATHERSTONE:

Yes, Sir. When you work out the costs of, I will give you the name of a sublead, "Maintenance of Crown Properties etc", which will appear in the next set of Estimates, the cost includes the labour element and the materials element and that materials element is of course part of this that is actually issued.

HON P J ISCLA:

The reason why I ask that is because stores are either allocated or not allocated, and here there is just an expression of hope. That is why. Should not the figure be £470,000?

HON M K FLATHERSTONE:

No, not necessarily, Sir, because if the quantity of stores that comes in is worth £400,000 and the quantity of stores that goes out is some of the oldest stock which is only worth £350,000, there is a £50,000 difference. That is where it comes in as such.

HON MAJOR L J PELIZA:

Head 11, Mileare Allowances. I notice that that is going up by 21,000. Is that due to any change in the rate or because they foresee having to go further with the frontier open or what.

HON M K FRATHERSTONE:

It is due partly to the increased cost of fuel.

HON MAJOR R'J PELIZA:

This is as much as 25%, is it?

HON M K FRATHERSTONE:

Well, petrol has been going up quite severely. I think a few more people may qualify for it as well.

HON J BOSSANO:

Er Speaker, item 10, there is a 300% increase in furniture.

HON M K FEATHERSTORE:

Yes, I thought this one would be picked up. Actually we are paying this year for some furniture which was supplied to the Deputy Governor's residence. We have had the bill from the PSA, we have to pay it now and it has been put into this year's Estimates. It wasn't paid before. The actual new amount this year is fairly close to the £4,000 its about £3,000 which is an old debt which has to be met.

HON J BOSSANO:

If the bulk of this money is for the Deputy Governor's residence can the Minister say whether it was a question of the Deputy Governor furnishing his house and sending the Government the bill or was it a matter of policy of the Government that they decided how much money they wanted to spend on furnishing his house.

HON M K FEATHERSTONE:

I think the pdicy was that we were willing to meet up to a certain level the rest of it was paid for by the Foreign Office in England. We have to meet a sum up to the level we promised.

HON FINANCIAL & DEVELOPMENT SECRETARY:

May I add a point here, Sir. The agreement was we would meet the cost of the actual furnishings for a normal OSAS officer in furniture only and that the balance would be met by the Foreign and Commonwealth Office.

Other Charges were agreed to.

Head 20 Public Works Annually Recurrent - Beaches

HON G T RESTANO:

Mr Chairman, why is there a reduction in the maintenance of beaches.

HON M K FEATHERSTONE:

I think we are employing one less person on the beaches.

HON G T RESTANO:

May I know why? What is the reason for employing one less?

HON M K FEATHERSTONE:

We found that the needs of the beaches did not demand as many people and in an effort to save public money in the economy we looked through all the labour areas to see if there were any unnecessary persons and we have been able to economise in one person.

HON A J HAYNES:

Would the linister not agree that the beaches seem to get dirtier annually as the season progresses?

HON M K FEATHERSTONE:

I will not agree with that. Sir.

HON A J HAYNES:

Perhaps it is because the Limister doesn't bathe at the beaches because if he did I can assure him that he would find the beaches particularly dity.

HON M K FEATHERSTONE:

I can only say that the beaches are kept as clean as is practical, and of course if one wishes clean beaches one does hope that the public will cooperate as well.

HON MAJOR R J PELIZA:

Has the Minister considered having mechanical means of cleaning the beaches, I understand that this is used in most beaches now. Have we got anything like that here or are we likely to?

HON M K FEATHERSTONE:

I think this has been investigated on a number of occasions. Our beaches are neither big enough for mechanical means to be cost-effective. You need a pretty long stretch of beach for mechanical apparatus to really be cost-effective.

Beaches was agreed to.

Buildings.

HON J BOSSANO:

Could the Linister confirm that it will be the continued policy of the Government in the question of painting Grown Properties to try and promote as much of this work as possible through JPC's in view of the fact that this gives an incentive to the people concerned and a financial saving to Government.

HON M K FEATHERSTONE:

Yes, Sir. In fact last year - I haven't got the figures exactly at this moment, I think I have got them below in my brief case and I will look for them while we go into the next point. We did a fair number of JPC's, I think there were 53 altogether, and a good number of them were in painting. This will be the policy to continue. You have already actually voted in Head 19 under Allowances which does include a certain sum of noney of JPCs.

FON P J ISOLA:

Can the Minister say whether the Government programme for the maintenance and painting of Crown Properties during 79-80 was in fact completed? The programme that they set themselves out to do at the time of the Estimates.

HON M K FRATHERSTONE:

I can tell you, Sir, that the money which was voted, which was

split between the money to be spent on housing regains and maintenance of Crown properties, was fully utilised. Between the Housing Repairs and the Maintenance of Crown Properties we did get through all we were scheduled to do. There is always the situation that you do not know fully what your housing repairs are going to be, so sometimes one will suffer a little at the expense of the other, but in the main most of the work is done.

Buildings was agreed to.

Emergency Services and Stores was agreed to.

Gardens

HON M K FEATHERSTONE:

Could I just bring up a little point on this. As part of our efforts on gardens, we intend this year to try and beautify Sir Winston Churchill's Avenue. We are going to plant 18 palm trees along it. These palm trees will come almost fully grown, 7 meters high, and we hope it will give quite a pretty entrance to the City.

Gardens was agreed to.

General

HON G T RESTANO:

On subhead 6, Mr Chairman, I see that there has been a reduction in rock safety measures and coastal protection. Can we have an explanation for that?

HON M K FEATHERSTONE:

This is something that we do not really know from year to year what is essential because it depends on the winter storms. If we have a relatively mild winter then the damage that is done is not so great and we don't need to spend so much money the following year to repair that damage. If we have a very severe winter, then we need a lot of extra money. This year the winter has been relatively mild and we feel that we can get away with £28,000 to repair the ravages of the sea.

HON A J HAYN; S:

Mr Cheirman, does this include rocks on the upper rock which couli fall onto the East side.

HON M K FEATHERSTONE:

It is mainly coastal protection. The areas of rock on the Upper Rock which have been designated as dancerous were dealt with by the MOD many years ago. We do survey them but at the moment we do not think there is very much danger. You have a number of rocks up there which are held with chains etc. As far as we can ascertain it is relatively safe.

HON A J HAYNES:

Mr Chairman, would it not be true to say that the chains would be of little effect if the rocks were to become lose and fall.

HON M K FLATHERSTONE:

Well, the chains are not intended to hold the rock up, the principle is that the effort needed to overcome the initial sliding friction is quite small and the chain is sufficient to provide that effort. If of course the rock was already starting to fall the chain wouldn't be able to hold it up as such, it is simply to stop the initial sliding friction which would let the rock move down.

General was agreed to.

Highways.

HON MAJOR R J PELIZA:

Could I deal with 7(a) and 7(b) perhaps the two together, Er Chairman. I am really referring to sick leave. Can the Minister explain if there has been any improvement on this. I believe that there seems to have been some abuse in the past.

HON M K FRATHERSTONE:

We issued warnings to quite a number of recople some time around July or August last year when they were taking rather excessive sick leave and there was a very considerable improvement in the incidence of sick leave following those warnings. Over the past three months - and we monitor every week - the situation tended to slip back a little bit in February where there was rather a lot of flu eround but last month it has again improved so we are, I won't say confident, but we are happier that people are not taking advantage of the generous sick leave facilities that we permit.

HON MAJOR R J PELIZA:

Mr Chairman, seeing that this is monitored weekly could the Minister be able to tell us what the position is or has been during the last couple of years.

HON M K EVATHERSTONE:

I think the last one I had was that we lost about 250 days in the week on sick leave.

HON MAJOR R J PELIZA:

Was there an improvement?

HON M K FLATHELSTONE:

Yes, at about the same time last year it was running at around 400 days.

HON P J ISOLA:

I notice from the Estimates for both these two items, the estimates 75-80 was £300.000 at the end of the year it is £440,000 which is about 50% more. What is, that bad estimating or what?

HON M K FEATHERSTONE:

No, I think the new wage agreement which came through in July gave extra leave to the industrials. I think it increased from 17 days to $19\frac{1}{2}$ days.

HON P J ISOLA:

Could I ask about the gap between the leave and injury pay. It is classified as one item as £330,000.

HON M K FEATHERSTONE:

Yes last year the two were together. I don't have last year's breakdown at all, but I do for this year, and this year the leave works out to £225,000 for normal leave and £106,000 for public helidays as such, and then the sick leave is estimated around £70,000 odd.

HON MAJOR R J PELIZA:

Mr Chairman, actually that previous question I was going to ask but the difference between leave and injury pay, not sick leave. Between leave and injury pay. Last year it was all bunched together 7(a) and 7(b).

HON M K FEATHERSTONE:

Injury pay is a very small item of £5,500.

HON MAJOR R J PELIZA:

Mr Chairman, under subhead 10 ...

MR CHAIRMAN:

No. we haven't got there yet. We will now recess for tea.

THE COMMITTEE RECESSED AT 5.45 P.m.

THE COMMITTER RESUMED AT 6.15 p.m.

MR CHAIRMAN:

I will remind the Committee that we are at Head 20, Public in Works Annually Recurrent - Highways, and I believe the Honourable and Gallant Major Peliza wanted to ask a question.

HON MAJOR R J PELIZA:

Yes, Mr Chairman, on highways there are two points I would

like to make. First of all perhaps I think it is probably appropriate to thank the Minister concerned, or perhaps the Attorney-General, for at long last, after 22 years, Mr Chairman, putting right the infamous barrier next to the corner of Cannon Lane. It is a great improvement and it is a pity it was not done before.

MR CHAIRNAN:

This is irrelevant to this particular vote:

HON MAJOR R J PELIZA:

With your indulgence Mr Chairman, perhaps I could say that there is another similar problem to that in Cannon Lane and perhaps the Minister can look at that one as well.

Now the next point, Mr Chairman, which I think is far more important, is that I see that the vote on maintenance and upkeep, notwithstanding the high rate of inflation, has only gone up by £3,600, and given the terrible state in which our tho-roughfares are, could the Minister explain why so little money is being put into this vote.

HON M K FEATHERSTONE:

Well I wouldn't call £190,000 very little money.

MR CHAIRMAN:

I think you are being asked why the increase is so small.

FOR M.K FEATHERSTONE:

The increase is so small partly because we have a saving of two men which amounts to another £7,000. I think you also have to look in the Improvement and Development Fund to see where we are spending money on the roads. The actual cost of the resurfacing etc is in the Improvement and Development Fund, but operation of Catalan Bay Depot, maintenance of open shelters, the pre cast concrete depot, all this works out to, as we show there, £192,000.

HCN MAJOR R J PELIZA:

Yes, well I won't press the Minister or this vote, Fr Chairman, but I will come back to the Improvement and Development Fund where it is probably more relevant.

Highways was agreed to.

Mechanical.

HON P J ISOLA:

Workshops and Garages, Running Expenses and Maintenance. Can the Minister say whether this is mainly wages?

HON M K FEATHERSTONE:

Sir, this breaks up into two parts. The garage and the workshop. The total is £355,000 and of that approximately £300.000 is wages.

HON P J ISOLA:

When Government moves into its new PWD Garage, will everything be put in there or will they continue to have garages in other places and workshops?

HON M K FRATHERSTONE:

The new premises will be more spacious than the present workshop, as far as the actual working area, it will be less spacious as far as the parking area. There will not be too much parking space but as far as working place it is more spacious.

HON P J ISOLA:

Does that mean that all the Government transport will not be accommodated in there?

HON M K FEATHERSTONE:

Well, we hope to get in as much as we possibly can. It is going to need a little bit of effort at the beginning to see how we can rationalise it, partly because we have to have them parked in a certain way so that the refuse lorries can get out first. Until we actually take it over, because the area itself is still pretty clattered up, we cannot exactly say how we are going to work out the parking.

HON P J ISOLA:

If the vehicles cannot be put in there will they be kept somewhere else or will they put outside on the road?

HON M K FEATHERSTONE:

No, we hope to get them all in there, Sir. But it is going to take a little effort in rationalising.

Mechanical var agreed to.

Pumping was agreed to.

Sanitation.

HON MAJOR R J PELIZA:

Mr Chairman, subhead 13. Ferhaps I could draw the attention that although we are spending a lot of money on this, I don't believe that we are really getting the desired result by the state of our streets and other places. I would like to draw

the attention to the Minister to see if something could be done and done very quickly, the area that can be seen from Old Maval Hospital Road where the Old Gas Works were. That area is already strewn with all sorts of debris. Equally the two Jumpers Bastions. Down below in one of them I think it must be a hazard because there is a lot of accummulated water there. It looks to me a few feet high, and in the other place again lots of things are strewn all over the place. Apart from that I think there is a danger for children who are moving in the area of falling into that little Jumpers Bastion. Could the Minister look into that?

HON M K FEATHERSTONE:

Yes, I know the area you mean. I will have a look at it for you.

HON A T LODDO:

On this very same question. In the old Gas Works there is the gasholder tank, again that is full of water. From the Old Kaval Hospital Road you cannot say whether it is fresh water or brackish water, but perhaps the Minister would have a look at that as well. It is a danger and children do play there.

HON M K FRATH RSTONE:

Well, we are going to start demolishing at the gasworks shortly and as part of the contract that tank will be filled up.

HON MAJOR R J PELIZA:

Judging by the number of mosquitoes that come to where I live, I think it must be fresh water. Could the Minister move a little faster on that.

HON P J ISOLA:

On this question of sanitation I think one must recognise that the collection of refuse in Cibraltar is good. The public is giving I think, a very good opportunity for the collection of rafuse, in fact better even than in the United Kingdom. Having said that there are areas in Gibraltar, one of them has been described now, other areas where refuse is regularly dumped and known for example to the Public Fealth Authorities or the Police and everybody else. Now I think that if the Government spends some public funds. if the Government spends something like £600,000 on the cleaning of those highways and the collection and disposal of refuse, Gibraltar shouldr't really be looking the way it does. Fart of the blame is on the public or the people who dump the refuse and all the rest of it. Wouldn't it be worth Government spending a bit of money for example in ensuring that Fublic Health Inspectors make stot checks on areas where it is done regularly and the people are taken to court for example. Similarly with the Police. One gets the feeling that nobody does anything about making sure that Gibraltar is kert clean when there is the ability there to do so. There are people there whose job it is to do so. I will

say that the collection and disposal and the cleaning of highway, one sees it done regularly, but yet Gibralter is dirty and you have got these dumps all over the place. Shoulan't some of the other departments of Government join in in helping in this difficulty.

HON M K FEATHERSTONE:

I thank the Monourable the Leader of the Opposition for his kind words about the refuse collection etc. We do appreciate that there is a need for perhaps stronger measures to be taken and the loneurable Mr Perez and myself are at the moment looking into a little bit of the carrot and the stick. I think one of the things has been that in the past we have perhaps been a little too indulgent in collecting accumulation of refuse and we are going to shortly institute rather stronger measures to see that less dumping is taking place. In particular we are very worried about dumping of builders debris because this is not normally picked up by the crews that go round. The crews that go around throw all their rubbish into the Refuse Destructor and of course we do not want builders debris to get mixed up in there because it damages the plant. But I thank you for your kind words, anyway.

HON A T LODDO:

Mr Chairman, under subhead 16. Toilets and Public Paths. Could I please ask the Minister to which public baths this refers.

HON M K FEATHERSTONE:

The Public Baths will no longer be baths as such but showers. They will be the showers that are available at the Piazza, the showers which will have curtains put on, that are available at the market place.
Santitation was agreed to.

Salt water was agreed to.

Priable water.

HON G T RESTANO:

Mr Chairman, can I know why there is a reduction of £76,000 on the operation of the distillers?

HON M K FEATHERSTONE:

This is as I said earlier on, that we only intended to work them for about 22 to 25 weeks a year instead of as had been done hitherto 35 to 40 weeks.

HON G T RESTANO:

Mr Chairman, will not this reduction of 20-25 weeks a year in fact push up the price of the production of water? I am sure

you will have the same overhead, or virtually the same overhead, as far as wages and salaries are concerned.

HON M K FEATHERSTONE:

We will not have the same overheads because since obviously we are not producing we will be saving considerably on fuel and chemicals. The labour content will be there but that will not increase the price of production because it will be there all the time. We will instead be importing greater quantities of water and this is cheaper than distillation.

HON W T SCOTT:

Yes, but won't the cost per gallon of water produced by the distiller rise?

HON M K FEATHERSTONE:

Yes. On the other hand the cost per gallon of water imported will be lower. So when you mix the two together you will get lower figures.

Pctable . "ater was agreed to.

Head 21 Recreation and Sport - Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure.

HON P J ISOLA:

Contribution to Sporting Societies. Can the Linister say whether the whole of that money will go to the Sports Council?

HON H J ZABNITT:

Yes, Mr Chairman, the total sum of £4,500 will of course be controlled by the Sports Council.

HON P J ISOLA:

Dues not the Minister think that that amount could be increased in view of the intention to raise £21,000, I think, from sportsmen using the Stadium?

HON H J ZAMMITT:

Er Chairman, the Honourable Member is referring 1 think to item 6, on page 10, where there appears an increase of £19,000 derived from revenue from the Stadium. I must tell the Honourable Member that the immense majority of that figure, the increase will be as a result of the introduction of the allocation fee due to be paid in September. And it should also be borne in mind that the sportsmen so far have not contributed by 25% such as the spectator is paying.

HON P J ISOLA:

Yes, but the spectator pays to see something. That is the point of making contributions to sporting societies of £12,590, there was a point last year because they weren't paying for using the Stadium, but now, you give £12,500 and then you take off them £21,000, so the money that you give them they will need to pay back to the Government.

To give an example the Hockey Association, they now have to meet an amount they have to pay the Government for using the Victoria Stadium which they weren't paying before. So if they get £2,000 and they have to pay £4,000 back it means that the £2,000 which they get to go and play hockey in England is not of such benefit to them because they have got to find £4,000 to be able to play hockey in Gibraltar.

HON H J ZAMMITT:

No, Mr Chairman, the Honourable the Leader of the Opposition is not so naive as that.

HON ? J ISOLA:

No. I am not naive.

HON H J ZAMMITT:

The only people who have been charging admission fees have been boxing recently, and football, the remaining associations, other than on very special events, have not charged admission fees. It is, therefore, hoped that the associations will be able to charge admission fees to spectators of which they will keep the 75% and Government will make 25%. So in fact the contribution is so minute that the associations will obtain money as a result of this, and Government of course is providing grants to further assist.

HON P J ISOLA:

If the Government recognised the need to contribute to sporting societies because they needed the money what they are doing now is, they are saying, we are still going to give you £12,500 but we are going to take £21,000 back from you.

HON H J ZAMMITT:

· That is not so.

HON P J ISOLA:

So would it not be better not to make any contributions to them and let them go on using the Stadium as before, otherwise the net result for them, unless the public go in large numbers to the Victoria Stadium, and it is a long time since I have seen these large numbers in the Victoria Stadium, they will not recoup that money. They would be worse off as sporting societies.

HON H J ZAMMITT:

They will certainly not be worse off Pr Chairman. May I say that the grants which have increased substantially over the past years as regards grants to associations, are invariably done to those associations who help themselves. It is not that the Government gives money out to every Tom, Dick or Harry who asks for grants. And in particular may I say that we always give money, with the one exception of hockey, to the governing body of the sport. Now, Pr Chairman, I think that it is not by coincidence, but we have, since I came into Government, been running sport aboslutely free, and this is absolutely unique.

IR CHAIRMAN:

Yes, but we are not going to speak on the general principles of how the Government should contribute it, we are going to speak on this particular vote. If you have any information to give the Leader of the Opposition do so otherwise we will leave the matter to stand.

HON H J ZAMMITT:

I would add, Mr Chairman, if the Honourable Leader of the Opposition will give way, that the intention behind the allocation scheme is that the more we recoup the more will be returned either by way of grant or by adding facilities for the sportsman.

HON P J ISOLA:

That is what I was going to say, Mr Chairman, that if the Government is going to persist in taking £21,000 out of Sport then their contribution to sporting society should be substantially more, the amount we are being asked to approve £12,500.

HON H J ZAMMITT:

Mr Charman may I say that it is not needed at the moment, most associations that have applied for grants are more than satisfied with Government's contributions at was seen in correspondence about the Rock Gunners only a few days ago in the press.

HCM P J ISOIA:

But surely once the associations start being charged money they will be ignored.

IR CHAIRMAN:

No, no, order, order! I think we are talking at cross purposes. The sporting associations are only being asked to pay back to Government a percentage of their receipt.

HON P J ISOLA:

I understand that fully, Mr Chairman, but in any case I think the Honourable Einister for Sport also said that other sporting organisations which had used the Stadium before without charging gate receipts would be able to do so now. I.am sure they would have been able to do so in years gone by. The only problem with the Stadium, as I see it, and in those sports, is that they are the players sports — and not spectators sports —, otherwise gate money would have been got for this.

HON H J ZAMMITT:

Mr Chairman, on many occasions, particularly on Saturdays, I have seen many a spectator of hockey drawing crowds on average 100 or so and not a penny has been charged.

MR CHAIRMAN:

Yes, but now we are falling into the temptation of debating and I am not going to allow that.

Special Expenditure was agreed to.

Head 22 Secretariat - Personal Emoluments.

HON P J ISOLA:

Sir, I notice the Secretariat, which has quite a large number of Senior Executive Officers, Higher Executive Officers and Executive Officers, is now going to be further increased by a Higher Executive Officer and two executive Officers in return for the loss of one Senior Executive Officer. How is this going to work and why?

HON ATTORNEY GENERAL:

Mr Chairman, if I can just raise the point of clarification.
Did the Honourable and Learned Leader of the Opposition say an increase of a Higher Executive Officer and two Executive Officers?

HON P J ISOLA:

Yes, and somebody else, somewhere around here. An increase of four officers in the Establishment.

HON ATTORNEY GENERAL:

Mr Chairman, the Executive Officer referred to in the Establishment Division preakdown, the extra Executive Officer, the post was in fact already approved by the Fouse when the original staff inspection took place. The purpose of that Executive Officer is to assist the staff inspection unit and provision has been made this year because there is now a place for them to participate in that role. Until staff inspection got under way it was not appropriate to appoint them at the time.

The second additional post is that of Archivist. That post has always been a temporary post until now, at least the holder of the post has been on temporary terms, but because the post is so well established we felt it was more appropriate to show the

post as such, as an established post.

As far as the supernumerary staff are concerned, there is provision for a Higher Executive Officer, as a Supernumerary, and also two Executive Officers. If I can deal with the Higher Executive Officer first: provision has been made for that post in respect of an officer who has become supernumerary and has been temporarily posted to the Secretariat until such time as another post may or may not be available for him. As far as the two Executive Officers are concerned these are supernumerary positions. The intention is to make these posts available to Graduate entrants. They will come in as supernumerary officers nominally posted to the Secretariat out they will in fact during a period of training be sent out to various departments to learn the role. So they are in fact supernumerary provision for a graduate entry scheme which is going into operation.

Personal Emoluments was agreed to.

Other Charges.

HON G T RESTANC:

I would like to ask on Subhead 7, Rents of Flats and Offices.

Kay I know which offices these refer to?

HON ATTORNEY GENERAL:

Mr Chairman, I cannot answer that immediately.

HON A J CANEPA:

These are the offices in Secretary's Lane, the Post Office, the Income Tax, the Industrial Relations Office, Management Services Section, they all occupy offices there in Leon House and Seclane House. I don't know whether we have any other offices elsewhere. I think these are the main ones.

HON G T RESTANO:

If those apply to those offices surely the rent should be charged to those derartments, to those Heads, and not to a generalised Head in the Secretariat, otherwise it gives a false impression of what the Head's performance is.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, it is usual in estimated services where you have a centralised body looking after the provision of accommodation, as you have in Secretariat here, to have the cost of any rented accommodation paid for from that Head, in the same way as under the Public Works vote we have renovation and repairs to Government buildings said for from a single vote and not put down to the individual department.

HON G T RESTANO:

Well in that case can I have a breakdown of those rigures.

HON ATTORNEY GENERAL:

Mr Chairman, in Leon House there are six suites and in Secretariat line dealt with globally. If I can give you the figures; Leon House £1100; £800; £200; £1100 and £200 respectively. Secretary's Lane is

HON G T RESTANO:

Those figures tell me nothing at all. Is there no breakdown, no amount charged to the different departments.

MR CHAIRMAN:

No, this is not reflected here. It is not charged to the different department, the rental comes from the central department.

HON G T RESTANO:

In that case ir Chairman, when we were going through for example the Ircome Tax Office, Head 9, there was a charge there for rent of offices. There is a charge there, but we have been told that that also was included under Subhead 7. How can that be?

HON FINANCIAL & DEVELOPMENT SECRETARY:

The offices in this vote are those which are Secretariat offices and the Income Tax is a separate department.

HON G T RESTANO:

How much of the £95,500 is in relation to flats and how much of the £95,500 is in relation to offices.

HON ATTORNEY GENERAL:

Mr Chairman, this will take a little while to work out but I will obtain a breakdown and provide the information to the Hon Member.

HON W T SCOTT:

Mr Chairman, it appears that there is a certain amount of permanency in the occupation of these flats and offices, and given the high figure, the high annual figure, has Government seriously considered purchasing these properties. And if so what stage has been reached.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I did make the point, this morning I think it was, when we were discussing the vote for the Income Tax Department, that the Government was not satisfied with the way which it was having to rent offices and departments and a Committee had been set up and has already made one report and it is to make another, looking at what accommodation we want and where can we find it

so that we can get out of this rented accommodation.

Other Charges were agreed to. .

Special Expenditure was agreed to.

Head 23 Telephone Service - Personal Emoluments were agreed to.

Other Charges.

HON MAJOR R J PELIZA:

Er Chairman, under Other Charges, Subhead 8, Training of Apprentices. I see that three special grade apprentices are going to be trained. In the light of the information we have that the reason why the connection of new subscribers is taking so long is because they are short of staff, is the intention of employing these apprentices to increase the staff? How long is that going to take? If this is not the case, what is the Minister doing about increasing staff so that connections can be accelerated?

HON DR R G VALARINO:

Yes, Mr Chairman, I think there were various points to that question by the Honourable and Gallant Major Peliza. First of all the training of apprentices. These three are special grades and will really be dealing with higher and improved telecommunications services and not the average run of the mill replacement of telephones. We need three apprentices this year basically as a start for the ISD. In fact we need three apprentices this year and three apprentices next year so that we can carry on with the programme as mentioned.

The other question which he asked was about the shortage of staff that we are at present encountering. Such shortage is at present - and I have got the actual rigures here - the actual figures of that shortage is nine. One is a mechanical fitter; three are craftsmen A; one is a craftsman A chargehand; one is a store man; and three are the telecommunication mechanic apprentices, special grade. These three will be the ones that will be employed in September 1960, therefore, the figure of ince will be reduced to 6 by September 1980. So we shall be short of six by the winter.

There is very little we can do about increasing the staff as modern methods in telecommunications are moving in such a way that we need relatively qualified people to deal with this type of work. The type of apprentices we get nowadays are not of a very high class and therefore, we would rather wait and get the better type of people rather than get the poorer and less cualified type of apprentice.

This is one of the reasons why we put three special grade apprentices this year and we hope to recruit another three next year to be able to dilute the figure. Getting three better grade this year and three better grade next year. If we went

for six in one year we would probably get as a whole a poorer quality of apprentice.

HON MAJOR R J PELIZA:

Is the Minister saying that for the purpose of connecting a telephone for which I think there is a greater bottleneck at the moment, you require such a highly trained person. Isn't there a way of running a special course for some technicians who could get on with that type of work?

HON DR R G VALARINO:

Mr Chairman, connecting a telephone basically, and I scree with the Fonourable and Gallant Major, is not a difficult job, it is a fairly simple job. Unfortunately this year we have had a great deal of work with the installation of new lines, which were mentioned previously in my report, thereby cutting down faults by a tremendous amount and we have had a lot of the men involved in this exercise. The other thing is that last year we managed to instal more telephones but really this was as a JPC which unfortunately we did not have such a thing this year. Therefore the amount of telephones connected this year dropped.

MR CHAIRMAN:

No, we are not going to discuss how easy or difficult it is to connect a telephone.

HON DR R G VALARINO:

It is an easy thing and we intend next year to connect more telephones than we have done this year.

HON MAJOR R J PLLIZA:

Yes, but my point is Mr Chairman, I don't know if the Kinister has got the point, that I know they are doing their test, that there is a shortage of staff, a shortage of staff which must be highly qualified then perhaps for the more sophisticated side, but I would have thought for the actual process of connecting a telephone it should be possible to recruit certain people who would be trained specially for that, and, therefore, get the thing moving and perhaps to make many more subscribers than we have done lately. Is that not possible at all?

HON DR R G VALARINO:

Mr Chairman, yes. But one must always remember that an apprentice must go through an apprenticeship and this takes a number of years and, therefore, the question in fact is delayed so many years.

HON MAJOR R J PELIZA:

I am afraid Mr Chairman, this does not convince me at all.

HON G T RESTANO:

Under Head 10. Telecommunications Advisory Service, token to provide consultancy fees. Is this to cover the report of the British Post Office Consultants or is this another service?

HON DR R G VALARINO:

Mr Chairman, this is not to recover the amount we shall be spending for the consultants. This in fact, if one notices has a little (b) beside it. This is a token and it is to provide consultancy fees which are necessary for other telecommunications advisory service because of the fact that telecommunications is moving very rapidly and it is very important that we get constant advice on the new equipment and new methods of dealing with the telephone and telecommunication service. So basically this is a token provision which we have put in for the first time this year, but has nothing to do with the actual consultants that we have engaged.

HON G T RESTANO:

And will the consultants be the same people, the British Post Office, or will it be somebody else? Is it known who it is going to be?

HON DR R G VALARINO:

Er Chairman this obviously is a token provision. It is difficult for me at this stage to say who it will be. Several major companies run advisory services also through the BPO.

LR CHAIRMAN:

You haven't made up your minds yet who it will be?

HON DR R G VALARINO:

We haven't made up our minds who we shall be using this money for.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 24 Tourist Office - (1) Main Office Personal Emoluments were agreed to.

Other Charges.

HON P J ISOLA:

On Other Charges. Is the Government now going to review the role and function of the Tourist Office in the obviously changing situation which is now going to occur. It seems to me that this is one department in which the opening of the frontier must have profound effects. Are any plans, any study in train in this department? I am saying that this

Department is one that is going to see changes. This Department is affected very much by the possible new situation and is it intended to have a searching study made of the role of this Department in the changing situation, with special reference to the London office?

HON H J ZAMMITT:

Yes, Mr Chairman, one would have to agree with the general comment that the Hon Leader of the Opposition has made. Again, as the Hon the Chief Minister mentioned, it is a step into the unknown. It is felt that in this particular year we should still concentrate on the market from the UK and one will have to watch developments if there was to be a particular change from our tapping sources. It is not felt at this stage that there should be any adjustment unless and until such time as the fruit of that particular tree is seen to mature.

HON P J ISOLA:

What I am concerned about is as to the need, now that tourism is so firmly established in Gibraltar and we have charter operators and we have quite a number of travel agents and tour operators using Gibraltar. It is no longer a situation of one or two, there are a number of them and I am just wondering whether the advertising and field sales amounting to £150,000 is wholly justified in the situation of tourism as it has developed in Gibraltar.

This was a very important Department when it started with new ideas and all that, but tourism to my mind seems to have established now itself fairly firmly with a lot of tour operators and travel agents handling business. I just wonder whether so much advertising out of public funds is now justified.

HON CHILT MINISTER:

This is one of the aspects which will have to be carefully watched in the developing situation. Provision for field sales is not completely committed though there is a programme, but I imagine there is a considerable element of moving around there as we go along and see. I would certainly persuade my colleagues that apart from any commitments that there may be already for the immediate future, we go a little slowly on the manner in which the money is going to be spent and see where the need mainly arises. The vote was prepared in circumstances when there were no ideas that there would be an open frontier.

HON MAJOR R J PELIZA:

On this question on which I spoke I did refer to this in the discussions on the principles, would the Government always remember that they must not do anything that in any way may reduce the amount of traffic that we have created with the UK because it would be very important for the future to maintain that side of the business.

HON CHIEF MINISTER:

I entirely agree that we must not divert or forget the fact that the people from the UK have mainly been the source of our trade. In respect of what the Fonourable Leader of the Opposition was saying I do not think that the Tourist Office recople would agree readily that because you have a good market you do not need to advertise and not to continue to foster it because it is a continuing progress. Again, here we have a number of uncertainties which we have to consider. I do not know how much of the field sales vote has been committed. Whatever has been committed will be honoured on the basis that it is going to be allowed, of course, but such as has not been committed will have to be kept under review.

HON A T LODDO:

In view of the preparations that are being made for the opening of the frontier, would the Government bear in mind refurnishing all those tourist signposts which have over the years been allowed to go into decay.

HON CHIEF MINISTER: .

Yes, now they will mean something!

HON G T RESTANO:

The service of the airfiell after hours, \$10,000 last year and the same this year, what is that in aid of?

HOW H J ZAMMITT:

That means aeroplanes landing out of normal hours, particularly night flights, or in the evenings, and they have to pay the MOD extra for the main enance of the tower and one thing and the other.

HON CHIFF MINISTER:

They only have operational hours for their requirements up to 8 o'clock, after that people come out during the summer season, paid by the MOD, and part of that is recovered from the operators.

HOI G T RESTANO:

I do not see why it is the Government who should pay that. Surely, if one is to allow the charter flights to come in at a time of their convenience then if it is after hours and it does cost more surely they could pay for that charge.

HON CHIEF MINISTER:

It is not for their convenience alone. We were just talking about the need of having charters coming to Gibraltar. It is for the convenience of tourism as a whole and in fact we had a problem recently where one of the airlines advertised late

hours in April without having cleared it and we opposed it because we had not been given notice and they threatened to withdraw the charter completely. They subsequently changed their minds and they changed the hours to come within the day-time hours. I think some of it is recovered from the companies because in fact in that case we did suggest that if they wanted the service they would have to pay for it.

HON A J HAYNES:

In answer to Question 105/80 when the Financial and Development Secretary as asked "did Government have any plans for improving facilities at the Arrival Hall at Waterport", the answer was "as soon as the House had passed the next Estimates". If this is in Tourism, where would I find it?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Under the Improvement and Development Fund.

HON W T SCOTT:

Subhead 11, Maintenance of Sites. The approved estimate has an increase from £7,000 to £9,500: this year there is a decrease. May I ask why? Are there less sites? The approved was lower than the revised. You spent more noney eventually and then now we get a cut. There was £7,000 approved, it was revised to £9,500, and now there is a cut to £6,100.

HON H J ZAMMITT:

Sir, there is an increase of £1,100 to cover costs. The only thing I can say is that there is an increase of £1,100 to cover the cost of materials and the wages of maintenance staff.

HON W T SCOTT:

That was only on the Approved Estimates not on the Revised Estimates, which is £2,500 above the Approved Estimates.

HON H J ZAMMITT:

I do not know, Mr Speaker, I am afraid I shall have to find out.

FON W T SCOUT:

Under Subhead 13. Other than the Gib Song Festival, what other Festival is contained within that amount?

HON H J ZAMMITT:

Deep Sea, Pier Fishing, the ABTA conference, concerts at the Cave, concerts at the Alameda Open Air Theatre, the Liss Gibraltar show.

Other Charges were agreed to.

Special Expenditure.

FON G T RESTANO:

£4,400 for the Historical Exhibition?

HON H J ZAMMITT:

These are the exhibitions that are going to be installed at St Michael's Cave, at the Galleries, and Moorish Castle.

HON MAJOR R J PELIZA:

Gould the Minister explain a bit more about that. Am I right in saying that the cost of it was much more but that the manufacturers are themselves absorbing part of the cost and in return are deriving some revenue from the tickets sold at the different places? Could the Minister explain how this is going to work?

HON H J ZAPMITT:

Yes, Mr Chairman, we paid £2,500 on the signing of the contract, a further £7,500 on delivery and another £10,000 to be paid by December 1980.

We start recouping at 35% of takings for the first year; 30% on the second year; 20% on the third year, and 15% on the fourth year.

HON MAJOR R J PELIZA:

What I am trying to get at is, after having paid £24,400 what else have we got to pay the suppliers of the exhibition? Nothing else?

HON H J ZAMMITT:

Yes, a percentage of the entrance fee that will be charged.

HON NAJOR R J PELIZA:

This is precisely the point that I am getting at, because I think this is a very important matter. Could the Minister say how much it would have cost us had we paid for the lot? If we had paid the full amount, if we had asked the suppliers for the full cost of the figures, how much would that have come to?

MR CHAIRMAN:

In other words, what you are being asked to say is whether there haz been a valuation as to the cost of the figures, or is the cost of the figures the £24,000-odd that we are voting for?

HON H J ZAMLITT:

After we have recouped the total amount of £24,000 ...

MR CHAIRMAN:

No, you are being asked why the supplier of these fitters is being allowed to partake in the fees being charged. Is it because the value of the merchandise which they are providing is higher than the £24,400.

HON MAJOR R J PELIZA:

If the cost of those figures, say, were to be £50,000 and we had paid the full amount and there is no more owed to the suppliers, how much would it cost us?

HON H J Z.MMITT:

I do not know, Mr Chairman. What I can say is that the cost is £24,000 in a contract where they will refurbish the gowns, or make up, etc., but I do not know what the figures would cost totally if we had bought them and kept them ourselves.

HCM MAJOR R J FELIZA:

Well, could the Minister, really, because this is a very important issue, because over a long period we may find that we may be paying quite a lot for those figures if they are going to get a percentage of the taking. This is what I am trying to get at. I know that perhaps the Minister has not got the information available, but it is a matter that I intend to pursue and perhaps the Minister could give me the full information in due course.

HON H J "AMMITT:

I have just been told that it would be double the cost, £48.000.

HON MAJOR R J PHLIZA:

About £50,000. Now we can work out over the years how much money ...

HON CHIEF MINISTER: .

Half of this was paid in capital in three stages, and the other half is recouped by a share of the income. Once that is recouped the takings are all ours. After the first four or five years we will have to pay them for keeping the figures in a proper state and to maintain them.

HON MAJOR R J PELIZA:

Has the Government got an evaluation of the figures? How many are going to be provided? How much is each figure going to cost? £50,000 is a lot of money.

HON H J ZAMMITT:

I cannot give the amount that each figure is going to cost but

I can say what they consist of.

There is only one prehistoric animal which is a bear. In the Galleries there will be soldiers; in the Moorish Castle there will be dresses of Spanish and Moorish occupation and in the Cave prehistoric figures and a bear.

HON MAJOR E J PELIZA:

I fully understand that the Minister cannot give me the necessar, details, particularly when he has not been involved, but I would very much appreciate if he could send me a note on this, giving me figures and so on, because I am very interested in this matter.

HON A T LODDO:

In the light of the expense, will these figures be insured against vandalism?

HON H J ZAMMITT:

.. I have no details on insurance.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Government does carry its own insurance.

HON CHIEF MINISTER:

I remember when we discussed this matter, steps were taken to make sure that they will be protected as much as possible, both from that and from damp and from vandalism.

Special Expenditure was agreed to.

(2) London Office was agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

<u> Head 25 - Trading Standards and Consumer Protection - Personal Empluments</u> were agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 25 - Treasury - Personal Emoluments.

HON J BOSSANO:

On the Economic, Flanning and Statistics Office, Mr Chairman, will Government agree that if with time there were a need for a greater emphasis on the running of the economy of Gibraltar that this could inevitably mean that we would have to be looking at

the adequacy of the establishment in this section which I believe is already carrying a heavy load of work?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes. Sir.

HON MAJOR R J PELIZA:

Mr Chairman, I'm sorry, you were going so fast. I wanted to ask a question under Head 25. It is just informative more than anything else may I?

MR CHAIRMAN:

May I say this. I think I am not going too fast it is for Members to make sure that they put their question on time. These Estimates have been circulated for a long time now and I think Members should know what they wish to raise. Powever, if I am going too fast please let me know and I will accommodate.

HON MAJOR R J PELIZA:

I know what I wanted to do but it just didn't give me time to think. I looked under what Head it could be and I thought perhaps purchases would be the answer, but I understand that this Unit is now about to introduce the requirement that publicans have their glasses stamped with the quantity that they are supplying. Could we have some information on that?

HON A J CANEPA:

Yes, I do not mind giving information on a Head for which we have already voted expenditure for. Under the requirements of the Weights and Measures Ordinance, there is a need for the glasses which are used in licensed premises in Gibraltar to be tested and marked accordingly. Tested for measure and then marked with a stamp that certifies that they are correct. This became a requirement at the beginning of 1979 and the Consumer Protection Officer has been endeavouring to make it as easy as mossible for the people concerned to comply with the requirements of the law.

HON MAJOR R J PELIZA:

Am I right in saying that this is rather difficult and costly for publicans to do this which will obviously add to the value of the drink, and is the suggestion that perhaps they could keep a measure in the place already marked and then use that as a test in case anyone had doubt?

HON A J CANTPA:

I can see, Mr Chairman, that the Licensed Victuallers are hogging themselves around every possible avenue on this matter. Not being satisfied with having seen the Consumer Protection Officer, having had a meeting with me on the matter where we

undertook to give them every possible facility, including if necessary tassing on the cost to the consumer. If you think just on the case of prices, you have to protect the consumer by ensuring that he gets the right quantity. That he gets a pint of beer, expensive as it is, and not 19 fluid ounces.

Not satisifed with having seen the Chief Minister and had correspondence on the matter now the Hon Member is raising the matter in the House. They have suggested...

HON MAJOR R J PELIZA:

They have not seen me, Mr Chairman. I have heard about it and I have every right to introduce it in the House.

HON A J CANEPA:

Yes, but I have a right also to tell you the full facts of the matter. I could have stayed outside in the ante-Chamber and not answered the matter because the Hon Member had no right after a vote had been taken to raise the matter. Nevertheless I have come back into the Chamber to answer the matter and I think I have a right and a duty to explain publicly the history and the background of the matter. I do not consider, and certainly the Consumer Protection Officer does not consider either, and I agree with him, that it is sufficient to have displayed in a public bar a measure which someone drinking beer would have to ask for in order to pour the beer from his glass into that measure to satisfy himsel: that he has beer given the right amount. That is not fair, that is just window dressing. That is not protection of the consumer.

HON LAJOR R J PLLIZA:

First of all let me clear the point, that no one has approached me. I have only heard of this and as a member of the House to introduce any matter. It seemed as if the Minister were rather annoyed.

MR CHAIRMAN:

Right, we go on with the Treasury.

HON H J ZAMMITT:

Mr Chairman, before we go into that I have been able to find the details that the Honourable Member wanted with regard to the special expenditure on historical exhibition which the Honand Gallant Major Peliza wants to know.

I have it that the exhibition is to be installed during May or June 1980 and will consist of the following: The Galleries - two soldiers, the second niche - three figures; the third niche - two gunners and one officer; Moorish Castle - 22 figures; St Michael's Cave - 8 prehistoric men and one bear, bringing a grand total of 38 figures plus one bear.

MR CHAIRMAIL:

I believe the Hon the Attorney General wishes to give some information to the House.

HON ATTORNEY GENERAL:

Thank you, Mr Chairman. If I could answer two matters that I said I would look into.

First I will deal with the question by the Hon Major Peliza on the question of the extra cost of servicing the wirelesses in the Police Estimates. The answer I gave before was in fact correct. The position is that in the pest they have been serviced by the UK company without charging a fee. When I said they had been serviced, minor work or any work that can be done here is in fact done at the police station by the men employed for the purpose, but some work has to go back to the UK. As I said before what happened is that they were no longer able to provide that service free. So now we have to provide expenditure to meet it. It is expensive but there again, the repair of wireless equipment is an expensive matter.

HON MAJOR R J PELIZA:

The Hon Member said that it had to be serviced in the UK but some was done here by the Police. Has the Honourable Kember found out if there is any electronic dealer or repairer who might be able to do it here at a lesser cost.

HON ATTORITEY GENERAL:

Mr Chairman, I will look into it but my understanding is that the equipment concerned is very specialised equipment and there are good reasons for going to the manufacturer in the UF, but I will check the point.

By your leave, Mr Chairman, if I can return to the Secretariat Estimates and the question of the provision of the division of the rentals between offices and flats. Of the figure of approximately £95,000 the estimated division is £10,000 towards the rental of offices, and £85,000 towards the rental of flats. The reason I say "estimated" is because there is an element of an estimate in it. The building at No 5 Secretary's Lene consists outh of flats and offices and therefore it is necessary to reach some apportionment as to the respective parts of the rental.

MR CHAIRMAN:

Right. Treasury, now.

HON P J ISOLA:

I think the Hon Mr Bossano asked about the Economic Planning and Statistics office. I think the question was did Government have any plans to increase the establishment. I thought

I heard the FDS saying, yes?

HOW FINANCIAL AND DEVELOPMENT SECRETARY:

I think the Hon Leader of the Opposition may have misheard Mr Bossano. My understanding was that the Honourable Mr Bossano said that if there were a proven need to increase the staff, and it seemed that they were very heavily engaged at the moment, by other planning purposes would we consider increasing staff, and I said, yes, Sir.

HON J BOSSANO:

I said actually that if we were going to put more emphasis on economic planning probably this is where the burden of the work is going to fall. My understanding of the situation is that the Unit is already fully loaded and therefore the Government in the light of doing that, does no good accepting the principle of the policy and then finding that they cannot be fulfilled.

HON P J ISOLA:

What I am asking is, has the Government got plans for further economic planning in order to increase this. Are there plans for this? Otherwise, I would have thought that it would be in the Estimates. There would be provision for more planners, or is it that the Hon Er Bossano has quietly told the Government, or is about to tell them his economic plan.

HON FINANCIAL ALD DEVELOPMENT SECRETARY:

Er Chairman, the number of officers who we have at the moment in the Economic Flanning Unit can, with a bit of difficulty, cope with the work which they are doing because they do both planning and statistics. It is quite clear that as we are widening our planning field; we are having a Port study, the input/output study; we may be having other studies in the context of an open frontier situation. It may mean that we need additional planning staff. If we do then we will get them.

HON MAJOR R. J PELIZA:

We must take care that we do not have too many planners and no doers:

HON G T RESTANO:

Is the quota of five, the full complement for the operation of the Computer once it is fully operational?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Sir, but I think that one must look at No 23 under the Establishment. Data Processors 7. Those are the Processors on the NCP Machines at the moment and they are progressively

being trained in computer work, and as the computer takes over and the LCR machines can be cut down they will go in the Computer Loom.

HON G T RESTANO:

There is provision for the Computer Manager's job eventually going to a local person?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, we are in the process of appointing the Higher Executive Officer who will understudy the Computer Manager.

HON P J ISOLA:

When he actually becomes Computer Manager will he be a Senior Executive Officer or will be stay as a Figher Executive Cificer?

HOW FINANCIAL AND DEVELOPMENT SECRETARY:

His grade will be Higher Executive Officer whilst he is understudying the Computer Kanager.

· HON P J ISOLA:

And then when the Computer Manager disappears will be become a Senior Executive Officer and will we then have a Higher Executive Officer as well and an executive Officer?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

This will be a matter for the Staff Inspectors to have a look at. It will depend very much on the shount which we have got on to the computer at the time and how big a workforce and workload there is.

HON J BOSSANO:

Could I ask the Hon Member how many hours we are now working the Commuter?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Last time I inspected the computer, Mr Chairman, we were working it normal working hours and I did discuss with the Computer Manager whether or not we should not try and get at least a double shift out of it but part of the difficulty is that the people being trained are ladies and I believe that a late shift work is not very popular with them. I will find out what the latest situation is and let the Honourable Member know.

HON J BOSSANO:

I take it that the Government accepts that the rational way in which to use expensive equipment like a computer is not to have it idle sixteen hours a day and working eight. It is the normal practice to use it intensively.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Er Chairman, Yes, Sir.

Personal Encluments were agreed to.

Other Charges.

HON MAJOR R J PELIZA:

A very important item in the days that we are living in: Subhead 8, Care of Apes: I notice that we have increased the amount by £700. Is that enough to ensure that they are going to be with us for the next few years?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

All I am aware is that their Union put in a claim for this amount, that there has been agreement reached and they now get £65 per ape per annum!

HON MAJOR R J PELIZA:

Could the House be informed if we still have two packs? What is the population of the ap-s?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The estimate is for 35 apes. The point is that they are not all on the ration strength. We provide food for 34 apes but there are others who come in.

HON MAJOR R J PLLIZA:

Contribution to Gibraltar Government Insurance Stamps. We neard before that the Government insured itself. Could the Non Financial and Development Secretary explain how this is done? Because I see the amount if always the same, £20,000.

HOW FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, about 1957 the Government was advised by the then Colonial Office, now defunct and substituted by the Foreign Office, that it was best not to insure but to run one's own insurance fund and we began to set up a fund and pay in a regular amount each year. The figure now stand at just under \$400.000. However, the value of the Government Estate is far higher than this and so my predecessor started off an exercise of looking as to whether or not the time had not come when we should get extra advice on the insurance of the Govern-

ment Estate. We pursued this and early in May an expert on insurance is coming out to advise us on this subject and I shall have more to say about it when we have got his advice and we have proposals to put to the House.

HON MAJOR P J PELIZA:

Thank you very much, Mr Chairman.

HON A J HAYNES:

Do I understand that Government does not avail itself of the facilities of re-insurance.

HOW FINALCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, that is a very good question and it gives me the opportunity to say that the gentleman who is coming out to advise us is an expert in re-insurance.

HON MAJOR R J PELIZA:

Mr Chairran, I don't know whether subvention is the one we are just going to put to the vote or whether it is another one.

MR CHAIRMAN:

It is another one.

HON J BOSSANO:

On the insurance vote I take it that one of the things that will be looked at in this context is the possible difference in the ownership of houses. If the Government has announced ealier on that it was coming up with a new housing purchase scheme which they hope to be more successful with then clearly the insurance would be limited to those that are not sold.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, that is so.

I would also like to correct a mistake that I made when I said that the Government carries its own insurance risks. We are required to insure for third party risks on road vehicles and we do so by Taw. We do so and the cost in the year ending 31 March 1979 was slightly over £5.000.

Other Charges were agreed to.

Subventions.

HON MAJOR R J PELIZA:

The contribution to the GBC. I wonder if we have any news of what is going to happen with regard to the broadcasting of meetings of this House both by television and radio. Can the

Chief Minister say what is the state of play?

HON CHIEF MINISTER:

We have a letter which was sent by the General Manager of GBC to the Leader of the Opposition, perhaps the Fon and Gallant member has not had time to speak to him since his arrival, and myself stating that on the completion of their transfer to Mercury House, hopefully next June, he was already doing a study in order to make proposals to discuss the matter further.

HON MAJOR R J PELIZA:

In the meantime would the Hon the Chief Minister consider setting up a Committee to consider how things will operate so that when the station is ready to broadcast there will be no further delay from the point of view of this House as to how it should be done. Could be produce something concurrently.

HON CHIEF MINISTER:

I think that whatever is done must be done by the House, this is not a Covernment measure. It must be done as a whole. What we must know is the facilities that they can offer, and the cost that is going to be incurred. When these are identified then, of course, either a Select Committee or a Committee of the House specially set up for the purpose will be appointed to discuss the matter.

HON MAJOR R J PELIZAS

What I am suggesting is couldn't the Committee be appointed before that is done, so that a lot of spade work is done as to the general view of the members ...

LR CHAIRMAN:

May I interrupt. I did say when there was a question earlier on that I had received a letter from the General Manager of the GEC saying that they will be in a position to give the service to the House if it so required. I did say that I would circularise a letter to both the Chief Minister and the Leader of the Opposition. I have done that and it is our intention, and I did suggest that the three of us should meet to decide how to go about this one. Once we have held that meeting perhaps the Chief Minister and the Leader of the Opposition will report to the House.

HOW MAJOR R J FELIZA:

Would it be possible to have a meeting fairly early, Mr Chairman.

MR CHAIRMAN:

When one considers the fact that the letter was received less than two weeks ago, and that I have had to circularise it, I do not think that the matter is being delayed unduly. We will meet as soon as possible and the matter will not be delayed.

HOW MAJOR R J PHLIZA:

My concern, Mr Chairman, is that I think this is very desirable, that this should happen, and I would not like to see delays because once everything is ready from the technical side the political views of this House have not been decided and we are not then in a position to make a fairly quick decision.

MR CHAIRMAN:

It is a matter for the Chief Minister and the Leader of the Cppsosition to say when they want to meet and the matter will then be dealt with.

HON P J ISOLA:

I would think that that matter could be dealt with by the Standing Rules Committee of the House.

MR CHAIRMAN:

I could have suggested that but in the first instance what I suggest is that it is only right that the matter should be discursed between the Leader of the House and the Leader of the Orposition to decide how best to go about this one. If it is the wish of the Leader of the House and the Leader of the Opposition that a Select Committee should be appointed or a Standing Committee of the House should deal with this that will then be done.

HON P J ISOLA:

I would have though that, Mr Chairman, if the principle is accepted then it is a question of how one worksit into the procedures of the House and I would have thought that the Standing Rules Committee could deal with this.

MR CHAIRMAN:

With due respect to the Leader of the Opposition I was not going to presume that the principle itself was accepted. I had to get the feelings of both the Leader of the Fouse and the Leader of the Opposition before I presumed this.

HON P J ISOLA:

I appreciate that and it is certainly accepted on this side of the House.

Could I ask, on the GEC, television licences, the revenue from that. Can I ask what the revenue was in 1978/79 and what it was in 1979/80? Can I also ask whether that revenue comes into Government and then forms part of a subvention, or whether it is passed immediately to GBC?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, it is shown under kevenue - Head 4, Item 5, Wireless, £36,264 was the actual revenue for 1976/79; the revised estimate 1979/80 was £94,000; and the estimate 1980/81 is £95,000.

HON P J ISOLA:

The increase was 300% as far as colour television is concerned. Is that the revenue figure that would be expected as a result of that increase? This is just a matter of interest before I go to my next question. It went from £6 to £20.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have just got a revised figure which we have just worked out and it is £100,000. The answer is that I do not think we are collecting all we should collect in television licences and I know that the !'inister for Postal Services was discussing the question of how one can get equipment to trace people who are using television sets without a licence.

HON P J ISOLA:

Can I ask, Mr Chairman. That money comes into the Government, and then the Government gives a subvention. The subvention here does or does not include the revenue from television licences.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

We receive £100,000 and we give £550,000. All the money we get we put in this pocket and we put the £100,000, and then out of that we take £550,000 and hand it over.

HOM P J ISOLA:

I will tell you why I asked this. I am afraid I was slightly misled when I asked in the Estimates why it was that there had been a drop in the subvention, and the Chief Minister said ... Right now, there is a drop in the subvention of £100,000 in the contribution to the GBC.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

In fact, the Revised Estimate is £655,700 and the actual is £550,000. The reason for that is the 1979/80 figure contains £250,000 back pay for two years which was paid out after the analogues and salaries had been settled for the GBC staff.

HON P J ISOLA:

Therefore, if it is £250,000 back pay, then the increase next year is quite enormous in terms of current expenditure.

HOW FINANCIAL AND DEVELOPMENT SECRETARY:

That figure was a two-year increase so you can knock off there £100,000 for one year, and that leaves you with £125,000. The increase is not as large as one would think. The new figure 1980/81 takes in the 1979 pay award.

HON P J ISOLA:

Yes, I appreciate that, but it is slightly misleading looking at the figures. In fact there is an increase in the subvention. Could I ask as far as colour television is concerned, what is the reason for maintaining this vote, dividing it into two votes.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The reason for this is that we have an agreement with a company to pay by instalments over a five-year period for the equipment that we required and we get it at a very low rate, 7½% export credit guarantee rate.

The amount is made up, if the Hon Leader of the Orposition is interested, of £278,600 this year; £105,000 which is raid towards the renovation of the new granises; £25,000 fees for the architects; £6,264 fees for the Quantity Surveyor. The payment to Link, which are the persons from whom we are buying the equipment on a five-year purchase, is an amortised amount of £81,372; bank charges are £200 and there is a balance to Link for a previous amount and the whole lot comes to the amount in the Estimates.

HON P J ISOLA:

So this figure will disappear in a matter of three years.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes. Sir.

HON CHILF MINISTER:

This is the purchase of the equipment; the installation of the building and setting it off.

HON MAJOR R J PELIZA:

The Mackintosh Hall.

I always bring this to the notice of the House every year and I intend to do so for as long as I am in this House because I do believe that it is very, very wrong that at Election time the Mackintosh Hall refuses to allow any meeting of the candidates participating in the Election to take place there. I do not know whother the Minister has made further representations on this. I know he is not here so it is very difficult I suppose to get an answer. I understand that the present linister cannot give me an indication as to what the views are at the

present. I imagine he must have known I would bring it up.

HOW CHIEF PUNISTER:

I can assure the Hon and Gallant Member that I have thought of nothing but that since last year!

HOM MAJOR R J FELIZA:

If nothing has been done.

HON CHIEF KINISTER:

No; very much the opposite, I have said that I have done nothing but think of that since last year.

HON MAJOR R J PELIZA:

Oh, well, that is very good of the Chief Minister but obviously he is not very influential occause he has not changed anything at all.

HON CHIEF MINISTER: ...

And I do not propose to so long as the Committee do not want to.

HON MAJOR R J PELIZA:

Therefore, Fr Chairman, he is only thinking and not doing. Therefore, I do propose to reduce Subhead 33 by £1 as a sign of protest.

Mr Chairman then put the question in the terms of the above amendment and on a vote being taken the following Hon Members voted in favour:

The Hon J Bossano
The Hon A J Haynes
The Hon P J Isola
The Hon R T Loddo
The Hon Major R J Peliza
The Hon G T Restano
The Hon W T Scott

The following Hon Members voted against:

The Hon A J Canepa
The Hon E K Featherstone
The Hon Sir Joshua Hassan
The Hon J B Perez
The Hon Dr k G Valarino
The Hon H J Zammitt
The Hon D Hull
The Hon R J Wallace

430.

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon Kajor F J Dellipiani

The amendment was accordingly defeated.

HON MAJOR R J PELIZA:

I hope the matter can be brought to the notice of the Board somehow.

The other point is Subhead 35. Contribution to the Gibraltar Regiment.

I wonder if the Hon the Chief Minister can give us some indication of what the position is with regard to pay and other matters connected with the Regiment. I think he usually makes a statement.

HON CHIMF MINISTER:

I make a report every year. When the Deputy Fortress Commander submits the report of the Commanding Officer, I make a report to the House. This is not done at Budget time.

HCN MAJOR R J PELIZA:

If he has any information on the Regiment, could be rossibly give it?

HON FINANCIAL AND DEVELORMENT SECRETARY:

The amount of £16,000 is made up of £3,500 annual contribution; £7,000 for the Reserve of Officers, £50 for the Commanding Officer, £50 for the Sports Fund and £225 for adventure training, which comes to £10,825. The balance is made up of a Bounty increase. The Reserve of Officers in the UK had a Bounty increase of £300 per officer and under the arrangements that we have come to with KOD we undertook to meet 75% of the cost of such Bounties here, and our share for the officers is just over £5,000. We do not pay for any of the amount of the Bounty of the other ranks.

HON MAJOR R J PELIZA:

What I was after really on that note was something else. I can see I am not going to get it and I shall have to try another way.

Subvention was agreed to.

Head 27 1980 Pay Settlement

HON J BOSSANO:

Mr Chairman, could I ask the Hon Financial and Development

Secretary whether he has got figures to show what is the total salcries and wages bill at the moment and if possible split this between industrials and non-industrials to give an indication of what the overall cost in percentage terms of existing wages and salaries is expected to be.

HON FINALCIAL AND DEVELOPIENT SECRETARY:

The total wages and salaries bill is £17,348,000; the non-industrial total is £10,907,000, and the industrial total bill is £6,441,000.

HON J BOSSANO:

I am correct in thinking, Mr Chairman, that the cost of the settlement means specifically the cost of any new money negotiated and not the fact that if this is the actual cost in 1976/79 the cost in 1960/61 would be higher even without a settlement because of the staging of the 1979 settlement. Have I made myself clear?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Er Chairman, this is a notional figure which we gut in and it is based on 10% for the whole year and 12% for everyone from 1 July. What the exact amounts will be in percentages, and what the savings will be, we have no idea at the moment. We had to put in a figure and we chose this figure. For every 1% increase on that 10% the net cost to the Government will be about £50,000.

HON J BOSSANO:

That was not quite the point that I was making, Mr Chairman. What I was saying was that if this is the existing cost of the wages and salaries bill for 1979/80, then the actual wages and salaries bill in 1980/61, without a wage increase, would be higher because the last stage for industrials only came in April.

HOW FINANCIAL AND DEVYLOPMENT SECRETARY:

The amount that was brought in in April has been included in the Estimates.

HON J BOSSANO:

In the Estimates and not in the settlement?

HON FINALCIAL AND DEVELOPMENT SECRETARYS

Yes.

Head 27 was agreed to.

New Head 28

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that the draft estimates le amended by the inclusion of £1,575,000 under a new Head of Expenditure, Head 28 - Contribution to Funded Services, with the consequetial amendments to the estimates. The sum of £1,575,000 is made up as follows:-

Subhead 1 Electricity Undertaking Fund Subhead 2 Potable Water Service Fund Subhead 3 Housing Fund £ 265,000 610,000 700,000

1,575,000

The contributions give effect to Government's stated policy for 1980/81 on the Funded Services.

MR CHAIRMAN:

Gentlemer. This has already been the subject matter of discusion, do you wish me to propose the question and debate it or do you wish me to put the question.

HON P J ISOLA:

Mr Chairman. I shall want to make a short statement.

MR CHAIRMAN:

You can do that by all means.

HON P J ISOLA:

I wish to say, Sir, that as far as the Opposition is concerned we shall be abstaining on this vote because we feel that the subvention should be greater. We have already spoker in the general debate on this and I will not therefore say any more.

Mr Chairman then put the question in the terms of the Financial and Development Secretary's amendment 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 Dr R G Valarino
The Hon H J Zammitt
The Hon D Hull
The Hon R J Wallace

The following Hon Members abstained:

The Hon J Bossano
The Hon A J Haynes
The Hon P J Isola

The Hon A T Loddo
The Hon Kajor R J Peliza
The Hon G T Restano
The Hon W T Scott

The following Hon Members were absent from the Chamber

The Hon I Abecasis
The Hon Major F J Dellipiani

The amendment was accordingly passed.

New Head 28 was passed.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that pages 109 to 112 of the printed Estimates in respect of the accounts of the Electricity Undertaking Fund, the Potable Water Service Fund, the Telephone Service Fund and the Fousing Fund be replaced by the revised accounts which had been circulated to Hon Members earlier.

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

The Committee recessed at 7.55 pm.

THURSDAY THE 24TH APRIL, 1980

The Committee resumed at 10.45 am.

MR CHAIRMAN:

Gentlemen, yesterday we finished the different heads: now we go to the Improvement and Development Fund, which is detailed at page 93 of the Draft Estimates.

Improvement and Development, Fund, Head 101 - Housing

HON W T SCOTT:

Air Chairman, in question 13 of 1980, the Hon the Leader of the Opposition asked for a breakdown, Head by Head, of the amount spent in the I&D Fund from 101 to 112.

It happens on every subhead. It appears that the difference in totals in one month, that is the month of March, an extra £881,000 has been spent.

HOM M F FRATHERSTONE:

Yes, Sir. If the Hon Member will remember I stated yesterday that on all the Heads which I control, and this excepts Telephones and Electricity, we spent £745,000. The balance is obviously made up in Electricity and Telephone spending. So we did spend the £800,000 in the month.

HON W T SCOTT:

and yet, in Head 102, the Schools, there is a 23,600 shortfall from the money voted last month. In Head 102 the figure given is £425,656 whereas £429,284 was mentioned as having been spent by the end of February of this year.

HON M K FEATHERSTONE:

The actual figure spent is £442,879. This is the total to the end of the year.

You will remember that the figures that are given by the Hon the Financial and Development Secretary are given to him from the Public Works Department and are to some extent estimates till the end of the year. These are the actual figures completely correct.

HON W T SCOTT:

Would the Hon Minister for Public Works care to repeat that figure?

HON M K FEATHERSTONE:

£42,879. If you would like a breakdown I can give it as well.

HON G T RESTANO:

When is the work on the pitched roofs at Varyl Begg going to commence?

HON M I PEATHERSTONE:

I think we have stated on more than one occasion: in the spring, and the spring ends on 20 June. We hope that before that date we will have started work on them.

HON A J HAYNLS:

How many units do they estimate they will finish in this coming year?

HON M K FEATHERSTONE:

In this present year we should finish approximately 83 new and modernised houses.

HOW W T SCOTT:

Mr Chairman, in subhead 5 where the modernisation is obviously mentioned as job numbers rather than districts or addresses etc, would the Honourable Minister, if not now in the ante-Chamber or at some subsequent stage, please identify these job numbers?

HON M K FEATHERSTONE:

Yes, I shall be happy to meet the Fon Member in the ante-Chamber and I can give him a complete list of all modernisation for his edification.

HON A J HAYN'S:

When the Minister said that there would be 83 houses, finished by the end of this year, does that mean that some were going to be taken away from the full proposal. "During the financial year we hope to finalise the construction of 66 units and to commence work on a further 150 units for completion by 1982", this is a quote in his speech. What I would like to know is whether the total sum to be completed by 1982 is going to be altered or whether it is just going to be some units finished earlier than planned.

HON M K FRATHERSTONE:

What we hope to finish this year is 63, and what we hope to make a start on this year is 154. I should hope that 154 will be finished by 1902. That does not mean that we will not start on more in 1901.

HON A J HAYNES

Does that mean that the Opposition were right to ask the Government to do more houses?

HON M K FEATFERSTONE:

No, the Government is well aware of the need for housing and it is at all times looking into the possibilities of creating and building more housing, but there are first, constraints on money and, second, constraints of where to put the housing.

HON A J HAYNES:

Then why did Government resist an amendment to a motion to make more houses?

HON N K FFATHURSTONE:

Government has plans for considerably more housing; plans for some 200-odd houses, but we cannot do it all at once. We have not the labour force to do it and we have not got ble money to tay for it. It has to be chased over a period.

If the Opposition can suddently find a gold mine that provides £25m in one year then perhaps we might be able to do it.

HON G T KESTANO:

Can we have details of the works to be done at the Gas Works?

HCM I K FEATHERSTONE:

Yes, Sir, the Gas Works area basically in this present year, the £75,000 is provision of services. We have plans for altogether some 150 houses at Gas Works. This will be done in phases. The first phase which will probably start next year will be 38 houses, but before we can do anything we have to put the roads down, do the ducting for the electricity, etc, and the money this year is going to be for the provision of services.

HON G T RESTANO:

As far as St Joseph's is concerned, I take it that also will be in phases?

HON M K FEATHERSTONE:

No, St Joseph's is a single operation. The tender has been granted and they are starting work on 4 Kay.

HON P J ISOLA:

What is the time within which the development is expected to be completed?

HON M K FEATHERSTONE:

Two years.

HON P J ISOLA:

How is that, if during 1980/81 £627,000, most of the money, is going to be spent in 1980/81, how can that be?

HON M K FEATHERSTONE:

Are we talking of St Joseph's? Because St Joseph's is £700,000 this year, and £1.3m next year.

HON G T RESTANO:

How many unita will be provided? And how many bedsitters?

HON M K FEATHERSTONE:

St Joseph is 50 units. Off-hand I cannot say how many bedsitters but I think it is a fairly high proportion, about 16 to 18. The cost of flats are running around £40,000 at the moment.

HON MAJOR R J PELIZA:

How does this compare with building in other places?

HON M K FEATHERSTONE:

Some 30%/40% higher. We have investigated very carefully, we have pressed the contractors to see if they can sharpen their

pencils but they come back, even after sharpening their pencils, with a figure which, to some extent, is considerably higher than we have estimated. That is why this year the Public Works Department is going to go into some building themselves. As I have said we are going to do the building at Catalan Bay and we are going to do a modernisation scheme. This will give us some idea to assess the rates at which certain jobs should be costed so that we have a better yardstick to check on the rates given to us by the private contractors.

HON MAJOR R J PELIZA:

Has the Minister found out to what this excessive extra is attributed to? Is it labour; is it material or a combination of both, what is it?

HON M K FEATHERSTONE:

It is a combination of both.

HON W T SCOTT:

I hope that the Honourable Member, when the Public Works Department comes to undertake the modernisation, that the inherent cost in overheads will also be brought into line as the contractors themselves have this to bear in mind when preparing tenders.

HON M K FLATHERSTONE:

That is part of the idea. Once we have done a job ourselves we will have a very good yardstick so that we can then measure up more accurately the quotations in tenders, and say from our experience, this is far too high etc, and have a stronger weapon against them to tell them to sharpen their pencils.

HON LAJOR R J PELIZA:

Is it a fact that once upon a time the PWD used to do the buildings direct and then they found that it was more expensive than doing it by contract. Is that a fact?

HON M K FLATHERSTONE:

I think very many years' ago, what was then known as the Lands and Works Department, did do a fair measure of building, but I do not think that they went out because they were too expensive. I think it was labour constraints.

HON MAJOR R J PELIZ':

In the decision to do this has the Finister had already an assessment from his technical department that the possibilities are that they will be less costly?

HON M K FEATHERSTONE:

We have every confidence that we will be able to ic it at a

lower price than the constructors are charging us.

HON W T SCOTT:

I also hope that the Hon Minister is aware that if the Public Works Department undertake jobs themselves there is no degree of protection as with contractors over retaining fees etc. with the Government itself.

HON M K FLATHERSTONE:

I am not quite sure what you mean by protection. I think if you mean a marantee, up to now the Public Works Department standard has always been very high and I think the inherent guarantee, since we are the people who check basically on contractors' works, must be operative against curselves as well.

HON J BOSSANO:

Do I take it that the Covernment will be considering doing more work from direct labour if the initial steps that are being taken prove to be successful as anticipated?

HON M K FEATHERSTONE:

Yes, Sir. If we find that we are successful we will obviously take on more jobs, even if this means expanding the labour force.

HON P J ISOLA:

But I hope that the criterion will be efficient performance and savings in costs.

Mr Chairman, may I go to Varyl Begg. As far as the Varyl Begg Estate is concerned roofs are to be repaired. I am not quite clear where the money is in this Estimate for the repairs of the roofs? Is it there?

HON M K FEATHERSTONE:

No. Sir, we have not provided anything in these estimates for the repairs of the roofs, that, at the moment, as I have already said, is a matter for negotiation between the contractors and the consultants. Whether the Government comes into any financing of that is still a matter to be decided.

HON P J ISOLA:

I appreciate that, but does the Minister know what the cost of repairing the roofs is going to be?

HON M K FEATHERSTONE:

We do not know the cost but we have had from our own consultants a general idea, and it would be approximately £900,000 to £1m.

HON P J ISOLA:

Can I ask the Minister then how can he say that work will commence in June if there is no provision for the meney, and if the contractors and the consultants do not agree between themselves. How can he say the work will commence in June? Who is going to pay and who is going to do the work?

HON M K FLATHERSTONE:

We are only repeating what the contractors and consultants have already intimated to us, that they hope to come to an agreement and have work started in the spring.

HON P J ISOLA:

Are these the intimations put in the press in January this years or are they more recent?

HON M K FEATHERSTONE:

I would think that has been stated in this House on more than one occasion.

HON P J ISOLA:

But, Mr Chairman, this is why I ask. Certainly my recollection of what I heard in this Fouse and what I had read in Government statements, is, and what was said by the Government is that work will commence in June. There was not the qualification in those statements "provided the consultants and contractors agreed". Because if that is the position are we not back to square one?

HON M K FEATHERSTONE:

I would say that the Government's position would be that if there were no agreements in the negotiations we would come for a supplementary and start ourselves. But that to some extent, is sub-judice and I cannot go very much further on it.

HON P J ISOLA: .

We do not think it is sub-judice, I do not think any proceedings have been issued or any arbitration has commenced, but what I am saying is that is it the position of the Government that work will commence in June, whether the contractors agree or not. Or is the Varyl Begg state going to have to wait until there is agreement for work to commence. I think we should have a clear statement on this.

HON ATTORNEY GENERAL:

The position is that if the plans for the work have been prepared and are being costed, and the intention is to go into negotiation with the contractor and the consultant once that process has been completed, and the intended time-table is to proceed to work in June, Mr Chairman, obviously we would like to get agreement on the costs before them. When I answered the Question in the House in Karch this year I did not intend to indicate that progress on the work would be conditional necessarily on the cost question being resolved with the contractor and the consultant. The matter is - perhaps sub-judice is not the word - at a stage where, I hope the Konourable Member will appreciate, it is not easy to say too much of what our position will be, but I think I may have answered his question in what I have said. When I gave my answer I did not intend to indicate that the whole matter was necessarily conditional on agreement being reached with the other parties.

MR CHAIRMAN:

Well I think that to the extent that we are voting monies, you are entitled to ask whether it is necessary to vote monies for the purposes of ensuring that the works are going to be commenced in June, but you must not go into the whole question of the present situation of the claim against either of the consultants or the contractors.

HON P J ISOLA:

The only thing I would like to say at this stage is that this is a very different statement being made today than was made before the election, immediately after the election and in this House very recently. It is a very different statement. It seems to me that work on Varyl Begg roofs may well not commence in June and I will not make any other comment. All I ask the Government is that action should be taken, and soon, on this otherwise I can see long delays.

HON ATTORNEY GENERAL:

Mr Chairman, I cannot agree that the statement I have just made now is very different from what I have said in this House in March. Could he show me in which way it was different?

HON P J ISOLA:

I was not referring to the statement of the Kon and Learned the Attorney General. I was referring to other statements.

MR CHAIRMAN:

Is the Hor the Leader of the Opposition saying that assurances have been given in this House that the remedial works would commence by June and that from what he has heard this morning it may well be that this is not so. Is that correct?

HON P J ISOLA:

Yes. Sir. that is correct.

It is a very different picture being presented at the moment. Anyway, I am not blaming the Hon and Learned the Attorney General for it, I think he has been a model of consistency on this. It is others that I am referring to.

Could I ask as far as the Varyl Begg Estate is concerned, I notice that there is £990,000 to complete. What is that?

HOW IN K PRATHERSTONE:

If the Hon Member will remember I commented that we have put in a figure of about £lm. for Varyl Begg in the last two years of Estimates. These are mainly ex-gratia claims and we have thought it best to leave them in there to see if we do deal with them, but it is not definite that we are going to have to pay this money.

HON G T RESTANO:

Mr Chairman, is the £350,000 for Catalan Bay only for the twelve flats?

HON M K FEATHERSTONE:

No, Sir, that is for the first phase of twelve units, the second phase will follow thereafter.

HON G T RESTANO:

If I understood the Minister correctly, he said that Catalan Bay was going to be done by the Public Works Department. I think it is the only new project of the Public Works Department other than modernisation?

HON M K F ATHERSTONE:

Yes.

HOM G T RESTANO:

If this is a reflection on the type of work that is going to be done by the Public Works Department it is not a very good reflection, because the project is £350,000, and can the Minister say why only £50,000 is going to be spent this year?

HON M K FLATHERSTONE:

As we said, we will not be starting until possibly September or October and the rate of progress in building starts rather slowly and then builds up as you go along. This has been the estimate for the first six menths of operation. The second and third part, when you are bringing in window frames etc. which are all material expenses, your rate of expenditure increases considerably. This we have found with every other project that we have dealt with.

HON G T RESTANO:

Why only start in September?

HON M K FEATHERSTONE:

Because we have to do the plans, the detailed working drawings, the Quantity Eurveyors' work, and all that will take us up to September.

HON G T RESTANO:

Surely, Mr Chairman, the Government should have had that ready by now. We have been on Catalan Bay now for about two years. What has been the delay?

HON M K FEATHERSTONE:

I think the Government has only agreed to build these twelve flats in Catalan Bay in the last four months and there is no delay at all. I repeat my invitation: If Kembers would like to come to my Department and see the amount of work involved in producing working drawings etc they will realise that it is not done in five minutes.

HON P J ISOLA:

Were not the plans of the Catalan Bay development shown to the Catalan Bay villagers in the meetings of his governing party.

HON M K FLATHERSTONE:

The preliminary drawing was shown to them.

I think the Honourable Member, in his own private business where he has to deal with firms that do build, knows that it does take a considerable time from a preliminary drawing to the laying of the first brick.

HON G T RESTANO:

Backlog of Heavy Maintenance. Can we have a breakdown of the figure that is going to be spent this year?

HON M K FEATHERSTONE:

The backlog of heavy maintenance is, I will not say a cockshy figure, but there is so much heavy maintenance to be done all round the town that we shall have to take each one as it comes and cost it, and the total that we think that we can manage in the year is around £679,000.

As I say, this to some extent is a little bit of a cockshy. If we can do more I shall be coming back here for supplementaries, and I would give you an idea that last year we had estimated £155,000 and we actually spent £257,000.

This is a continuing and on-going project and you cannot quantify at this stage to the exact penny what it is going to cost.

HON G T RESTANO: -

Right, Mr Chairman, but can we have an indication of what type of projects are included here?

HON M K FEATHERSTONE:

Yes, for example, the pairting of buildings; the repairing of roofs, gutterings; all sorts of jobs like that. The real heavy maintenance. For example the latest big example of heavy maintenance that we have done has been the work on the Tower Blocks where we have been water-proofing the walls.

HON MAJOR R J PELIZA:

Is this being done with the small labour force that has now been released for the small maintenance in the Housing?

HOW M K PEATHERSTONE:

No, this will be done. Not being done: will be done.

HON MAJOR R J PELIZA:

I hope they will be more productive than they proved to be in the small one.

HOM M K FTATHFRSTONE:

We find that where men tend to work in groups and gangs the production is considerably higher than when they are left to do it on their own.

Head 101 was agreed to.

Head 102 - Schools.

MR CHAIRMAN:

I think the Minister for Public Works has an amendment and perhaps he would move it now.

HOR M K F LATHERST CHE:

Mr Chairman, I beg to move that Head 102 be amended by the inclusion of the sum of £4,000 under a new Subhead 3 - Site Investigations - Bayside, with the consequential amendments to the Estimates.

The idea of the funds, Sir, is to do a site investigation for an extension to Bayside School and this extension will release an area which, at the moment, is used as small classrooms which can then be turned into bedsitters.

Mr Speaker then put the question in the terms of the above amendment which was resolved in the affirmative.

HON P J ISCLA:

Could I remind the Minister of the statement he has just made with regard to the Catalan Bay buildings, in which he said that at the first year of building its progress is slow and there was very little done. Could I ask him how that fits in with the proposed expenditure on the Comprehensive School with a cost of £2½m in the year coming ahead and what is the exact position as far as that School is concerned in relation to work on the ground today.

HON M K FLATHERSTONE:

The contractors are moving into site. They started moving in about a week ago and are getting their materials prepared to do the first part of the work which, I understand, is going to be a wall along the site on the sea front.

HON P J ISOLA:

Could I ask the question that I asked last year at the Budget, and which I got a reply to in June last year. When will the first brick be laid?

HON M K FLATHERSTONE:

I would not like to say when the first brick is going to be laid, Sir. As I said the first part of the job is the actual building of the sea wall and I think they are starting on that very early. I should think they should start laying the first brick in approximately two to three months. They obviously have to dig foundations etc and prepare many other things before they are actually laying bricks. We may have a ceremony when we have our fundation stone and we will invite the Hon Leader of the Orposition to it.

HON P J ISOLA:

I thank the Honourable Member, I would very much like to be at the ceremony because seeing is believing in this instance! But, now is it expected that £2.5m. is going to be spent this year if the first brick is not to be laid until July?.

HON M K FEA HERSTONE:

The contractors, Sir, are confident that they will spend more than £2.5m. We have actually scaled down the figures they give us. A considerable amount of the materials to be used are precast concrete blocks etc, and they are hoping that they will meet this figure quite comfortably.

I understand, Sir, that work has already started and there will be no bricks at all, they will be artificial and stone tlocks.

HON P J ISOLA:

I must say I am not impressed by the knowledge shown by the Minister who is telling us about a brick only a few minutes ago.

I notice the Varyl Begg Estate First School had taken three years to complete. I am just wondering whether the Department and the contractors are not being unduly optimistic.

HON M K FYATHERSTONE:

I would not say that it has taken three years, Sir. I think it is taking about two years and three months from start to finish and it should finish around October/November this year.

HON P J ISOLA:

Yes, but judging from the expenditure it look: three years: £85,000 to 51 Karch; £190,000 in the current year; and £246,000 next year. What seems to be a considerably smaller project seems to have taken around three years.

HON M K FLATH RSTOLE:

The £05,000 includes some of the intial fees, etc. That is about six months' work; then you have the twelve months of the year and then about 6 or 7 months this year.

Head 102 was agreed to.

Head 103 - Tourist Development.

HON P J ISOLA:

Has the Government determined where the Airport Terminal is going. Has the project been put out to tender? Are plans ready? Could we have information? It seems a small amount is going to be spent this year.

HOW I K FRATHERSTONE:

Yes, Sir. The Government has determined where it is going. It is going to the north side of the present airport, using and remodelling the present entrance hall and extending it into the northern area where at the moment there is a car park. The working drawings are being prepared and it is hoped it will go out to tender in June/July with work starting in about September/Outober.

HON P J ISOLA:

Could not this particular development be accelerated considerably bearing in mind that there is going to be increased air traffic to dibraltar during this summer and it is bound to increase next year. Isn't it something that should be dealt with with rather more urgency? Is it so difficult to produce the plans quickly?

HON M K FEATHERSTONE:

I think the working drawings are just about completed. The Quantity Surveyors' work will now start. That is about a six-

week job. We go out to tender June/July. You have to rive 6 to 8 weeks for tender and scrutinisation of tender documents. So I cannot foresee, even with the best will in the world, that we can be very much quicker than a start in September/October.

HON A T LODDO:

In view of the fact that part of the car park to the north of the Terminal is going to be swallowed up by the extension improvement, and bearing in mind that the frontier will possibly reopen soon, is there any provision for additional car parking in that area?

HON M K FEATHERSTONE:

Yes, Sir. By the very kind offices of his Excellency the Governor and the Air Commander we have been looking into an area slightly to the south side of the RAF Quarters there, where there is a big open area and they are willing to release it to us at least for a certain period or time; and it should take between 160 to 180 cars. This will actually be an improvement on the present position, so we think it should be able to cope with the damand at the airport.

HON MAJOR R J PELIZA:

When the Air Terminal was planned was thought given to the possibility of considerably increased traffic by the opening of the frontier? Has this been taken into account in the planning of the Air Terminal and, if not, would it be possible to so adjust the plans so that if necessary it could be further. enlarged if it was found not to be large enough?

HON M K PLATHERSTONE:

When this improvement and extension was planned it was with the intention of increased air traffic but not the possible large air traffic that we might hope would result in 2 to 3 years' time with an open frontier. But there are development plans for a completely new airport to be built in about 4 to 5 years' time, and the considerations for this are very wide indeed and will depend to a great extent on the attitude of Spain, whether they wish to cooperate, whether they wish that airport to be perhaps partly on their side of the frontier, partly on our side, it is a very wide thing which we are looking into for the future, but we cannot at the moment say exactly how this would be. But the present extension will allow for at least a considerable increase in air traffic.

HON P J ISOLA:

Will Government make some provision for the supply of trolleys in the Air Terminal. There are no porters and old people have considerable difficulty.

On Moorish Castle, is the restoration going to be stopped for the time being? I notice it is only £100. a reserved vote.

HON M K FLATHERSTONE:

On the first question, Sir, one of the improvements to the airport will be a carousel, in which you fit your luggage rather like the system you get in airports in London etc, and we will look into the question of the provision of trolleys. The distances may be considerably lessened by the use of the carousel but it is a good point.

The Moorish Castle, for the moment the restoration is being shelved, but it is not being abandoned. It is being put off for one year.

HON P J ISOLA:

May I ask, why?

HOM M K FRATHERSTONE:

Mainly because we would like to get the Moorish Castle open a little while for the tourist season since it has been closed for three years. We have had pressure from the Tourist Office that they would like it open.

Head 105 was agreed.

Head 1C4, Miscellaneous Projects.

HON M K FEATHERSTONE:

Mr Chairman, I have the honour to move that Head 104 - Miscellaneous Projects be amended as follows:

- (a) by the inclusion of the sum of £250,000 under an additional subhead 11 Restoration of Communications with Spain Works, with the consequential amendments to the Estimates.
- (b) by the inclusion of the sum of £11,842 under an additional subhead 12 Rehabilitation of North Gorge Hostel, with the consequential amendments to the Estimates.

The first part of the amendment is a cockshy estimate of the amount of money that we may be spending on the works that are necessary with the restoring of communications.

The sum of £11,842 is actually a revote from 1979/80 and is required to meet a contractual payment which could not be paid before 31 March because the contractor had not submitted his bill. We could have left this until a subsequent meeting of the House and brought a supplementary, but we think it would be a little unfair since there may not be a meeting of the House for some little time, to make the contractor wait all that time before we could pay him.

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

HON P J ISOLA:

On the resiting of the Public Works D-partment Garage, the balance to complete £133,700. Does that include the cost of the demolition of the existing one at Eucensway?

HON M K FEATHERSTONE: .

No, Sir, the cost of the demolition of the present one at Queensway is part of the contract of the Girls' Comprehensive School.

HON W T SCOTT:

Can the Minister explain the extra charge of £6,000 in the Estimate on the winning of sand under subhead 2? Is he free to do so, or is it surrounded again under the secrets of a private company?

HON M K FEATHERSTONE:

I think this £6,000 was the balance of some small outstanding claims by the contractors who put the work up and has not yet been paid.

HON MAJOR R J PELIZA:

Has the Minister given some thought as to what Government is going to do if sand is imported from Spain at a much lower cost?
What is going to happen to this project?

HON M K FEATHERSTONE:

That is one of the steps into the unknown that the Honourable Chief Minister has talked about. We will have to consider it very carefully. Obviously, if the imported price of sand was very considerably lower then one should take the cheaper price.

HON MAJOR R J PELIZA:

Then there will be quite a loss to the Government?

HON M K FEATHERSTONE:

I am afraid it would not be a loss to the Government as such, rather a loss to ODA but, of course, this was one of the things that was done in a closed-frontier situation and one never had any idea how long the closed frontier was going to last. If we had not done it we would have been wrong. If we do do it and the frontier opens and it is cheaper, we are still wrong.

HON W T SCOTT:

Is the projected output of the sand project now that which Covernment envisaged originally?

HON M K FRATPERSTONE:

The projected output envisaged originally was between 20,000 and 30,000 tons per year, and over the first four months we have worked at a rate of around 20,000 tons. So it is perhaps on the lower side of the two possible projections.

HON W T SCOTT:

I see, and the quality of the sand extracted, is that which the Government expected originally?

HON M K FRATHERSTONE:

There is a slight difference in quality of the sand that is being extracted at the moment to the sand we hope to extract when it is running down from the top.

HON W T SCOTT:

So long as the frontier remains closed or there is cheaper sand from across the border.

HON M K FHATHERSTONE:

You are absolutely right, Sir.

HON A T LODDO:

On Subhead 3, Furchase of Vehicles and Plant. Could we have a breakflown of what these vehicles are and their country of origin?

HOR M K PEATHEPSTONE:

Yes, Sir. There will be three tipper vans; three vans, one water bowser; and a second-hand staff car. The latter is usually purchased from the Navy when they have one to sell. There will be two Asphalt tippers; a loading shovel; compressor; a dumper; two drilling machines; a woodworking machine; a lathe; a sharpening machine; a vibrating table; a municipal winch; tent skips; three small concrete mixers; and a quantity of towers, scaffolding, props and ladders. In the usual event all this is purchased from the UK.

HOH A T LODDO:

Actually, Mr Chairman, what I was interested in was in the vehicles. I wanted to know what the vehicles were. I am grateful for all the information but I was interested in the vehicles and their country of origin. Are they of English make?

HON M K FLATHERSTORE:

As I said in the usual course of events all these items are purchased in the UK. I can inform the Hon Member that last year's purchase of vehicles were all from the UK. I would not

like to say England because we might get some from Scotland!

HOM G THRESTANO:

Going back to the winning of sand. When can we expect the first set of accounts of the Quarry Company?

HON M K FRATHERSTONE:

I think they will be laid on the table at the next meeting of the House.

HON P J ISOLA:

The addition of £250,000 has been moved now.

I presume that all that money is going to go initially in providing car park space in connection with the frontier opening? Has the Minister any ideas on this at the moment, any plans in view?

HOW M K FEATHERSTOWN:

Mes, Sir. We have plans for various areas where we hope we would be able to use as car parking space. We are getting considerable cooperation from the MOD and the Services in obtaining these areas.

HON P J ISOLA:

Is Government going to consider the question of making a multistorey car park economically feasible by Mooking into the whole question of parking charges jetc.

HON M K FRATHERSTONE:

It is the intention to charge a fee for the areas that we hope to obtain immediately and we do have at least one other area which in the medium term is scheduled for the provision of a multi-storey car park. But that would take perhaps 2/3 years.

HON A J HAYNES:

Can Government consider using more than one road to have access from Spain?

HON M K FEATHLESTONE:

Yes, Sir, that is also under consideration.

HON A J HAYNES:

Can the Minister be more specific?

HON M K FEATHERSTONE:

I cannot be more specific because the matter has to be discussed with the Spanish authorities, and until we know what

their view-point on the matter is, it would be rather invidious of me to say we are going to do this recause obviously we have to have their agreement also.

HON A J HAYNES:

Yes, I know but what proposal will the linister be putting forward to the Spanish representative?

HON M K FRATHERSTONE: -

Various proposals are in mind and they are going to be taken to the Spanish authorities for consideration. The whole matter will be undertaken in the very near future.

HON A J HAYNES:

The Minister is not being very specific, but could I suggest that for instance a road by Eastern beach be suggested as a proposal for another system of traific to go through, possibly?

HON K K FEATHERSTONE:

That has been taken into consideration. It is a mossibility but of course I think you will appreciate that it is very difficult for me to say anything definite until the talks between our officials and the Spanish officials have been finalised and all aspects of the matter from both sides have been looked into.

HON W T SCOTT:

There are £80,000 for the development of motor vehicle examination facilities. Can the Fonourable Finister explain exactly what is entailed there?

FOR ME K FFATHERSTONE:

Yes, Sir, I am very pleased to have this opportunity. At the moment, as the Honourable Fember may know, we have a system by which no lorry can be re-licensed till it passes a test of fitness. The area where this is done at the moment is a very restricted area and to some extent presents a certain measure of danger because the brake testing is done simply by allowing the vehicle to run down a hill and should the brakes fail it could entail something rather difficult.

The intention is to put up a proper building with mechanical apparatus on which a lorpy can actually be set in motion without moving from its place, on rollers, and brake testing etc can be done properly. It will also have a pit so that the underside of the lorry can be properly inspected. And in the longer term it would also be used if Government considered this a necessity to bring in some form of LOT test for private cars as well. This would apply to cars of perhaps five years of ten years of age.

Of course, all this testing of lorries, and if it comes to it testing of cars, will be on payment.

FOR W T SCOTT:

I am very grateful for that. But is the Minister eware that the MOT test in the UK is undertaken by private garages and not by Government? Is the Minister saying that should the MOT test come, it will be conducted by the Government itself?

HON M K FEATHERSTONE:

It shall be done in the first place by Government. If any garage likes to go out to the capital cost of some £70,000/£80,000 to install the equipment and arrly to Government for a franchise to work it as well, I do not think it would be looked at unsympathetically. The thing is that the garages in the main have neither the space or the desire to spend the capital on this sort of project.

MR CHAIRMAN PUT THE QUESTION ON HEAD 104, WITH THE EXCEPTION OF SUBHEAD 12. WHICH WAS RESOLVED IN THE APPIRMATIVE.

On a vote being taken on Subhead 12 - Rehabilitation of North Gorge Hostel the following Hon Members voted in favour:

The Hon A J Canepa
The Hon N K Featherstone
The Hon Sir Joshua Hassan
The Hon A J Haynes
The Hon P J Isola
The Hon A T Loddo
The Hon Major R J Peliza
The Hon J B Perez
The Hon G T Restano
The Hon W T Scott
The Hon Dr R G Valarino
The Hon H J Zammitt
The Hon D Hull
The Fon R J Vallace

The following Hon Member voted against:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon Kajor R J Dellipiani

Subhead 12 was passed.

Head 104. as amended, was agreed to.

Head 105, General Services.

HON M K FLATHERSTONES

Sir, I was expecting a question from the Hon and Gallant Major Peliza. But I did not get it! For his information there is a re-surfacing programme which I am sure he would want to know about. Resurfacing will be done at City Mill Lane; Red Sands. Road; part of Main Street; part of Europa Road; Lower Castle Road; and Maval Hospital Hill. We will also be finishing the road at Tank Ramp; Lower Castle Road; and we will be starting a scheme of relaying the pavement in Main Street. The idea is to do it in rather pretty-coloured tiles to make it quite attractive.

HON MAJOR R J PELIZA:

This is what I have been asking for for some time, as the Minister knows, and I am very glad that something is going to happen. The only thing is that I wonder if he could do it in some way that it moves a little faster than the one at Rosia Road. That is another bee in my bonnet.

HON M K FEATHERSTONE:

We will take that into consideration, Sir.

Head 105 was agreed to.

Head 106.

HON M K FLATHERSTONE:

I beg that Subhead 11 - Surreme Court be amended by the deletion of the figures "165" in the "Estimates 1980/61" column and the substitution therefor of the figures "16186".

This is a re-vote from the previous year to meet a contractual payment which was not passed before 31 March. At the same time I will take this opportunity to comment that on Subhead 10, footnote(h) which says "a revote of £36,000" can be deleted.

Mr Speaker put the question in the terms of the above amendment wich was resolved in the affirmative.

HON P J ISOLA:

What is going to be done in the tourism, port and customs, and the immigration building at the Commercial Mole? I think they go together.

HON M K FRATHERSTONE:

Customs, Sir. There is a revote from last year which I believe consists of some refurnishing, and there is also in this year's part, additional cubicles in the Private Bonded Stores, and the construction of cubicles for Storehousemen in the Transit Shed.

The Port Department, Sir, there is a carry-over from last year

which is the improvement to the building where the MCFS CAIFS comes alongside. This may have to be looked at again in the light of the possibility of a Spanish ferry coming tiere, and of course any extra monies would come out of the £.2im. We have voted. It is also to enlarge the entrance to the pier, to make good the subsidence and to reprovision of toilets at No 3 Jetty. This will allow he 5 Jetty to be completely liven over to the Gibraltar Government.

On Tourism, Sir. At the Upper Galleries there is provision of suitable mounts in the embrasures; the provision of a display of the method of tunnelling used, and additional safety barriers.

To the Air Terminal there is retiling of all the floor area.

To the min-golf there is an extension of the covering over the pergola and replacing all the playing obstacles.

In St Michael's Cave there is provision for rubbish disposal, improvement to car parking, new turn-stiles, improvement to the path and steps of the exit, and additional safety barriers.

Moorish 3 stle, it is improvement to the lighting circuits, additional safety barriers and a commentary machine. This is one of those machines that provides a commentary in various languages.

HON P J ISOLA:

Did the Minister mention anything about the Immigration Building?

HON M K FEATHERSTONE:

No, Sir, I think that is refurbishing and painting it. But that will also have to be looked at in the light of the possibility of a brry from Algerians and more may have to be spent there.

HON A J HAYNUS:

Could the Minister explain what he said about safety barriers?

HOW M K FEATHERSTONE:

This is the safety barriers to stop people leaning too far forward and possibly falling over.

HON A J HAYN S:

Would the Minister consider putting safety barriers on the level below the Upper Galleries where so often in Spring and Summer families go and park their cars?

HON M K FEATHERSTONE:

If you mean Princess Caroline's Battery, the difficulty is that

if one is going to start putting safety barriers over every area of the Upper Rock where a person, if they wish to be rather negligent, can fall over, we are going to have the whole of the Upper Rock full of safety barriers and to some extent destroy its natural beauty. But if you have any specific area in mind, if you would like to inform me I will look into it:

HON A J HAYNES:

I have the specific area of Princess Caroline's Battery which he said he would look into.

The other point is that under the previsions for the Port, the Minister proposes to do other things apart from the Shed and the Arrival Hall for the Mons Calpe. Can the Minister tell me more specifically what monies are being used to improve facilities at the Arrival Hall and what exactly the works will entail?

HON M K FEATHFESTONE:

Well, as I said, with the advent of the Spanish situation we will have to look into it and perhaps do a whole re-appraisal, since if we are going to have a ferry to Algedras we may have to completely change the inside of the building so that we can have a customs system rather similar to other areas where you have two channels, a Green and a ked Channel. All this will have to be looked at and I would not like to be specific now on exactly what we are going to do because until it is looked at we cannot make up our minds fully.

HOL A J HAYNES:

Do you mean the Minister does not think it is worth doing this kind of thing without the Algedias Ferry?

What were the initial proposals?

HON M K FRATHERSTONE:

I do not have full details of the initial proposals. I can let you have them in due course if you wish.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, can I reply to that question.

The original proposal for improving the flow of passengers was to put up steel gates just beyond the north door of the Customs Hall, which would enable two flows of passengers, a Green and a Red. The green channel could go through the door which I believe is on the north side of the Customs shed, while those who had articles to declare would move through the door that is used normally for passengers. It was thought that this would speed up considerably the movement of passengers off the Mons Calpe. But clearly, as my Hon Colleague has mentioned, we have to review this as soon as we know what, if any, ferry traffic there will be between Algebras the Gibraltar.

HON A J HAYNES:

I am glad to see that the Government benches are foirs to do something on the advent of a new ferry coming from Spain, but I suggest that this should have been prepared unforce as part of a contingency plan and the new considerations would have been valid in the light of the increase in arrivals. It would have been fair to introduce them even with the Mons Calpe, because as I said at the time in the questions to the House, there are no facilities for the tourists that arrives in Gibraltar. There are no telephone facilities, no taxirank, no protection from the rain. There is no system by which they can go quicker through a passport barrier. There are no postal facilities, there is no trolley facility, there is nothing scenic or in any way attractive to admire. And yet Government seems to have been caught unawares.

HON M K FEATHERSTONE:

Well, I will write to Sr Oreja immediately and tell him that he was very naughty in not advising us when we were preparing the Estimates that he was going to open the frontier so that we could have prepared in time!

HON P J ISOLA:

In this expenditure it does not seem to me that there is any manay put aside for the improvement of tourist arrivals at the North Mole. There are no toilets there. Is there no provision at all for improving that particular area for people who arrive on tourist ships. Possibly a little restaurant, somewhere where they can take cover, whilst waiting for a taxi etc, some sort of facilities at the Western Arm. Is there no planning in that direction at all. We did ask questions on this.

HON M K FEATFERSTONE:

We have no specific plans for it at the moment, Sir, but of course this will be part of the Fort survey and Fort study in which they would possibly give us recommendations. I cannot really see the need for toilets since anybody coming ashore from the ship could have used the toilet on the ship before actually coming ashore. The question of a restourant etc, again to some extent it is a little invidious since you have umpteen restaurants and bars and goodness knows what on the ship and one wonders whether it would be a viable proposition. However, I am sure we can put all these points to the gentleman that does the Port survey and get his opinion.

HON G T RESTANO:

What development is going to be done under Head 10, Redical?

HON M K FEATHERSTONE:

I could not actually answer that, Sir, because we had a rather long list from the Medical Department and we have allocated

them the sum of money that is mentioned and we have asked them departmentally to make up their list of priorities which we will do.

So it is up to the Medical Department throughout the year to tell us what they want done.

HON J B PEREZ:

The £36,000 is to go to the new Sisters' Quarters which I announced I would be opening very shortly, and it is to go to the purchase of furniture for the flats and bedsitters which have already been built. The remainder is really for minor works, and that is, for example, the erection of a boundary wall for the Public Health; Mortuary modi idation; and other miscellaneous minor works at the KGV Hospital and St Bernard's Hospital; cupboards, air conditioning unit in the ITU and various others. Painting will also be carried out. May I just point out that the money I said we had for the external painting of St Bernard's Hospital is not here, this was under PWD which I mentioned to the Hon and Gallant Major Peliza.

HON A J HAYNES:

Under Subhead No 11 Supreme Court. This I imagine concerns the work which improved the Supreme Court recently. Can the Linister say whether he is satisfied with the quality of the finish?

HON M K FEATHERSTONE:

I have had no representations from the Chief Justice that he is dissatisfied.

HOM A J HAYNES:

But isn't the Minister aware that some of the mechanical parts' of the thing does not work, like the heating?

HON M K FEATHERSTONE:

Well, there is a period of guarantee that in there any fault and it is brought to our notice then we can get on to the contractors and they will have to put them right. I think they have done some already.

HON ATTORNEY GENERAL:

I would like to clarify a point if the Minister will allow me. The contract for the works is at present in the defects liability period and I understand that between the 3rd and 13th June the period finishes. The contractors will be going on to the final snagsing which I think refer to the traing up of the remaining defects. So the natter, I think, is in hand.

HON A J HAYNLS:

"Can the Minister confirm that under Sucheed 8, Fort, the proposed improvement to the Fort, that there were no contingency plans available.

MR CHAIRMAN:

I think we had had that out already. We are not going to flog a dead horse.

HON M K FEATHERSTONE:

I simply would say, Sir, that the Forward Planning Committee has always been looking at the possibility of an open frontier and had ideas what could be done when the day came, but they were not going to be put into these Estimates, we are going to spend this money now, in the hope that the day might come five years in advance. But they were looking into it. This is where we will have quite a lot of items to bring in due course, which will be in this £.25m.

HON W T SCOTT:

Subhead 4, Labour and Social Security, £25,000. Could I ask the Minister what is contained within that money?

HON M K FEATHERSTONE:

Yes, Sir, there is the provision of security rill to the windows on the ground floor, and also some other extra security on the ground floor; the conversion of a store room into a security room; replacing of wooden steps in the Edmund Rice Home; enclosing the passages within the Home; and renovation in part of the roof of Devil's Tower Hostel.

Head 106 was agreed to.

Head 107. Port Development.

HON M K PEATHERSTONE:

I would like a little tiny comment on subhead 1, where it says "Rehabilitation of Steel Store, Phase II" it should read "Phase I". That is rehabilitating the stevedoring premises which are right at the North Western and of the Yole so that they can become the Port Office. When that becomes the Port Office, Phase II will then be set into operation which is changing the present Captain of the Port's office into a Customs Office.

HON W T SCCTT:

And where will the stevedores who are at present using those premises be housed?

HON M K F ATHERSTONE:

They have already left and they are housed somewhere between Nos 2 and 3 Jetty. They left about six months ago.

HON G T RESTANO:

Where will the Signal Station be placed?

HON M K FEATHERSTONE:

My information, Sir, is that this should be right at the very end of the Western Arm, the North Western corner.

HON P J ISOLA:

Is there to be no Unstuffing Shed. I notice that is reserved.

HON M K FEATFERSTONE:

It is reserved because we are not sure whether it will actually start this year or not. The finishing of the reclamation between jetties will take up to about the end of December, and then the plans for the Unstuffing Shed going out to tender etc. It may not be able to start this year, that is why it is put in the balance to complete.

HON G T RESTANO:

Why is there only £100 down as a token for the Port Feasibility Study?

HOW M. K FEATHERSTONE:

We have no idea what it is going to cost.

HOR FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, when the Estimates were prepared we were supposed to ask the ODA whother they could meet the cost of this from Technical Cooperation Funds, so we put in £100 against the possibility that they would not be able to meet the cost. My unferstanding now is that they will not be able to meet the cost and I shall need to come to the House for a supplementary for the cost of this study.

FON G T RESTANO:

Who is going to carry out the study?

HOT FINANCIAL AND DEVELOPMENT SECRETARY:

We are on the advice of the ODA approaching three consultants to set out their views on how they would carry our the study and estimates of costs. When we have got those they will be looked at by the Tender Board and they will make a recommendation for the appointment of consultants.

HON P J ISOLA:

Isn't there a Port Committee?

It just strikes me that this idea of the Port Feasibility Study comes at a very late stage of the development of the port. We have had the Port Development project for years. There have been reports on Port development. I just cannot see why this is necessary.

HON A J CANEPA:

I thought I had gone into great detail during the second reading of the Appropriation Bill, Mr Chairman and I might refer him to the report in the Gibraltar Chronicle this morning.

Head 107 was agreed to.

Head 108, Marina Development.

HON A J HAYNES:

Camber Improvements and Renovations. Can the Minister explain where the £54,600 will be spent and on what?

HON M K FEATHERSTONE:

Yes, Sir, there is going to be a new control hut, the whole area is going to be resurfaced and mooring bolts will be provided and there will also be provision of water, electricity and telephones.

HON A J HAYNES:

So this is in the future, I take it. What I want to find out is if the mooring facilities, or the number of berths available have been increased in the last six months?

HON M K FEATHERSTONE:

I think there has been some increase but I do not know the definite answer to that one, Sir.

HON A J HAYNES:

Is that £54,000 to be used to increase berthing, or not.

HON M K FRATHERSTONE:

No, Sir. As far as I understand it will be only used for the actual points that I have brought up. It will help berthing that we are going to put in proper mooring bolts.

HON A J HAYNES:

I thought it would be important to Government, now that they are thinking of using some of the pens, using them for

purposes other than those of private yachts, that they ensured that the yachts that come to Gibraltar, which cannot find room in Whites! Marina because it is not ready yet; that cannot find room in Sheppard Marina because it is full; and they cannot find a place in the Pens because these have now been reduced in size, that these yachts which can provide tourism and money and a good name that Gibraltar has in the yachting world, that these yachts should find somewhere to berth. And it should be important to the Government to ensure that the Camber can take an increased number.

I have asked whether more berths are being found and Government says, yes and no, they never cone out specifically.

HON A J CALEPA:

Mr Chairman, the number of berths have been increased in Camber substantially in the course of the last year or so for the local people. The Government has been in touch with the Small Boat Owners' Association on this matter. That is what Camber is meant for, it is not meant for yachts visiting Gibraltar. The yachts at the Destroyer Pens are rardly in that category either. They are not people that come constantly to Gibraltar. stay here for a few weeks and leave, in the Destroyer Pens what you have is people that have been living there for very many months. for years in some cases. The new Bayside Marina is becoming operational very shortly, this summer, and I also announced in the Second Reading of the Appropriation Bill the" proposal of the plan which Sheppard's Marins have for further expansion. That will take core of the situation as far as visiting yachts are concerned. The Camber will take care of. the problems of the Small Boat Owners' Association, arising from the fact that they are going to be squeezed out somewhat at Montagu Basin, and I also said that the people in the Destroyer Pens will be able, if they so wish, to apply for moorings at the new Bayside Marina.

HON A J HAYNES:

But the Minister is missing the point ...

IR CHAIRMAN:

Yes, but we are not going to debate the availability of berths for yachts in Gibraltar at this stage. We are voting a sum of £54,600 for the jurposes of specific improvements to the Camber. To that extent it should have seen done in the Second Reading.

Head 10d was agreed to.

Head 109, Public Lighting was agreed to. Head 110, Electricity Service.

I understand the Minister has an amendment to move.

HON DR R G VALARINO:

Mr Chairman, I ber to move that Feed 110 be smended by the inclusion of the sum of £92,000 under an additional Subhead 14 - Major Repairs to Engine No 11, with the consequential amendments to the estimates.

As stated by the Financial and Development Secretary it is intended to purchase a new cranckshaft for engine No 11 at a cost of some £92,000. The amended Fund Accounts already circulated takes account of this additional expenditure.

Mr Speaker put the question in the terms of the above amendment which was resolved in the affirmative.

On a vote being taken on Subhead il - Power Development the following Hon Members voted in favour:

The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon J b Ferez
The Hon Dr R G Vularino
The Hon H J Zammitt
The Hon D Hull
The Hon R J Wallace

The following Hom Members voted against:

The Hon A J Haynes
The Hon P J Isola
The Hon A T Loddo
The Hon Major R J Peliza
The Hon G T Restano
The Hon W T Scott

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon Major F J Dellipiani

Subhead 11 was passed.

HON W T SCOTT:

Mr Chairman, under subhead 13, Power Development, having regard that in February of this year, at the opening of the House of Assembly, the House was informed that we would be having a new generator installed and in operation within a period of eighteen months, how can Government then reconcile, if they are only going to spend 2.5m. of the 23m., spending the balance of 22.5m virtually in 2 to 3 months?

HON FINANCIAL AND DEVELOPMENT SECRETARY: .

The reason is that it is proposed to fund the building of

phase one of the Generating Station with ECGD funds and under ECGD arrangements only 15% of the cost of the equipment is payable on placing the order. The balance is not payable until the equipment is chipped.

HON P J ISOLA:

Could I ask: the A3m. set aside for power development, is that for one angine or is it more?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, No. This is for the phase one of the new development which will comprise three bays for 5mw engines: two bays will be completed with cement beds for the engines and one engine will go into the first bay. So we would have a second bay for the next engine when it comes along. Also this phase will provide for the switchgear etc, which is necessary for the start up of the new station.

HON P J ISOLA:

I asked, Mr Chairman, because two years ago I think, or a year ago, we provided £4m for power development, and it seems a bit odd to me that a year or two years later we are providing £3m. instead of £4m. So that £3m. then will cover the work of three bays, and one engine. Is that correct?

HON FINANCIAL AND DEVELOPMENT SECRETARM:

Absolutely, yes, and the switchgear.

HON W T SCOTT:

Can we have a revised date when this first en_{S} ine will be in operation in the new building?

HON DR R G VALARINO:

There are two things here. First of all the Fonourable the Chief Finister mentioned the term flm. If my memory serves me right, this is not only the Electricity Undertaking but it was also water desalination, water distillation at the same time. The other thing is we said, and we have said many times since the beginning of the year, that we shall do our best endeavour, we brought a commitment to the Fouse, that a new engine should be commissioned by the end of winter 1981/82.

HON P J ISOLA:

We will not talk about that, Mr Chairman. We have argued a lot about this. We have shown our complete dissatisfaction with the explanations and we will just wait a bit longer to see what happens.

But on this point I have to say in the absence of the Preece, Cardew, Rider report that there are two big problems in Gibraltar at the moment. One is the PCR report that we do not get and the other is my Honourable Friends economic planning which we do not get either! Mr Bossano's plan would help the Government and it would help us to get the Preece, Cardew Rider report.

It is down in the Estimates for 1979/80, £4m. is down for power development and under the electricity service, it does not come down under the others, but as I said as we do not know what are the different options open to Government because we do not have the report, in the Opposition we are at a complete loss to understand why in 1979 power development should be £4m and why in 1980 it should be £3m. But we have not got the report and really as a sign of protest we have to vote arainst the provision for power development because we are in the dark and we shall continue to protest about not getting the Freece, Cardew and Rider report. We shall continue to protest about it till we get it.

HON MAJOR R J PELIZA:

Could the Minister state how the new survey that is going to be carried out may affect the present plans and is that in any way going to put back the date further?

HON DR R G VALARINO:

I believe I do not need to answer that, reports are coming outall the time, the dates will not be affected.

HON J. BOSSANO:

In the context of the feasibility study that is being done of the port, is it not conceivable that that feasibility study could recommend that the Generating Station should not be in the port?

HOW A J CAMEPA:

Mr Chairman, the Government has taken a policy decision that the new Generating Station is going to go at Ro 5 Jetty. When I took over the chairmanship after the General Election of the Forward Planning Committee, which is involved with the next Development Programme, the matter was discussed and the decision has been taken by Government that notwithstanding whatever other plans there may be in a port in an open or closed frontier situation, we really have no choice but to go ahead with the power development as envisared.

I think that if we were to jettison those plans and not to proceed with the provision of a Generating Station at No 5 Jetty, heaven only knows when we would be in a position to provide a Generating Station elsewhere that will get us over the immediate difficulties.

I think it is in the public interest and the Government has made up its mind that nothing must stand in the way of the provision of this extra generating caracity at No 5 Jetty.

And the morning after I was given responsibility for the Port, the Shipping Association came to see me to talk about the Port generally, and they accepted, notwithstanding the inconvenience that it is going to tring the Port, that we really have no choice but to go ahead.

HON J BOSSANO: .

The Minister, I imagine, is saying that we have no choice but to go shead from the point of view of the need that we have for generating capacity. Not that we have no choice but to go ahead there. Even if a colicy decision has been taken, if we are going to have a feasibility study which is as wide-ranging as the one described by the Honourable Member, and I was very impressed because it is the most serious attempt that has everbeen done in Gibraltar to look at Gibraltar's economic potential in a virtually world wide context; talking about movement of ships through the Wediterranean: possible developments in the BEC; developments in North Africa; etc, which is a way we have to think of developing Gibraltar's geographical position. To go into an exercise of that magnitude and then possibly find that potential cannot be exploited because we have taken a desision a few months' before we have gone into the exercise to. start building a concrating Station where we should not be building one, because it is going to be in the way of other possible development, might lead us into a situation where a decision taken by the Government in good faith, conscious of the need for extra generating capacity at this stage, might prove to be very, very costly for the economy of Gibraltar in the future.

There is a conflict of interest in the two things. Although I can understand that the decision taken by the Government was a policy decision I think that if a policy decision is taken in one given environment, and that environment changes, then the policy has got to be reviewed. You don't just go ahead because it is decided. That would be my advice.

HON CHILF MINISTER:

It could well be that the feasibility study would have to accept as part of the study the fact that there would be a power station there, but in any case the appointment is expected to be made next month with the consultants, and though they would take a long time to make the report the very first thing that they will be asked to look at at this particular point is to see whether they can have an early decision or confirmation so we are happy to go on with it.

HON P J ISOLA:

Obviously the feasibility expert who comes out and makes this report, and I have been reminding myself of what the Honourable Minister said yesterday, who obviously has the Preece, Cardew and Rider report available. May I say to the Honourable Mr Bossano that I know he has welcomed the announcement by the

Minister of the study on the port, but may I say that there have been studies on the port, and it has been as a result of all these studies that we have had the Generating Station I presume going there, and the distillation plant going there, and the filling in between jettles Nos I and 2. This is why I was questioning the need to spend £75,000 in retting people to tell us what we already know. That is my only point.

HOW A J. CAMBRA:

I do not think there has ever been anything anythere near approaching what is envisaged. The Port Advisory Board, as I seem to remember, made some recommendations which have either been implemented or are in the process of being implemented; such as the reclamation, but I do not think we have had anything quite like what is envisaged. Neither have we had plans that are so forward-looking as what is proposed. In a changing situation and in a situation that may change again such as transhipments: if there are going to be large lorries coming through perhaps from the Continent to Gibraltar and through Gibraltar to North Africa; we have not had that situation for the last decade or so. So I think that such port studies as we have had carried out by local people has been limited in its dimensions.

HON MAJOR & J PELIZA:

I just want to get confirmation. After what the Chief Einister has said that if the feasibility study at the start were to say, this is not the place where we should have the generator, it means that we have to look for a change of site, in which case can the Minister now be as sure as he was before that the completion date will be the one set.

HOW CHIEF MINISTER:

We have to make it that. Either in one way or another there has to be an additional engine.

Hend 110 was agreed to.

Head 111. Potable Water Service was agreed to.

Head 112, Telephone Service.

HON W T SCOTT:

How many coin boxes are there for replacement?

HON DR R G VALARINO:

It is intended to replace all the coin boyes by new anti-vandal equipment which will enable subscribers to make international calls automatically once ISD is introduced. This year it is intended to purchase ten coin boxes at a cost of £500 each. We have already ordered eight coin boxes from 1979/00 and these will be expected to arrive this summer. So the total

so far is eighteen.

HOR MAJOR R J FELIZA:

I have noticed one at Catwick Airport which is electronically-controlled and you literally see how much time you have, how much money you rut in, how much money you have got left. Is that the type or is it the old one, the machanical one?

HON DR R G VALARINO:

No, it will be the new semi-mechanical one. Unfortunately, we do not have the wide-ranging experience of the Honourable and Gallant Major to be able to judge on this, but these will essentially be anti-vandal. This is what we want to do because we have had a tremenious problem in Gibraltar with equipment which is being vandalised continually, and this will make sure that not only will they be anti-vandal but that calls through ISD will be able to be made once the coin boxes are installed.

HON G T RESTANO:

Subhead 4, the ISD, 21m. What expenditure on the ISD equipment is going to be made this year on that project?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, if my colleagues may permit me to answer this question. Here again we have allowed 15% for ECGD first payment on order under purchasers credit, the balance to be paid when the equipment is shipped.

HON G T RESTANO:

I would like to know, Ir Chairman, when are orders going to be placed? Are tenders going to be put out for the provision of the equipment? That is what I would like to know.

HOW FINANCIAL AND DEVALOPMENT SECRETARY:

Er Chairman, from the discussions which my Honourable Colleagues and I had with the Head of Department and with the adviser to the British Post Office his report is due fairly soon and this will include details for putting out tender documents for the tenders for this. We should get the report next week and one would expect the tenders to be swarded by Santember/October.

HON G T RESTANO: '

Can the Member explain why there has been this delay? I remember I think it was the Minister at the last meeting, and perhaps even the Chief Minister saying at the Ceremonial Opening that the report would be in not later than 31 March. Why has there been such a delay?

HON DR R G VALARINO:

Yes, ir Chairman. Unfortunately the delay to which the Honourable Member is referring is roughly about a menth. This is unfortunately due to technical reasons and these reasons are really keyond our control.

HOT, P J ISULA:

Is this coming under the export credit scheme? Then, of course, it will be bought in angland, will it not?

HOH FINANCIAL AND DEVELOPMENT SECRETARY:

Not necessarily, Sir, because Germany operates similar export credit guarantee schemes. As with the first bays of the new generating power station when the tenders go out it will be made clear that tenderers who can offer ECGD finance arrangements will be given a priority. It may be that one could get a German or some other firm putting in a bid which is attractive. What one has got to look at in these terms is that while the interest rate may be similar you are at risk across, the exchanges if you borrow in Deutschmark or Swiss francs, and as the repayment period is over seven years, five years from the date of commissioning, you cannot buy forward for that period. So you are at fairly heavy risk.

HON P J ISOLA:

The reason why I mentioned that is that isn't the practical thing, therefore, to put it out to tender quickly to UK. manufacturers where you do not have these doubts, even though it may cost a bit more.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Sir, I agree, but on the other hand we have got out EEC commitment that we must also advertise in the EEC.

HON G T RESTANO:

To go back to what the Minister said, the delay in getting the report was for technical reasons. What does he mean by technical reasons? I would have thought it was quite straightforward.

. HON DR R G V. LARINO:

Mr Chairman, as I said before the delay is for technical reasons. These technical reasons are highly complicated and I am sure that these technical reasons, even to the layman are may be understandable. The only thing I can do is to say in this House that the delay is due to technical reasons and I think we have to take that at face value, considering that we have a report from a highly specialised type of people. This delay is due to technical reasons, there is nothing more than we can say about it.

HON G T RESTANO:

The technical reason is here in Gibraltar, or back in England? Where do these technical reasons arise?

HON DR R G VALARIAO:

These technical reasons arise because of the complexity of the equipment and specially with the advances that are taking place in telephones and telecommunications.

HON G T RESTANO:

Is the Minister then saying that a new type of equipment has been put on the market since the report and they are looking into whether the new type of equipment would be more suitable for Gibralter. Is that what he is saying?

FON DR R G VALARITO:

No, Mr Chairman. What I am saying is that the people who are advising us are looking into all types of equipment and in the final analysis they will advise us on the best type of equipment that we can use for Gibraltar in this particular case.

. Head 112 was agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I beg to move that Part I of the Schedule to the Appropriation 1980/81 Bill 1980 be amended as follows:

- (i) Head 3 Education: Delete the figures "£2,869,700" and substitute therefor the figures "£2,829,700"
- (ii) Head 14 Medical: Delete the figures £3,453,800 and substitute therefor the figures £3,473,800
- (iii) Add new Head 28 Contribution to Funded Services £1,575,000"
- (iv) Delete the figures "£28,545,200" from the total and substitute therefor the figures *£30,100,200".

Mr Speaker put the question in the terms of the above amendments which was resolved in the affirmative and Part I of the Schedule was amended accordingly.

HON FINANCIAL AND DEVELOPMENT SECRETARY: Mr Chairman, I beg to move that Part II of the Schedule be amended as follows:

- (i) Head 102 Schools: Delete the figures #£2,746,538" and substitute therefor the figures "£2,750,338"
- (ii) Head 104 Miscellaneous Projects: Delete the figures "£758,500" and substitute the figures "£1,020,342"

- (iii) Head 105 Government Offices and Buildings: Delete the figures "£272,276" and substitute the figures "£288,297"
- (iv) Head 110 Electricity Service: Delete the figures "2634,222" and substitute therefor the figures "£726,222"
 - (v) Delete the total figures "£9,783,182" and substitute therefor the figures "£10,157,045".

Mr Speaker put the question in the terms of the Hon the Financial and Development secretary's amendments which was resolved in the affirmative and Part II of the Schedule was amended accordingly.

The Schedule, as amended, was agreed to and stood part of the Pill.

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I beg to move that Clause 2 be amended by deleting the words "twenty eight million five hundred and forty five thousand two hundred pounds" and substituting therefor the words "thirty million one hundred thousand two hundred pounds".

Mr Speaker put the question which was resolved in the affirmative and <u>Clause 2</u>, as amended, was agreed to and stood part of the Bili.

Clause 3

· HON FINANCIAL AND DEVELOPMENT SECRETARY

I beg to move that Clause 3 be amended by deleting the words "nine million seven hundred and eighty three thousand one hundred and eighty two pounds" and substituting therefor the words "ten million one hundred and fifty seven thousand and forty five pounds".

Mr Speaker put the question which was resolved in the affirmative and Clause 3, as amended, 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 eight million five hundred and forty five thousand two hundred pounds" appearing in sub-paragraph (1), be deleted and the following words be substituted therefor: "thirty million one hundred thousand two hundred pounds" and that the words "nine million seven hundred and eighty three thousand one hundred and eighty two pounds" appearing in sub-paragraph (2) be deleted and the

following words be substituted therefor: "ten million one hundred and fifty seven thousand and forty five pounds".

Mr. Speaker put the question which was resolved in the arfirmative and Clause 4, as amended, was agreed to and 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 that the words "thirty eight million three hundred and twenty eight thousand three hundred and eighty two pounds" be deleted and the following words be substituted therefor: "forty million two hundred and fifty seven thousand two hundred and forty five pounds".

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

The House resumed.

THIRD READING

HON FITANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to report that the Appropriation (1980/81) Bill, 1980, had been considered in Committee and agreed to, with amendments, and move that it be read a third time and passed.

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

SUSPHISION OF STAIDING ORDERS .

The Hon the Financial and Development Secretary moved the suspension of Standing Order No 29 in respect of the Finance Fill, 1980.

This was agreed to.

THE FINANCE ORDINALCE, 1980

HON FINALCIAL AND DEVELOPMENT SECRETARY:

Er Speaker, I have the lonour to move that a Bill for an Ordinance to amend the Family Allowances Ordinance (Chapter 58), the Imports and exports Ordinance (Chapter 75), the Income Tax Ordinance (Chapter 76), the Public Health Ordinance (Chapter 131) and the Public Utility Undertakings Ordinance (Chapter 135), 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, be read a first time.

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

The Bill was read a first time.

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I beg to move that the Bill now be read a second time. The Bill incorporates legislative proposals for fitcal changes in 1980-81 and also seeks to give effect to the increases in the Electricity, Potable Water and Telephone Tariffs to which the Chief Minister has already referred in his statement on the Appropriation Bill. Other fiscal measures designed to encourage exports and tap new and additional sources of revenue will be announced during the course of this speech. They are not incorporated in the Bill but will be enacted in accompanying subsidiary legislation.

On the basis of current rates of taxes, duties etc, the Government's estimated total revenue for the coming financial year is £36.3m. After taking account of the expenditure which the House has just authorised on the recurrent budget and after further providing for budgetary contributions totalling £1,575m to the Electricity, Potable Water, and Housing Funds, it is envisaged that the year would end with a surplus on the recurrent budget of some \$2.3m which would bring the Consolidated Fund Balance on the 31st March 1981 to £5.9m as shown in the Financial Statement circulated to Poncurable Fembers.

Mr Speaker, in his speech on the Appropriation Bill the Fonou-rable and Learned Chief Minister announced the Government's intention to increase personal taxation allowances and the rate of family allowance for each second and subsequent child. These will rise from £4 to £5 a week with effect from 30th June, 1980. Full details of the tax relief measures which will take effect from 1st July are as follows:-

- the single person's allowance will go up by £100 to £750 and the deduction for a wife will be increased by a similar amount. Thus for a married couple, the deduction will be £1,500;
- the deduction which can be claimed in respect of a wife's earned income will also be increased to £750;
- the allowance in respect of the first child will be increased from £200 to £250;
- A married couple, where either party is over the age of 65 will now receive an allowance of £450 instead of £320. The allowance for a single person will remain at £320.
- In the case of a person claiming a deduction in respect of

a dependent relative, the income limitation is consequentially being increased from £650 to £750. If a dependent relative has an income in evenss of £600 a year the deduction which can be claimed is reduced by the amount of the excess.

Tables will be circulated to Fon Members at the end of this speech detailing the effects of those proposals on the net incomes of tax payers in income bands ranging from £2,000 to £10,000 per annum according to family composition.

The total cost of the Government's proposals is estimated to be in the region of £1.1m in a full year and around £0.32m for the year ending 31st March 1981. The proposed increases in personal tax allowances alone are expected to cost approximately £1m a year and £0.72m in 1960-81. The increase in family allowances is estimated to cost £0.14m in a full year and about £0.1m for 1960-61.

This is as far as the Government feels it can go for the present in affording a measure of tax relief, bearing in mind the need to build a more resonable reserve than in the past. . A reserve required not herely because of the Leavy borrowing commitments which Gibraltar is likely to face in future years to meet its share of the cost of the development programme but also to place Gibraltar in a strong financial position ready to meet any unexpected eventuality. Indeed, Mr Speaker, in debating this Bill the House will need to keep in mind the financial consequences of the Government's commitments on power development, the extension of the Telephone Service and the construction of new housing. These developments will increase the total of the public debt, already standing at £6.6m, by a further £13m over the next few years. This figure takes no account of borrowing for funding the Government's plans in the next Development Programme teginning in 1981.

In addition to the tax changes I have just announced, certain other amendments are proposed to the Income Tax Ordinance. They are intended to provide for the more effective implementation of the Ordinance and to provide for certain deductions for external improvements to premises. These are as follows:

(a) Avoidance of income tax by subcontractors in the construction in ustry.

It is proposed to amend the Ordinance to provide that a construction contractor must withhold by way of a tax deduction and after allowing for direct payments for materials, an amount equal to the standard rate of tax payable by a subcontractor. The tax is to be deducted from the amount payable to the subcontractor and forwarded to the Income Tax Department on account of the subscontractor's tax. Provision is being made for certificates of exemption from this requirement to be issued in respect of bona fide subcontractors who have a permanent place of business in Gibraltar and have complied and—are reasonably likely to comply with their tax obligations.

(b) Frevisions as to commencement and resortion of courses of income:

Sections 8(3) and 8(5) of the Ordinance contain provisions that are intended to deal with the determination of assessable incore in the year in which a tax rayer first legins to drive such income and the year in which he ceases to do so, respectively. The provisions do not apply to income subject to FAYE tax.

A basic principle of liability for tax is that a person is liable to tax on income accruing in, derived from or received in Gibraltar. Where a person is ordinarily resident in Gibraltar, he is also liable to pay tax on income from dividends, interest, and emoluments of office derived elsowhere, unless it has been taxed overseas and not received in Gibraltar.

In 1977, sections 8(3) and 8(5) were amended with a view to ensuring that all income received after a person became ordinarily resident and before he ceases to be ordinarily resident in Girraltar was brought into assessment. An unintended effect of the amendment, as expressed, has been to exclude from liability for caxation income that accrues in or is derived from or received in Gibraltar by a person not ordinarily resident here. This of course is contrary to the basic principle referred above.

It is accordingly proposed to amend sections 8(3) and 8(5) so as to provide that income accruing in, derived from or received in Gibraltar is not, by virtue of these provisions, excluded from assessable income.

(c) Income from employment received by wives:

By virtue of section 10 of the Ordinance, a married woman who lives with her husband is separately taxed on her earned income unless she elects to be treated as a married woman. Uncarned income is aggregated with that of her husband, resulting in a higher tax rate.

"Barned income" is defined in section 21(2). There is evidence that the practice is developing in appointing wives as employees of companies of firms and of paying inflated remuneration to them in order to reduce the incidence of taxation. Such transactions are open to challenged under section 12 of the Ordinance as being artificial but the Government proposes in addition to take a more specific remedy to curb this abuse.

Section 21(2) is therefore being amended so as to provide that income derived by a wife from employment or from a pension from employment will only be treated as earned income to the extent that the Commissioner is satisfied that it represents reasonable payment for services actually rendered.

(d) Offerces and their compounding by the Commissioner:

Under section 67 of the Ordinance it is an offence to make an incorrect return or give incorrect information. The sanction is a <u>fine</u> not exceeding <u>\$100</u> and a <u>renalty</u> not exceeding twice the tax not paid, and in default of payment to imprisonment for 6 months. Under section 68 it is an offence to fraudulently evade tax. The sanction is imprisonment for 3 years and a <u>fine</u> not exceeding <u>\$500</u>, and a <u>penalty</u> not exceeding 3 times the tax evaded.

Under section 70, the Commissioner may compound either offence on payment of an amount not exceeding the maximum fine but it is not clear that as a condition of compounding, he can require payment of the penalty.

It is proposed that the fines under sections 67 and 68, which are clearly outdated, should be increased to £300 and £2,500 respectively and that in compounding any such offence the Commissioner should be empowered to require payment of all or part of the penalty as well as all or part of the fine.

(e) Accesis:

Under section 55 of the Ordinance, where a tax payer appeals against the decision of the Commissioner, the onus lies on the Commissioner to seek security for payment of tax assessed.

This, plus the fact that appeals take time, result in significant delay in the collection of tax. It is considered that the section should be amended so as to provide that an appeal shall not release the tax payer from Hisbility to pay the tax pending the appeal, and that an appeal shall not proceed unless the tax in disjute, where already due, has been paid. The tax payer should however have the right, in the case of hurdship or for other reasonable cause, to apply to the Commissioner to defer payment on provision of security or on such other conditions as the Commissioner thinks fit, and there should be a right of review by the Supreme Court of the Commissioner's decision. Where tax was not yet due at the time of the filing of the appeal, it shall be held payable and due on determination of the appeal as if no appeal had been brought. A successful tax payer would of course be entitled to a refund.

It is proposed to amend the Income Tax Ordinance accordingly.

(f) Penalty on unraid tax:

Section 60 of the Ordinance provides that where tax is not paid within the prescribed period, penalty tax of 5 per cent shall be charged on the amount of tax unpaid (including penalties unpaid) for every 5 months that it remains owing. Given current interest rates, this sanction no longer carries the same weight as it previously did and it is therefore proposed to increase the renalty tax from 5 to 10 per cent during every period of 5 months.

(g) Relief for external improvement to premises:

In 1972, for a period of 2 years, tax payers were permitted to deduct from their assessable income sums of mone; that the Director of Fublic Works certified as having been expended on external decorations and repairs on premises, other than those having frontages in Main Street.

It is proposed to re-introduce this relief, by means of separate Rules under sections 15 and 74 of the Ordinance, to apply to all premises including those having Main Street frontages, for a period of 2 years from 1st July 1980 subject of course to the expenditure having been incurred in the production of the assessable income.

After taking account of the cost of the increased tay and family allowances it is expected that without any additional revenue raising measures, the Consolidated Fund Palance on 31st Parch 1981 would stand at about £5m. The Government considers this figure to be on the low side given the current level and cost of Government services, the projected size of the public debt, the cost of borrowing, the need to establish Gibraltar's credit-worthiness in the eyes of potential lenders and to establish a stronger financial base.

Accordingly the Government considers it necessary to introduce additional revenue-raising measures by way of selective increases in import duties and other amendments to the Imports and Exports Ordinance. The proposed measures are as follows:

- the incorporation into existing rates of ad valorem duties of the temporary surcharge introduced in the last year's budget;
- increases in the rates of duty for malt liquor, spirituous liquors and wines;
- an increase in the duty on motor spirits;
- increases in the ad valorem rates of duties for motor vehicles, spares and accessories.
- increased free on spirits and digarettes sold at the Duty Free Shop in the Air Terminal;
- the introduction of a "way-leave" on spirits and eigerettes supplied to ships;
- an extension of the drawback facilities to encourage entrepot trads which can be tapped as a new source of revenue.
- an administrative charge of 5% ad valorem on motor vehicles exported; and
- an increase of the duty retained on radio and television receiving and transmitting sets exported.

Advantage is being taken to provide for the duty-free importation of greeting cards manufactured by charitable institutions or worthy causes and for the duty-free importation also of goods by contractors to the Crown when such goods are to be used solely for the purposes of contracts awarded by the Crown. In this latter context I should explain that such goods have in fact always been allowed in duty-free on the basis that the imports were on behalf of the Crown. However, my Honourable and Learned Colleague on my right advises that this is ultra vires and that the position needs to be regularised in law. Such imports are to be identified on entry as being either for the Crown or for incorporation in a Crown contract. Items imported by contractors into their own stores not so identified will continue to attract duty which will not be refundable.

I shall now deal separately with each of the proposed revenue-raising measures.

First, the incorporation of the 20% surcharge into existing rates of duties. The House will recall that the surcharge was introduced with the last Finance Bill as a temporary measure and that unless extended by legislation passed before 30th April 1980 it will automatically lapse on that date. The Government proposes that it should now be consolidated into oxiding rates. Indeed it is on this assumption that the Revenue Estimates before the Fouse have been framed. The surcharge produced some £387,000 in revenue to the end of March 1980. The advalorem rates of duty to which the surcharge applied are being correspondingly increased. Clothing and footwear remain at 10% and are now shown as a separate item in the First Part of the First Schedule to the Ordinance. The Third Part of the Schedule, which sets out the provisions relating to the surcharge, accordingly disappears.

I now come to the increases in the rates of duty for malt liquor, spirituous liquors, and wines.

The new rates will be as follows:

- Malt liquors, for example, beer in cottles or cans from 22.2p to 25p a litre in casks from 11.1p to 14p a litre
- Spirituous liquors, for example, whisky, brandy, gin etc, other than liqueurs from 165.3p on bottled and 163.5p on casked to 212p a litre whether bottled or casked.
- Liqueurs and cordials irrespective of strength from 206.7p tottled or 205.3p on casks to 237p a litre bottled or casked.
- Other liquors of less than 0.50 proof from 11.1p to 14p a litre.
- Still wines bottled from 32.2p to 39p a litre casked from 15.6p to 23p a litre

- Sparkling wine from 62.2p to 69p a litre

In simple terms these increases mean that beer should go up by about $1\frac{1}{2}p$ a pint, whisky, brandy, gin and like spirits by 20p per standard bottle of 75 centilitres or 25p a litre and wine by 5p per standard bottle.

The duty on petrol is being increased by lp a litre to 6.6p a litre.

It is estimated that the effect of these increases on the Index of Retail Prices will be in the order of 0.6%.

The Government believes there is good reason for imposing higher rates of duty on motor vehicles, particularly on large cars, on spares and component parts. The new rates of ad valorem duties proposed are as follows: I will also give the increase over the previous duty plus the 20% surcharge.

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Vehicles up to 1299 cc 25% (an increase of 1%)
from 1500cc to 1499cc 30% (increased by 5%)
from 1500cc to 1699cc 35% (increased by 6%)
from 1700cc to 1999cc 40% (increased by 10%)
Vehicles over 1999cc 45% (increased by 15%)
Motor by les 50% (increased by 6%)
Trailers 25% (increased by 15%)
Spares and Accessories 30% (increased by 5%)
Commercial vehicles are not affected and remain at 16%.
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There is some evidence that trade is perfumery has been adversely affected in recent years by the rate of ad valorem duty. Accordingly, this is being reduced from 35% to 25%. Provided that this reduction is passed on to the consumer and not retained by the trade, the lower prices should increase the volume of business.

The Government has also looked at the rate of ad valorem duty on jewellery, following representations but has decided that the case made for a reduction in the current rate of import duty is not substantiated.

I should mention that the opportunity has been taken to metricate import duty rates where these are levied relative to capacities or weights such as those for wines and spirits and tobacco. Similarly the export duty on fuel, diesel and gas oils will be based on metrication. The duty on oils will now be 54p per metric ton instead of 55p per long ton. Duty on the new metric rates has been rounded off to the next higher pensy. As a result there will be a small increase in receipts of £15,000.

The opportunity has been taken to replace in their entirety the First and Second Schedules to the Ordinance which over the years have been heavily amended.

Mr Speaker, as I mentioned previously the fees for duty-free goods supplied at the Duty Free Shop in the Air Terminal will be going up, but only in respect of spirits and cigarettes.

The revised fees for these commodities, will now be:

Spirits -

- for each bottle the content of which does not exceed .375 litres 26p instead of 21p
- exceeding .375 litre but not
 .75 litre 48p instead of 40p.
- exceeding .75 litres but not 1 litre 6 p instead of 53p
- over 1 litre 75p instead of 61p.

Cigarettes - for each carton of 200 cigarettes or part thereof 65p. This was previously 55p.

Mr Speaker, as I mentioned earlier, the Government intends to tap new sources of revenue. The first is the introduction of a "way-leave" on Guty free spirits and cigarettes supplied to ships, in order to recoup the administrative costs involved in providing the facility. The fees will be as follows:

a. For each bottle of spirituous liquor the contents of which -

i. does not exceed .375 litre	15p
ii. exceeds .375 litre but does not exceed .75 litre	20p
iii. exceeds .75 litre but does not exceed 1 litre	q 0ڙ
iv. exceeds 1 litre	35p
Cigarettes per 200	15p

It is estimated that approximately £50,000 in reverue will accrue from this source.

Similar considerations apply to the introduction of the administrative charge under the Drawback Regulations of 5% ad valorem on motor vehicles exported (whether unregistered or registered with GG tourist plates) and to the increase from 4 to 5% in the duty retained in respect of radios and television sets exported.

The Dr. wtack Regulations are being amended to include the following items in the Schedule to the Regulations:

- Precious and semi precious stones and manufactured jewellery where the duty retained will be 2% ad valorem; and
- For goods not otherwise enumerated in the Schedule when exported on a commercial basis, from a Government or private Store where the ad valorem duty retained will be 5%.

In addition, in furtherance of the policy to assist and encourage the creation of light industries, raw materials used in the manufacture in Gibraltar of paper products such as toilet paper, kitchen rolls, etc, will be exempt from any import duty.

At this stage it is not possible to quantify the effect which these Drawback proposals will have on revenue. The main object is to provide import and export facilities and to meet the administrative costs by means of a small levy.

However, the other revenue raising proposals are estimated to produce some £390,000 in 1980-81 as follows:

a. the increases in specific rates of duties:

	Malt liquor, spirits, wines		£158,000
	Motor spirits		50,000
b •	the increases in ad valorem rates of duty in respect of motor vehicles, spares, etc	;	£108,000
c.	the increased fees for Duty Free Shop supplies		9,000
	the "way-leave" on supplies to ships		50,000
е.	metrication	,	15,000
		*	£390,000
			·

Finally, I must mention the increased tariff charges for electricity, telephone and potable water which the honourable and Learned the Chief Minister has already mentioned. The new charges are set out in detail in the bill itself but I shall summarise their salient features.

ELECTRICITY CHARGES

These are generally being increased by 15% across the board with effect from 1st May 1980. The Flat Rate Tariffs for lighting and power go up from 7p and 5.5p per unit to 8p and 6.33p respectively. Domestic Consumers will now pay 5.9p per unit for the first 60 units and 4.61 p for every additional unit. The commercial and industrial tariffs are also being accordingly increased.

TELEPHONES

Telephones rentals and other service charges are being increased with effect from 1st April, 1980, similarly, by 15%. Eusiness rentals go up from £25.20 to £28.98 per guarter and residential

rentals from £18.00 to £20.70 a guarter.

In addition the charges for trunk cells to certain countries are being revised with effect from 1st Mav, 1980. The revised charges and the countries affected are as follows:-

For Portugal - the rate goes up from £1.35 to £1.44 for the first 3 minutes and from 45p to 48p for each additional minute thereafter.

To Spain - Campo Area - from 30p to 33p and
Other than
Campo Area - from 45p to 48p
for each three minutes or part thereof.

For Morocco - other than Tangier - from 66p to 69p for the first 3 minutes and from 22p to 25p for every additional minute; and

To Tangier - from 45p to 48p for the first 3 minutes and from 15p to 18p for each additional minute thereafter.

FOTABLE WATER

Potable Water charges for non-domestic users are being increased in order to ensure recovery of production costs. There will no longer be any hidden subsidies to hotels, the commercial sector or Government through the Potable Waier Fund, the consumers, other than the domestic consumer will be required to neet in full the cost of water Supplied.

The price for supplies to shirping and for swimming pools will be at 37.5 pence per 100 litres; that for other users such as hotels, hospitals, schools and Government Departments, as well as the Ministry of Defence 33.75p per 100 litres. To domestic consumers the cost will be 11p per 100 litres for the first 4500 litres registered by any one meter in any one month and at the rate of 26p per 100 litres registered in excess of 4500 litres instead of 9p and 21p as at present respectively.

Mr Speaker, as has been explained in the past, these increased charges are not fiscal measures and do not of their own accord directly affect the Consolidated Fund. The financial operations of the public utlity services create a contingent liability on the Consolidated Fund. They therefore affect the Government's overall financial resition but must be considered and treated quite separately from the financial operations of the Government itself.

The revised Financial Statement which I circulated earlier already takes account of the effects of these higher charges for the Funded Services. It also incorporates the Government's decision to meet in part the projected deficits in the Electricity and Potable Water Fund Accounts, and the contribution of £700,000 to the Housing Fund.

The Statement accordingly shows an Estimated Consolidated Fund

Balance of £5.9m as at "lat March 1981. It does not, however, take account of the proposed increases in income tax and family allowances nor of the additional revenue-raiding measures announced in this speech. The net effect of these measures will be to beduce the Estimated Consolidated Fund Palance on 31st March 1981 by some £430,000 to £5.47m, that is £5.9m less £0.8km tax relief = £5.08m plus additional revenue of £390,000 equals £5.47m.

Mr Speaker, Sir, I beg to move.

MR SPEAKER:

Well, I think it might be advisable, under the new practice to call on the Chief Minister to exercise his rights under Standing Order. After he has done this, in any event, we have, a accordance with Standing Orders to recess for a minimum of two hours. We could perhaps take the opportunity of the lunch treak.

I will now call on the Chief Minister to make his contribution.

HOM CHIEF MINISTER:

Thank you, Mr Speaker, my statement will be much shorter.

In my statement on the Appropriation Bill I explained that our broad approach to this budget was to consolidate our financial position on both the more satisfactory out-turn for last year and on the general prosperity which exists in Gibraltar. I also said that, in doing this, we would as last year, be both realistic and fair.

I am glad that an Honourable Pember on the benches opposite who has fought this Government bitterly in the rest, and no doubt will do so whenever he thinks it right, and is at the same time the one Hon Member on those benches who appears to be generally recognised as having a particular expertise in economic matters, concurs in our view that there exists, this year, a need for consolidation and for the strengthening of our reserves. Some considerable time has, I think, yet to elapse before - as the Opposition has suggested - we are embarrassed by our riches.

It would nevertheless have been less than fair not to afford some relef in respect of income tax for those with family commitments. The Hon the Financial and Development Secretary has given full details of the relief which I announced on Monday.

The increase in the tax allowance for the first child is, of course, aimed at helping those not in receipt of enhanced family allowances, while that in the age allowance is designed to provide further assistance to married couples one or both of whom are aged over 65.

It has been suggested that we should move to parity with the United Kingdom rates of direct taxation. To do this would cost

over 23m and, unless we are prepared to accept a substantial lowering of standards, the loss would have to be made un by increases in indirect taxation which would both seriously affect our competitiveness in tourism and bring about inordinate increases in the Index of Retail Prices of between 20% to 25%. This would clearly not be realistic. It would also be grossly unfair. "hile a very few in the very top income brackets in Gibraltar would pay more tax with parity of taxation, the general effect on the higher income groups would be a substantial drop in tay payments and it would then be these higher income groups who would best be able to cope with the increases in indirect taxation which would be necessary. The lower income groups, though also paying less tax, would be considerably worse off.

The Fonourable Financial and Development Secretary has explained the immediate legislative measures which the Government is taking in order to enable the income tax authorities to implement the provisions of the Income Tax Ordinance more effectively, that is to say, to clamp down on tax avoidance.

In the first place, there is evidence that workers in the construction industry are beginning to adopt the practice of operating as subcontractors rather than as employees of the contractor, thereby avoiding the ambit of the PAYE provisions of the Odinance. Where the individual concerned is only temporarily in Gibraltar this can very easily result in a tax loss as it is not practicable to issue a notice of assessment in every case before he leaves Gibraltar.

Secondly, in so far as income from employment received by wives is concerned, the practice has been developing of a pointing non-working wives as employees in order to reduce the incidence of taxation. This is particularly evident in the case of investment companies.

Thirdly, there has been some misuse of the appeals provisions in the Ordin noe to delay the payment of tax especially in those cases where the Commissioner is obliged to issue provisional assessments.

The amendments which it is proposed to make in the Ordinance will effectively but a stop to these devices for avoiding the payment of tax. I would like to explain here the strong feelings that have been put to the Government by the Trade Unions about the fact that there are too many ways of avoiding tax, whereas the bulk of the people, the workers and the Company Directors and people who work directly as employees have to pay under PAYE.

As I have already mentioned an in-depth study into all aspects of Income Tax legislation will be carried out in the course of the year. In this context the Government will be considering also whether or not the Alderly Persons Pension should be free of tax. Whether the general application of such a relief would be equitable or whether it would provide a benefit in some cases in which the need does not exist is something that must

to very carefully studied. The question of indirect taxation will be the subject of investigation at the same time.

In my statement on the Appropriation bill I said that there would be a need for some increases in indirect taxation if we were to achieve a reserve of about £5.5m which the Government considers, for reasons which have been explained, to be both prudent and necessary. Details of these increases have now been announced. Anyone inclined to oppose these measures will be hard put to it to find real grounds for opposition, either on the basis of the need for the measures or of their nature. They are related evaluately to luxuries, should have an inflationary impact of around 1%, which is not particularly significant, and should have little or no effect on trade. Last year's rather more severe measures had no demonstrably adverse effect on trade which grew both in volume and value in 1979.

As to the funded services, the increases in electricity charges are moderate and restricted to cover increases in recurrent expenditure, such as wages, which are not covered by the Fuel Cost Adjustment formula. Given the nature and size of investment in power development, the Government has decided to spread the burden by amortising the capital costs over 15 years and during the initial stages to meet these with a budget contribution.

The subsidy for water is confined to domestic consumers. Hidden subsidies to other consumers have therefore been removed. In this way the Government can establish the full extent of the subsidy to the domestic consumer and consider progressive reductions.

The Government's policy of not subsidising the telephone service is continued. It is hoped to increase the Government's share of international trunk calls routed via Calle and Wireless.

The budget measures should increase the Index of Retail Frices by just 2%. The relief under income tax to an average Gibraltar family on £4 - £5,000 and the increased family allowance will offset the impact of the increases on the household budget. An improvement of some 1% in disposable incomes is expected.

There should therefore be general, though mild, satisfaction about the present state of our finances, about the effects of this budget in particular, and about the establishment of a reasonable though by no means generous, reserve.

As I said in the House on Tuesday, very careful consideration will be given to the suggestion made by the Hon J Bossano to set up an advisory committee to study the economy with a view to ensuring that it is strengthened rather than weakened by future changes as they develop. Our concern must be for the good of Gibraltar as a whole and our approach directed objectively towards this end and not aimed at political advantage.

LR SPLAKER:

Well, gentlemen, I will now explain that under our Standing Orders the House has to recess for a period of no less than two hours to consider the implications of the Finance Bill.

It is now 1.20 pm ...

HON P J ISOLA:

Mr Speaker, could we recess until 5.00 pm. Members on this side of the House have to eat ...

MR SPEAKER:

Members on both sides of the House have to eat!

HON P J ISOLA:

I would ask the lunch hour should not count.

HON CHIEF MINISTER:

If we allow one hour for lunch we could resume at 4.30 pm.

HON P J ISCLA:

We always allow two hours for lunch and I must insist on this because there are amendments we will wish to make and which will require drafting. We have to consider the implications of the Budget Statements that have been made and frankly I do not think it would be unreasonable to ask for an adjournment until 5.00 pm.

IR SPAAKER:

Well, of course this is a matter for interpretation. If more than two hours are needed then that would be a matter for motion before the House.

I honestly feel, and it is my interpretation of Standing Orders, that it should be two working hours. This should therefore count as from 3.00 pm, when we usually resume business after lunch. I feel that the Hon the Chief Minister would have no objection to that.

HON CHIEF MINISTER:

hr Speaker, I thought we might have made more progress if we had resumed at 4.30 pm but if they are happy to resume at 5.00 pm I have no objections.

IR SPEAKER:

So, if that is acceptable all round, we will now recess until 5.00 pm.

THE HOUSE RICESSED AT 1.25 pm.

THE HOUSE RUSUMED AT 5.00 pm.

MR SPEAKER:

Gentlemen, this morning we ended once the Chief Kinister had exercised his right to speak on the Finance Bill and now, before 1 put the question to the House, does any Hon Kember wish to speak on the general principles and merits of the Bill.

HON P J ISOLA:

Mr Speaker, it must be quite obvious from our earlier intervention on the expenditure side of the budget that we did not agree with the policy that was being outlined by the Government for the next financial year as far as revenue-raising measures were encerned. We are bitterly disappointed with the measures proposed by the Government.

We are bitterly disappointed, Mr Speaker, because all the taxation measures that are proposed are entirely unnecessary if we are to place any credence at all to what Government Ministers said last year at the time of the Budget. And what we are still more disappointed about, Mr Speaker, is the refusal of the Government to agree to an increase in the personal allowances as we have suggested during the expenditure debate of double the amount they are giving.

They are giving very little, Mr Speaker. It is absurd for the Chief Minister to speak of helping the lot of these who are less well off. He gives them a personal allowance of £100. Let us put it another vay. He gives £800,000-odd in income tax relief and takes away from the community £800,000 for increased electricity charges, increased water charges, increased telephone charges, which are paid by all and sundry. So where is the relief to the working man? Where is the need to make them pay all this money? Where is the relief to all those people who come into the higher income bracket as a result of the salary review of 1979, and the salary review of 1960?

In the background of the tax measures of last year, this rackage that was talked about which resulted in very little extra tax in theory, in practice it was a lot more, but which this year will take a lot more out of the pockets of everybody as they go up. And what does the Government give them back? After all the harsh measures of 1979 and 1980, because they conveniently forget the tough budget which was introduced very apologetically by the Government last year.

The Chief Minister only has to read what he said then. Times were hard and difficult and we had to do all those things and he praised the political courage of the Government in so doing. What do they give them back? £100 personal allowance per man and per women, and then the family and the child allowance. That is all they give them back after having over-taxed them in 1979/80 to a fantastic degree.

Of course, the Honourable the Chief Minister was delighted with the contribution of the Honourable Er Bossano, who seems to have let him of: the hook. Of course he says the Hon urable Mr Bossano, who has fought this Government bitterly in the past. Well, I don't know, I don't know, Mr Speaker. I cannot rememoer many bitter attacks on the Government from the Hon Er Bossano. I think one has to go back a few years for that. Foscibly he has done, but of course he has to velcome this absortion of one of the members of the Opposition to supporting at a time when the Government was in such a surplus situation that it must have come as a wonderful thing for the Chief Minister to have had the Honourable Mr Bossano agreeing with him that they should pay more electricity charges. Water charges, more taxes. That there should be a higher revenue balance. Millions. So that the Government can have a wonderful surelus in 1981, which at a conservative estimate is going to be £5.4, but which, if we take into account the review in the private sector from 1980/81 and the tax yield that that will bring, plus all the other under-estimations that there may have been if it follows the course of 1979/80, the Government may find themselves with a beautiful surplus of £8 to £9m just at the time when they are going to go to England for the next Development Plan and be told well now you are in such a wonderful position our sid to you will be less. And that is. coming out of the people of Gibraltar who are over-taxed. Mr Speaker.

It is no good the Honourable Chief Minister telling this House that we should not have parity of income tax with England in personal rates because that would benefit the top bracket earners, conveniently forgetting the great benefit it would bring to most of the low bracket earners and most of the population of Gibraltar. What the Government should be doing is not squeezing the people more, not taxing them more, not making them pay more and more for everything to have a huge surplus, but to give them back a bit of the money they took from them last year on promises that have proved to be false.

That is what they should be doing and that is why we oppose the Finance Bill and we will vote against it. Because the only compensation the Government gives is £100. A miserly £100 personal allowance for a husband and a wife. I think it brings it to about half the personal allowances in England today. This is, Er Speaker, why we oppose this Budget.

Let me just make one point, the surcharge, the surcharge. What did the Chief Minister say when he imposed it. This was the 20% temporary surcharge because of the emergency of the 1979/80 Budget. The emergency which apparently was not even there.

As the Hon Financial and Development Secretary, I am quoting from page 201, 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". The year has gone by and the Fonourable the Financial and

Development Secretary and the Fonourable Chief Minister have expressed satisfaction with the financial situation. And that does the Government do? It turns a tenjorary surgimere into a permanent duty. Converts it into a permanent duty, and in so doing, of course, it is more than 20° that has gone up, there is that little Praction in each rate that has gone up, takes a bit more in the process.

I would have thought that with the present frontier situation developing as it is the Government should not be greedy, which is what they are doing. The calculations that the Government has made is the frontier is opening, more people are going to come in and, therefore, let us put up the indirect taxation more, let us put up the price of whisky, and we get more money in. But that may not be the result.

We on this side of the House know that if the frontier opens there will be an increase in economic activity, at least in wines and spirits and cigarettes, if nothing else, food sales etc. So the Government can expect a still heathier surplus at the end of the year. And if that is the case, and if that is the possibility, is it right that electricity or water, should go up by 25% after having gone up last year by 40,2 That electricity should go up the way it is going up by 20% in the secondary rate. And that all the people should get out of this is a personal allowance of £100 on income tax. Is that fair on the people of Gibralter who had to take their money out of their pocket apparently last year to hail the Government out, and then we found it was not necessary as the figures have shown.

What I cannot understand, Mr Speaker, about this whole exercise is that if last year the Government with all their harsh measures were satisfied with a surplus at the erd of that year of £1.5m, how is it that for the period 1980/81 they are dissatisfied if they get a surplus of £5m. without any taxes.

Let us look at what the position would be if the Government imposed no taxation measures at all, and did not increase electricity, and did not increase water, and did not increase telephone charges, and gave £100 personal allowance as they are giving. My calculation is, without taking into account the extra revenue that will come to the Government as a result of any private sector wage negotiations, my calculation is that they would have a figure at the end of this year of £4.2m. That is over double what they estimated last year they would have this year. And if they gave the personal allowances that we say they should give, which is double that they are giving, their figure would be around £3.5m at 31st March 1981. I may be wrong by £100,000 here or there, but I think it comes to about that without taking into account the extra revenue that will come to the Government from the wage review in the private sector. No taxes, no increases of electricity, rater, telephone charges, and double the personal allowance. That is probably the budget that would have taken place if there had been an election this autumn. But what does the Government do instead? It gives a miserly £100 personal allowance increase as one

great deal; it puts up the telephone charges, it puts up electricity, it puts up water, it puts up the price of beer, the working man's drink, it puts up the price of whisky and gin and theardi, it puts everything up again but it says this year, we must be grateful to them for one thing, he speaker. Instead of 40% or 50% increases as we had lest year, they are much more noiset this year and for that we must be thankful. 25%, 20% although anybody who wants to buy a cer will have just that little bit extra to pay so that the Government can sleep well at night and have a nice big surplus at the end of the year to defeat any good arguments we might have for getting a lot of development aid in the next development programme.

This is why we are opposed to this Finance Bill and we have no hesitation in voting against it. We will, however, seek to make an emendment to the Finance Bill to increase the personal allowances. If that can be achieved, it will not be too bad, but the fact of the matter is that this is a budget where taxes have been imposed on the reople, charges are being increased with no justification whatever, merely to satisfy the ego of the Government who have suddenly become savings-conscious and feel they must improve their credit-worthiness.

I was a bit surprised to hear the Honourable the Financial and Development Secretary and the Hon and Learned the Chief Minister. speaking about the credit-worthiness of the Government. I have never syself heard any complaints about the credit-worthiness of the Government. I do not know whether they are having difficulty in raising money because their credit is not good. I have not heard it and I would have thoughtit would not be correct. The general situation of Gibraliar is very healthy. A national doot of fom. with a recurrent bugget of revenue of over £30m. is nothing to worry anybody about. I do not know what the real reasons are behind these attempts on the part of the Government to tax the people more. We do not see any reason for it.

Er Speaker, with a surplus of £5m. the Government tell us that they are going to consider during the year whether the Elderly Persons' Pension should be received free of tax. They tell us in the Chief Kinister's statement, I do not know whether the Chief Kinister disagrees with the Kinister for Labour on this, but they tell us they are going to consider it. They do not tell us we reject it. We will not do it. The Chief Minister tells us, speaking I am sure on behalf of the Government, that they will review it. The are talking of about £100,000. We have the situation in Gibralter where there are rich people in receipt of social insurance pensions and they get them free of all tax.

The social insurance pens ons are received free of tax and the Elderly Persons' Pension pays tax. That is wrong in principle and the Chief Finister recognised this during the Elections in a television interview, and said it, and said don't worry we will do it. We are still waiting, Mr Speaker, and it is only £100,000 involved. And then what happens? The telephones were put up. Any suggestion that old aged couples living

together will have a reduction in their telephone charges? No. And they have to have a telephone because they need to call a doctor in an emergency. The younger people usually been fit but the older people have to pay more. They will not get their pensions free of tax, and they will have to pay more for their telephones, and they will have to pay more for their electricity and for their water, unless of course they are on the poverty line and then they are on supplementary benefits and the Labour and Social Security Department comes in and helps.

I just cannot see the Hon Mr Bossano, representing as he does, and he says he does, the workers of Gibraltar, how we can support this Budget. He may support it on economic grounds, but how can he support a situation where everybody has to pay more, where tax allowances are only increased by a miserly £100, purely in honour of his economic theories. We will have no hesitation in voting against this Finance Bill at all, Mr Speaker.

Then we heard in one of the speeches yesterday, and we talked about it today, about the port feasibility study, and you will remember I said why have another feasibility study on the port. We have enough studies on the port. We are putting the generators there. We have the filling in of the pockets. "e all know what we need in the port. But, oh no, we need a feasiti-. lity study in the port, the EEC, world trade, what rakes ships come into and out of Gibraltar, Ceuta and Algeciras atc. What does the Government do? It introduces a new tox for ships which is going to raise £50,000 under which any bonded stores or any supplies to a ship have to pay a way-leave. What will this port feasibility study say? Do they pay a way-leave in Couta? In London? But what happens when ships' crews come along in ships, when they buy drinks, and cigarettes, who is it for? Is it for the owners back in Liberia or Monrovia or Fanama? It is for the crews of the ships. And who decides where the ships go really, is it the people back home, or is it the captain who can say it is cheaper for the owners here. Has any consideration been given to that, Mr Speaker? No, they just introduce it. It seems a small amount for a ship to gay. It just gets introduced, forget the port feasibility study, forget you may get the advise to take it away. I notice duty free slops in the airport, up it goes; export duty on goods.

I hope the Tourist Office does not have the herve in any future brochure to refer to Gibraltar as a duty-free port. I do hope they do not do that again because I think that is a travesty of the truth, and they could be brought up under the Trade Descriptions Act in England, because you pay duty whether you go in, whether you stay or whether you go cut. On everything. Where is the duty free angle of the Government.

We have talked about motor cars. The Government seems to think it is a very good thing that anybody who wants to buy a car should pay through their noses for it, so if anybody rants to buy a big car let him be warned that there is a 45% import duty on it. And so, Mr Speaker, this is the picture that the Government unrolls in this Fouse. Last year it was that things

were bad, they brought a nice income tar package, you have got to pay for this, etc., but this year the tune changes. We are fine, we shall have fom at the end of next year but we are going to give you a very very little thing, £100 as a personal allowance, but you are going to pay the lot back in increased electricity charges, water charges, increased income tax and so forth.

The Government has to accept that our income tax rates in Gibralter are the highest in Europe and they should so something about it. That our import duty charges are now going way above VAT charges in most of the countries in Europe. We are becoming the most highly-taxed territory in the whole of Europe merely to give the Government the pleasure of having a larger surplus in 1981 than they had hoped for.

We are not prepared to be a party to giving the Government that pleasure, Mr Speaker, and we will oppose the Finance Bill.

HOW J B PEREZ

Mr Speaker, I am afraid I cannot agree with hardly anything the Honourable Leader of the Opposition has just said in this House. In fact I have been rather surprised at some of the comments which he has made in his contribution on the Finance Bill, in particular when the comments come from such an experienced member of this House of Assembly as the Honourable Peter Isola.

It is indeed very easy to come out at Finance Bill stage and say to Government "we propose an increase in income tax allowances", "we want more family allowances", "we want a decrease in import duties", "we think you should give this and that away." I think it is one of the easiest things to do for a member of the Opposition. It is indeed a very popular thing to say. I am sure Honourable Members on that side of the House tomorrow or next Monday will be going round the streets saying, "It is the Government's fault .." and I am sure they will be very popular. But the sad thing for this House of Assembly, Mr Speaker, and unfortunately the sad thing for Gibraltar, is that I am sure that deep down the Honourable and Learned the Leader of the Opposition knows full well that the Government has done the right thing this year.

He knows very well indeed that the measure that the Government is introducing will be beneficial to Gibraltar not only for the coming year but also for the years ahead. The Honourable Leader of the Opposition also said that he did not agree with the policies which had been laid down by the Covernment. Fair enough. That is his prerogative, Mr Speaker. But unfortunately we have not heard what the policies of the Opposition are at all during the whole debate, neither during the Appropriation Bill stage nor at this particular stage.

What are the policies that the Opposition are advocating for Gibraltar? We have not heard any policies at all, Mr Speake: I feel that the Finance Bill before this House should be considered against the background of the local funds which are required to complete those projects associated with the current Development Programme.

The Development Programme, as was outlined by the Honourable the Chief Minister in the House of Assembly in February of this year, and as has been stated by the Honourable Financial and Development Secretary, the total estimated expenditure from the Improvement and Development Fund for 1980/81 is £9.8m. £5.6m which is to be met from ODA grants and the balance which we shall have to meet. Also to complete the 1978/81 Development Programme a further £30m are required, out of which £9m have to be met by us. This

also includes the Government's already announced commitment to the expansion of the telephone service, power development, and the construction of new houses, which the Honourable the Leader of the Opposition has forgotten about completely.

Er Speaker, in the light of this I feel that the revenueraising measures which have been announced are no more
punitive than the circumstances demand. In fact, I think
the Opposition must admit that by and large these revenueraising measures are not punitive at all. It might be
argued, as I think it has been, that in the healthy
situation in which we find ourselves today the tax payer is
not getting a larger share of the cake. In fact, as I have
already pointed out the Opposition are in fact calling for
more generous income tax allowances, and I believe the
Honourable Leader of the Opposition said that he would be
proposing an amendment at the Committee Stage.

But the funny thing about this is that the Opposition have also brought the attention of the Government to the great impact which the opening of the frontier could have to Gibraltar's economy. I say, Mr Speaker, that if this is the case, if they are warning us of the impact the opening of the frontier could have then let us be prepared. Let our economy be prepared to meet any impact that may arise from the opening of the frontier. And if there are difficulties we shall be able to cope much better with a strong, buoyant and stable economy. If happily there is a boom arising from the opening of the frontier, then by all means let us all share the benefits of it.

The Opposition, Mr Speaker, have also highlighted the need to spend money on development. Yet throughout the years that I have been in this House, which is four, I recall on many occasions the Honoureble Leader of the Opposition criticising this Government of not spending enough. He has always criticised the Government of not spending money on development and in connection with the Development Programme. However, this year, when the Government says that it is intending to spend more on development, not only during this year, but it informs the House of its commitment in the Development Programme from 1978/81, the Opposition now is critical of the Government because we are saying we need more money, because we have more commitments on development. The Opposition nos is critical of the Government and they are saying we should not spend so much money on development. give more money back to the taxpayer. That is the impression that Honourable Members opposite have given throughout the last debate in this House of Assembly.

Well, I say to them clearly that we cannot have it both ways. You cannot give increased income tax allowances, increased

family allowances, decrease import duties and at the same time ask for more houses, for an expansion of the telephone services and spend money on power development. That is ludicrous.

The Government, Mr Speaker, in the Finance Bill before the House, is taking a very prudent course. It is taking a middle-of-the-road course. And that is, it is increasing family allowances; increasing personal income tax allowances with a view to helping those with lower incomes and also with larger families, but at the same time it is also maintaining a reasonable level of reserve in order, as I have already pointed out, to meet its forthcoming commitments in its development programme.

Mr Speaker, I think the position is indeed very clear to understand to anybody, even for myself, and I am not an economist by any means. We have commitments for the further and future prosperity of Gibralter. And apart from ODA funds we shall have to borrow money. This has been made clear by the contribution of the Honourable Financial and Development Secretary and also from the Chief Minister. We all know that the position in the open money market today is clearly one that lending rates are at the minimum of 17%, and all the indications for the future are that these very high lending rates will continue.

So, Mr Speaker, I feel that what we need to do this year is to ensure that our reserves remain at a reasonable level which will enable us to meet our servicing costs for the year and also demonstrate our credit-worthiness to potential lenders to the Government. Furthermore, in view of the high lending rate, it could be argued that it would be beneficial to transfer certain amounts of money from our reserves to our Improvement and Development Fund. But in order to do this our reserves must be maintained at a reasonable level to do this and save on borrowing large sums of money at very high rates of interest.

Mr Speaker, there is one thing that I agree with the Honourable and Learned Leader of the Opposition, and that is when he says, "We the Opposition are bitterly disappointed with the revenue-raising measures and with the Government". And I say I agree because I feel that the Opposition this year expected very tough revenue-raising measures. The Opposition this year expected a gloomy forecast for Gibraltar on the economic side, and a gloomy future completely. But, of course, they have been disappointed, Mr Speaker, because the situation has been entirely the opposite. We now have a sound economy, and with the sound policies that this Government is putting forward, I am absolutely convinced that we can look forward to a prosperous future.

Thank you, Mr Speaker.

HON A T LODDO

Mr Speaker, in rising to speak in this debate I do so with some trepidation for a number of reasons. I know that I am following my Honourable and Learned colleague, Mr Isola, and I know that I am to follow the Honourable and Learned the Chief Linister and several other speakers, and these are speakers of no mean ability and parliamentarians of long standing. I am also a newcomer to the House and this is my first budget debate.

Of course, I em at a disadvantage in that I have only had these papers for the last few hours. However, I feel that I would have been failing in my duty to this House and to the voters who voted for me if I did not stand up and make a contribution to this debate.

I am not an economist, so I do not propose to make a dissertation on economics, but rather I would approach this budget as a layman would. And as a layman I think that Government this year could have reserved for itself the distinction of being the first Government ever to actually produce a popular budget. This, they could have done by not introducing any further tax measures this year. Because it seems to me as a layman that they were not needed. Of course we now have a healthy economy, and it is good that we should have a healthy economy. As a businessman I believe that you should build up your reserves, but you should not build them up in one foul blow. And again as a layman to me it appears that we have done exactly that.

From a very small reserve last year we have jumped to a very big reserve, and in balancing the big reserve as my Honourable and Learned Friend Mr Haynes said, the embarrassment is that this kind of profit would make the Consumer Protection Officer blush. In the budget last year we were lumbered with a temporary measure. It is incredible to me how in every sphere temporary measures acquire permanence once they acquire acceptability by the people. I am referring, of course, to the surcharge. This measure, Mr Speaker, could have been done away with.

On to the question of the free port. This free port thing is now a misnomer; no longer is it a free port. We heard earlier on that the port of Gibraltar had been upgraded as a fuelling and bunkering port. Yet at the same time we hear that fuel costs are going up. And on this way-leave scheme which will raise the sum of £50,000 would not we be spoiling the ship for a penny worth of tar?

On personal allowences, I hope I do not get any raised cyebrows but I think that this allowance is pitifully small.

Earlier on my Honourable and Learned Friend Mr Isola spoke about the cars that might or might not be bought on account of the increase in taxation. It raised some laughs from the members of the Government and cries of "you wait and see", so obviously they do believe that the sale of cars is going to shoot up and that is, of course, due to the opening of the frontier. I think that the estimated £108,000 is again going to be a very, very conservative figure and we will find out next year.

Mr Speaker, as a layman, and that is all I can profess to be, it would appear that we have been taxed for taxation's sake.

The Honourable and Learned Mr Perez says that it was a sad thing for the Members of the Opposition because the Government had done so well. No, the sed thing for the Opposition in Gibraltar is that the people of Gibraltar do not reglise the true function of an Opposition. . The function of the Opposition is not to oppose, it is to make the Government see the error of their ways when they do have errors in their ways. Just as the function of the Government is to govern properly and not bulldoze their way The sad thing for the Opposition is, Mr Speaker, that the better they are at their jobs the better the Government will be at theirs, and at the end of their term of office the burden will be on the Opposition to say to the voters "Tadies and Gentlemen. we have done such a good job that the Government has governed better". And I would assure the Honourable and Learned Mr Perez that we on this side would be very happy to give him our policy in exchange for the Preece, Cardew and Rider Report!

As far as the Government is concerned there must be one good point in the budget, and that is that with the drop in the price of perfume they hope to come out smelling of roses.

Mr Speaker, having said all I have said, the House will understand why we in these circumstances have no option out to vote against the Bill.

Thank you, Mr Speaker.

HON M K FEATHERSTONE

Mr Speaker, last year the Oppositions theme was mismanagement and failure to spend money in the Improvement and Development Fund. This year, we have not heard anything

about our mismanagement. We have mismanaged so badly that we have managed to build up quite a good balance in the Consolidated Fund.

There was also, of course, the theme that we were going to prepare for the elections later in 1980 and give an easy budget this year. Well, I think we are going to give an easy budget this year, even if the Honourable Mr Isola is bitterly disappointed.

We also heard last year from the Honourable and Gallant Major Peliza "oad administration of every member of Government". We have heard nothing from the Honourable and Gallant Major Peliza yet but I am sure he will not be able to lay his claim of bad administration unless bad administrations produce these large surpluses. Reading Hansard of a year ago is really very illuminating and very ludicrous, and, of course, without balance in the Consolidated Fund the gentlemen who are on the other side, and were there last year, are absolutely biting their nails in frustration.

We have hada partial theme in this budget, as I have said before, to turn slowly, gradually from direct taxation systems to indirect taxation systems. This is the theme which is being done in the UK and I would think that the Opposition would support us with this. But as my friend Mr Perez has said we do not get a policy from the Opposition, unless that policy is purely to oppose, to destroy to be destructive at every opportunity.

The Honourable Mr Isola said, of course, that all the taxation was entirely unnecessary. We are giving very little, why not give more. Well, Sir, we are giving quite a substantial figure, £800,000 in the nine months of the year in the income tax, and that will be £lm. odd in a full year, which is quite a substantial amount. But you have to take the whole background to this before you can judge.

The Funded Services we have always understood should be self-sufficient. This was put forward to us very strongly by the then Chief Minister in the IWBP Government when he decried after the Teasdale Report the deficit that the City Council had brought up in the Funded Services. It was a terrible thing to have these deficits, the Funded Services should pay for themselves. Now, when we try and make the Funded Services pay for themselves we are told we should not do this, we should not increase electricity, or water, or telephones, we should let the deficit go on and get bigger and bigger every year.

What really does the increase in telephone and water and

electricity actually mean to the average consumer? Electricity is calculated to cost an extra 45p per week; water about 15p a week; and telephones another 15p per week; a total of 75p. Yet, Sir, we are budgetting for a wage increase this year which taken at a conservative estimate will put into the lowest paid workers pocket some £5 a week, and to the average worker some £9 a week.

Surely, it is not so crippling to the average man in the street if he receives a wage increase of £9 to be expected to meet his share of the cost of inflation in the Funded Services of some 75p. He is still £8.25 better off.

Of course, I will have it thrown at me that the other taxes are going to hit the man in the street's pocket. I agree, the, are going to hit his pocket to the extent of perhaps a 1% rise in the cost of living. So basically he is still going to te considerably better off. In fact, the relief of tax we are giving for the single man just about pays the increase in the cost of electricity, water and telephones, and if he is married he is £20 to £30 better off. So we are giving to the general public in spite of the increases in the Funded Services.

The Honourable Mr Isola is very worried that perhaps by the end of the 1980/81 year we are going to have a Consolidated Fund Balance of something like 28m or 29m. Well I hope we do. He is worried because then if we go to England and ask for Development Aid we are going to be told that we are rolling in money and we should have less sid. What does he want us to do, to go cap in hand like paupers always! Has he no dignity for Gibraltar? Must we always be subservient? Must we always be crawling on our knees saying, "please give us some money otherwise we cannot manage to live". Surely, we should hold our heads up and try and be as self-sufficient as we can on our own ability. How much better to go to England and tell them point blank that we need a Development Programme of so much. We are willing to put this much into it, you put your share as well.

We have been challenged in the past about why do we not put something towards our Development Programme. In fact in the last programme we were asked to contribute 10%, and although it was not easy we were willing to meet it, but we would be in a far stronger position if we can say, "You give us two to one", which was what was done before, and which is a situation I hope we will be able to return to.

Secondly, of course, the Honourable Mr Isola has said he has never heard that Gibraltar was not credit-worthy. Well the position really has not arisen very much in the past where there was any need to know whether Gibraltar was credit

worthy, but as has been explained by the Honourable Financial and Development Secretary we are moving into an era of development in which a fair amount of development will have to be paid for by ourselves, especially on the Funded Services, where it has always been the principle of the United Kingdom not to assist to any great extent. They have always said capital development in the Funded Services should be met from our own resources and our own services, and we will be needing to find over the next few years a considerable amount of money to pay for new electricity, power generation and water distillation.

It is obvious that if we have to go to borrow on the open market, especially that in London etc, the credit-worthiness of the territory is going to, if not be called into question, it is going to be asked about, and it is going to be considered before anybody is willing to lend us large sums of money. So it is essential that we should have a good balance. It is essential that when we go to borrow we can say we can meet our commitments, we can meet our interest payments, we can meet the amortisation without having to tax ourselves into the ground.

Are we taxed into the ground? The Honourable Mr Isola rather glibly says we are the most highly-taxed place in Europe. I do not know about all taxes, but I know about some. Let us take the tax on photographic goods. Photographic goods going into the United Kingdom pay an import duty of 23%, and then they pay VAT of 15%, on top of the imported plus duty price, and that puts an article which initially costs £100 up to £142.

ALOSI L' Y NCH

When I was talking about the most highly taxed country in Europe I was, of course, referring principally to direct taxation. I think the indirect taxation is approaching it. I think I made the distinction.

HON M K FEATHERSTONE

It is very easy to have second thoughts, is it not Sir. Especially when his argument has been destroyed. He rever said direct taxation. He said we were the most highly taxed place in Europe. Anyway, I will continue with the indirect taxation, the photographic goods from Japan: £142 in England, whereas in Gibraltar it is £115, 20% less than in England.

I would take the Honourable Mr Isola up on his statement that

in taking the surcharge and making it now into the all-in figure we have rounded up. He had better get his little calculator out and check carefully: there is no rounding up. The 10% figure has gone to 12% and that is exactly 20% above 10%. The 12% has gone to 15%, again exactly 20%; and the 17% has gone to 21%. So it is very easy to glibly say we have rounded up and made a little profit on it. I am afraid his calculator has let him down.

He said, "Aha! They have increased the tax on cars. But they had better be careful with all this increase people may not want to buy cars". Well, Sir, it is rather like a gramophone record, I would refer the Honourable Mr Isola to his speech, page 708 last year. "I think the Government is going to get a few surprises in this respect. I think that if you go and put luxuries up you may get the position that people do not want to buy them. On cars, of course, as always happens, the Government has really closed the stable door after the horse has bolted". We sold 1,000 cars last year! I must say that the horse has bolted but other horses seem to have come along very quickly. Perhaps there are more in the stable than the Honourable Mr Isola gives credence for.

The Honourable Mr Loddo, who made a very interesting and a very good contribution, and I congratulate him, said we could have produced a popular budget. Who says that this budget is going to be unpopular. Everybody had been expecting a really terrible budget. The Opposition had prepared them for it. Time will show whether people consider this is an unpopular budget or whether people are going to be, if not satisfied, because nobody is satisfied when you have some measure of taxation, if people are going to say this is a far lot less than we had expected, and overall we are quite happy with it. I have already had this expressed to me from the little time that we had between 1.30 pm and 5 o'clock.

Of course, we have done some terrible things. Wayleave. Now that is absolutely terrible. Somebody who comes to get his bottle of whisky here at very, very competitive prices is going to pay a few pence more. In fact, all these yachts and motor boats that come over from Spain to buy their whisky here are not going to buy it from us anymore at about £2.20 a bottle, they are going to buy it in Spain at £4.50 a bottle! Why should they pay a few pennies wayleave to the Gibraltar Government? This is not a new thing, there is wayleave in Englant. Much as we would like to be innovators and originators of certain things, in most instances we do look to the United Kingdom and see certain things that have been in effect there for many years, and where we think they can be put into effect we copy them here.

As I said last year, Sir, about last year's budget, it was a

moderate budget and that the people could stand it was shown only too well by the high and improved Consolidated Fund Balance. This year it is, if anything, a bland budget. I am sure people are going to be able to take it quite easily. Mext year, if we have our very high Consolidated Fund figure of £8m, we shall be very happy indeed. We shall then perhaps be able to give a little more away, but what we are giving this year is consonant with our feelings that we need a substantial consolidated reserve for our credit—worthiness and to show that this improvement in our finances is not merely a flash in the pan.

All in all, Sir, I think that the Government should pat itself on the back for having produced a Finance Bill which is quite within the means of anybody in Gibraltar to face.

HON W T SCOTT

Mr Speaker, Sir, in rising again I have no intention at all of making my speech to any great length, but as a family man I will make my contribution in that respect. The Honourable Minister for Medical Services said, and I associated mysel with that, that he was not an economist. Weither am I. But he also said another thing, that Government has responsibility so that the measures must benefit Gibraltar and, I am sure he et out unwittingly, that they must also benefit Gibraltarians, because after all it is the Gibraltarians that put all of us here, and that is the responsibility that we have to them. And in making their lot somewhat easier than would appear to be the case with this budget.

The Chief Minister in his statement this morning said that an improvement of about 1% in disposable income is expected. Yes, right at the beginning of the speech he said, and I quote, "It would nevertheless have been less than fair not to afford some relief in respect of income tax for those with family commitments." Mr Speaker, I put to you, 1%, is this the sum total of some relief, particularly to the family man that on top of that, a man with a larger family has to pay more for water, because the secondary rate for water has been increased far more than the primary rate; more for electricity for the same reason; his car, should he want to buy one, would become even more expensive because he has to pay more duty on it than a single man or a married man with one or two children. Is this the sum relief, Mr Speaker?

There was another thing in the Chief Minister's statement which we welcomed but I do not think it should have appeared in isolation. We do not really see why the perfumes should

have been left out on their own subject to a lower rate of duty. And of course, as to the comment on last year's rather more severe measures that had no demonstrably adverse effect on trade which grew both in volume and value in 1979, surely this is entirely due to the adaptability and versatility of local traders and surely not to the Government.

If I may ask the Honourable Financial and Development Secretary. We were promised at the end of his speech some tax tables. Somehow unfortunately they did not materialise, probably due to an oversight.

As a final thought, Mr Speaker, although £1.8m has been included in the Estimates for this coming year, I wonder to what extent Government has made provision in its revenue on the effects not only of the £1.8m that it itself will have to pay, but also the other revenue which it will accrue from the Official Employers and the private sector, because last year on admission a few days ago members on that side of the House admitted that they totally under-estimated the effect that the wage increases in the private sector had on the revenue from income tax.

In conclusion, Mr Speaker, perhaps Government might have some positive results and that is that the increase on lipe a pint on beer might well make a considerable number of bar owners stop stocking the beer thereby saving the problem of having them franked.

Thank you, Mr Speaker.

HON A J CANEPA

Just a very quick comment on the last remark of the Honourable Mr Scott. Just before last year's budget the Licensed Victuallers' Association made representations to the Government to the effect that there should not be an increase in the duty on draught beer because less draught beer was being sold. The Government went along with that and did not increase the duty on draught beer last year, we only increased it on bottled beer. No sooner had we done that, than they made representations to the Government and obtained from the Government, an increase of 3p per pint after, just prior to the budget in February, having passed on to the consumer an increase of 2p due to increases at source. So that through increases both before and after the budget the price of a pint of bear went up by 50, and the Honourable ir Scott may remember that there was some criticism in the Gibralter Chronicle about this. It meent. particularly the latter increase of 3p, that they enhanced

their profits considerably. So here they were making representations to the Government that we should not increase the cuty because it night be counter-productive, there might be lower sales, and the consumer had to put up with an increase of 5p, it did not seem to do any harm to the sales because they continued to pick up over the years. So I doubt if another 12p which might be rounded up to 2p in the event, I doubt whether that is going to make a great deal of difference.

This is the way that it always is with budgetary measures. Representations are made that the Government should not do this or that because it can be counter-productive. Sometimes I think there is a case for it, and as the Honourable Chief Minister said there seem to have been very good grounds for perfumery where the sales over the years have dropped. In other areas the Government has to be careful to keep an eye and ensure that what we sell is competitive. for instance cigarettes. If we had put up the duty on ... cigarettes this year with an open frontier situation there would kardly be any difference in the price of cigarettes: between Gibralter and Spain, and the last thing that you would want would be Gibraltarians going over to Spain and brainging a carton of cigarettes in. They would have to pay duty on that but that they should buy in they need a packet or two of cigarettes whilst they are in Spain.

So the Government does have regard to that, and that is a factor which has conditioned our approach to the revenue-raising measures. The need not to put up the duty on cigarettes any further. The Chamber of Commerce made representations to me during the Chief Minister's absence, the Government looked into the matter and we thought that a good case had been made. But it does not always apply and with draught beer experience has shown that the arguments have not been well founded.

I can really understand that the Honourable Mr Isola should be bitterly disappointed and that he should consider that the measures which the Government have introduced are entirely necessary. Mr Isola is nothing but a very good politician, a very shrewd politician, who sometimes is wrong and he was completely and utterly wrong during the election campaign. The Government had gone to the polls because we were going to have a tough budget and he has done a great deal of good for us because we have not got a tough budget, we have a moderate budget which the people are apparently reasonably pleased with.

He is naturally disappointed because it means that the Government's position is healthier and it gives the Government's great deal more elbow room to menousere over the next four years. Being the very good politician that

he is I am sure that he would much rather that the Government should have its back to the wall, like we had lest year, and have one marsh budget after another which might probably be the only way of ensuring a successful General Election for the Honourable Heaber opposite in 1984. But as things are the scenario looks somewhat different and perhaps we might be able to develop over the next four years a strategy which might return us to office once again in 1984. And naturally he is bitterly disappointed at the prospect of that. That, for a good politician, is the real truth of this budget.

We have endeavoured Mr Speaker, to shift slightly from direct to indirect taxation in this budget, as my Honourable Friend Mr Featherstone mentioned, and by indirect taxation on luxury items. We have also brought about a reduction in the subsidies to the Funded Services and the manner in which they are going to affect the average consumer has been explained.

What has not been said is that on water we hope to reduce the subsidy by nearly £.25 which we are going to get, from some Government Departments who are going to pay more. like the schools, hostels etc., and from the Ministry of Defence who are going to pay more, and from hotels who are going to pay more, and that will mean the tourists coming to Sibraltar. But if the tourist is prepared to pay for a package tour to Gibraltar, say, £150/£160 a week, and if a tourist spending some time in our notels consumes 5/7 times per head the amount of water consumed in a household in Gibraltar, six or seven times the amount of water, I think that that tourist should be prepared to pay another £1 on top of his package all inclusive tour of £160/£170. And I do not think that that extra £1 is going to deter him from coming to Gibraltar. Then, let him continue to have as many showers as he wishes and as many baths as he wishes. but let him be the one that pays for the economic orice that should be charged for that water and that the general consumer of water, or the taxpayer, if we continue to subsidise water, to the extent we have been doing, the taxpayer who is very careful about the water that he consumes, smould not be the one to have to pay for that tourist wishing to use up so much water because he is used to doing so in the UK, that very large quantity of water which we can illafford.

The level of reserves has been cited as something that might not make the United Kingdom so responsive with regard to Development Aid. Perhaps I should remind Monourable Members opposite that last year when our reserves were advantly low we requested a grant of \$25m from the British Government which they refused in spite of the fact that the balance at the end of the financial year was estimated to be

inder Elm. the British Government and, in spite of the very harsh measures that we were taking in taxation and in charges on the Funded Services last year so that we could prove to the British Government that we were doing our share, refused the modicum of assistance that was asked for in respect of technical assistance on television, which we require, and which particularly in a closed frontier situation was an absolute must, and the British Government refused that £Dm. of sid. So the level of the reserves is not necessarily going to be a factor in the amount of aid that we get. What it will be a factor in will be in our ability, as the Honourable Mr Bossano put it so well - this is the political aspect of a bealthy level of reserves - in our ability to have a greater degree of independence so that we will then be less subject to external pressures.

The Honourable Financial and Development Secretary spelt out clearly this morning the reason why re required a reasonable level of reserves and I think that those reasons bear repetition in purely financial terms, let alone the underlying far more important political considerations that I have mentioned.

The Honourable the Financial and Development Secretary said that the Government is going to have very heavy borrowing commitments in future years to meet our share of the post of the Development Programme and also to place Gibraltar in a strong financial situation in order to meet any unexpected eventuality. Indeed, he went on to highlight the Government's commitments on power development, the expansion of the telephone service and the construction of new housing. All of them together running to very many millions of pounds so that the total public debt is going to increase by an estimated further £13m. over the next few years. It now stands at £6.6m. so we can anticipate over the next two years a 200% increase in the public debt. And that is why we need to be in a strong financial position and why we need a healthy revenue balance.

It has been said by the Opposition that not enough relief has been given in respect of income tax. The relief has not been on income tax alone. Since last year income tax and family allowances has been presented as a fiscal package and that has been continued once again this year. Therefore, in assessing the effect on this package you have to take into account the increase of £1 in family allowances. And if you do so then the relief which is afforded for a family with two children is around £2.40p a week. Again, that average family, having regard to the water that they consume, to the electricity that they consume, and also the effect of about 1% which increased import duties will have, is expected to have to spend about £1.70p or so more per week. So the net effect will be that they ought to be

about 70g better off a week, which is the 1/ of improvement in disposable incomes that we have anticipated. So not only have we been able to shift from direct texation to indirect texation, not only have we been able to reduce progressively the deficit on the Funded Services, but the overall position remains better even if you do not take into account very attractive wage increases which are anticipated later on this year.

The Honourable Mr Isola made reference to the Elderly Persons' Pensions. I know that what the Honourable the Chief Minister said on television was that the Government would look into this. But the crux of the metter is that there are very serious principles at stake in this matter and these principles have to be weighed up. I do not think that the cost in respect of the loss of revenue from income tax is by any means going to be the deciding factor here. it is the principles which are involved. The Honourable Mr Isola gives the impression that old age is in itself synonimous with hardship. Not any longer, Mr Speaker, and not any longer thanks to successive AACR Governments. Old age pensioners are in very many cases, if not in the majority of cases, far better off than many working people. They are far better off then people that have to bring up. families end this is why for the life of me I could not understand the policy of the Opposition during their Election campaign with regard to old age pensioners. The policy shat has not been spelt out because they have very cleverly, or so they think, skirted around the issue because they have not defined what or who is an old age pensioner, and, therefore, the impression has been given that all old age pensioners would be gathered under their umbrella of proposals for relief in electricity charges. water charges, television licences, tickets to the cinema

That is less than politically honest, and I think that it was a cheep election-winning gembit which did not quite come off. I say it did not quite come off because I am aware that there was a great deal of support for those proposals which are very attractive to elderly people.

MR SPEAKER

Yes, but he must not take advantage of the Finance Bill as an excuse to reply to electioneering.

HON A J CANEPA-

He mentioned the point, Mr Speaker. The Honourable Member made reference precisely to this, to the fact that we were

not giving any relief to old age pensioners on electricity, water charges, and so on.

MR SPEAKER

To that extent you are entitled to reply, but you are referring to the political campaign that they carried out.

HON A J CANEPA

And I do not know Mr Speaker whether . .

were an arm of the first the same of the s

HON P J ISOLA

Mr Speaker, I would like to remind the Honourable Member that that was not the only plank on which we fought our campaign there were a great number of them. The Government had given us an opportunity to fight on a lot of other planks as well.

HON A J CAMEPA

The pensioner today, Mr Speaker, an old age pensioner does, and very often does, include a person with a very considerable occupational pension received either from the Government or from the Ministry of Defence. An occupational pension which is index related and which is, therefore, inflation proof. And in addition to that very many of them have tax free Old Age Pension. And if they do not at least they have an Elderly Person Pension to which they have not contributed and which looked at dispassionately perhaps they are not strictly entitled to but which the Government considers that they should get because of historical reasons.

And so many of those people are far better off than working class people are, and I do not know really whether they are proposing that we should burden the working man with further taxes so that there could be relief given in the Funded Services to these people. I do not know whether I should have to pay more for the cinema tickets for my children so that someons, just because he happens to be exed over 55, should be able to go to the cinema and pay less for his ticket. I hardly think that that is social justice. In any case already they were getting additional tax relief of £320 over and above the normal allowances, and that is being increased for a couple, where at least one of them is overpensionable age, to £450 in tax relief, which means very

likely en additional £150 less in taxation, or £3 a week more than the ordinary working man with the same income, with the same assessable income, because that pensioner may well have £1,800 of Old Age Pension which is not taxable, which is not assessable.

Mr Loddo spoke during that campaign about a contract. The voter was supposed to fulfil his part of the contract, they for their part would fulfil their part of the contract. I think part of that contract entails, Mr Speaker, as I pointed out to Honourable Members in the earlier part of this meeting, that they should spell out who is going to be the Old Age Pensioner who is going to be entitled to this wonderful Utopia.

Mr Featherstone dealt very ably with the cuestion of import duties on taxes. Mr Isola said that people pay through their nose. They do: That is a fact. They pay through their nose in any case. The price of motor cars has increased by leaps and bounds inexorably over the years. And people take out very hefty hire purchase agreements and they do not mind, particularly young people, very flashy motor cars driving around our streets sometimes to the peril of many. . I do not think you would see in any city the size of Gibraltar so many cars bashed about the way that they are here so we all have to pay higher insurance premiums. They do pay through their nose and they buy all sorts of extras. It is not just the case of having a be war basic motor car but putting in as many extras as you can get. Not as you can afford, but as you can get. So: really that this is a winner for the Government. . It was a winner I think in a closed frontier situation let alone in an open frontier situation. And there is another espect to this, and that is that we are taxing rather more heavily the larger vehicles, but the import duty on a car up to 1,299 cc, 1.3 litres, hes only gone up by 1, that still stands at 25cc and you can get pretty sizeable family saloons which go up, to 1.3 litres engine capacity. They will be cheaper and they use less petrol which will also be cheaper. So I think we are giving people an option there. All the second

Mr Isola said our income tax rates are the highest in Europe. I do not think the rates are the highest in Europe because the maximum is 50%, but I know what he means, because of the rather narrow tax bands that we have here. And that the Government has to do something about it. What? Bring them in line with the United Kingdom? Give away £3m? And cut £3m from expenditure if you can? Or increase indirect taxation even further with an effect of 25% in the cost of living.

The way-leave proposals. What do they mean in real terms? They will mean, Mr Speaker, that, for instance, cigarettes

sold on the Mons Calpe at £3 per carton, the profit on which at the moment, before the budget messures, was 54%, that profit will now be reduced to 43% because of an increase in duty in the field of 15p in this budget. The price of £3 is still very attractive, and even if it is increased to pass on that duty to the customer is still very attractive and it still leaves a very handsome profit rargin for the people concerned.

With whisky the position is that the 20p wayleave, which is 12%, will eat into a profit margin of over 33%. So again I do not think by any stretch of the imagination that that can be considered to be crippling. I should just inform Mr Ioddo that in fact there was a very popular budget in 1976 when because the reserve stood at £3½m, because the Scamp Report had not been settled and there were arrears of wages and salaries going back for nearly two years, the reserves stood at £3½m and it was envidious with such high reserves to introduce an element of taxation, and on that cocasion it was there was no tax measures at all and naturally it was very popular.

HON P J ISOLA

There was an election last year as well.

HON A J. CAMERA

So was there an election this year and here we are for another four years. Er Speaker.

To conclude then Mr Speaker, I think that the strategy in a budget that was framed before any knowledge, or any inkling that the frontier was going to open, the strategy of the budget is really one that also fits in very well with an open frontier situation. Visitors who I am sure will come to Gibralter over the next twelve months in considerable numbers will contribute more to indirect taxes and that I think will enable us to lighten the burden of taxation on our own people in future years.

We also have the strategy developed in this budget, an I have said before, that the Funded Services should pay for themselves as far as is possible other than in the case of water, where we feel that the taxpayer should continue to subsidise at least the domestic consumer. So I see this, Mr Speaker, as a very clever ingenious budget and I can understand why Mr Isola is bitterly disappointed.

HON A J HAYNES

Mr Speaker, at the risk of being interrupted and then misinterpreted and subjected to ridicule by the Chief Mirister, and in the certainty that I shall be subjected to all that by the Deputy Leeder, I shall make my contribution.

I am not complaining, Mr Speaker. I think that to have been subjected to the combined attack of the Chief Linister and his Deputy means that I must certainly know what I am talking about. Only too well for the Government's liking.

Mr Speaker, the Chief Minister and the Linister for Labour and Social Security say they are disappointed with my contribution so far. As I said earlier the feeling is mutual. I am not impressed by their efforts nor by their bully-boy tactics, and I was most hurt at the reference to my grandfather and I hope that it is not repeated.

HON A J CANEPA.

Mr Speaker, if the Honourable Member will give way, I was even more hurt by the rude noise that he made, which escaped the attention of some members of the House but did not escape the attention of others, notably myself, and it was a perfectly human reaction to the way that he had behaved that I threw that back at him.

HON A J HAYNES

You should withdraw that.

HON A J CANEPA

I will withdraw that if he apologises for the rude noise that he made.

MR SPEAKER

You will not do anything other than to continue your speech.

HON A J HAYNES

On a point of clarification, Mr Speaker, there was a time lag which the

MR SPEAKER

Well we are not going to argue on that one. Will you please continue your speech.

HON A J HAYNES

The point is. Mr Speaker, that I have not been dissuaded by the Government in following the dictates of my conscience and in what I consider to be my duty to the electorate. This duty compels me to be critical of the Government which is not always efficient and which will not shoulder the blame for their mistakes. And the incidence of their mistakes seem to be endless. I have often mentioned the more obvious ones such as in housing, the paucity of housing; the mismanagement of the Varyl Begg problem: the lack of their spending of the ODA funds, all the money given to them by England; the lack of facilities and in the lack of service provided for tourists in Gibraltar: the heavy taxation in Gibraltar; and now their lack of concern, or their seeming lack of concern, with alternative sources or energy. I think all these things are of primary concern of budgetary

MR SPEAKER

I must perhaps bring you down to earth. We are speaking about the Finance Bill and the revenue raising measures.

HON A J HAYNES

Mr Speaker, I think we should try and make an effort to find cheaper sources of energy. Government expressed dismay at the high price of oil which we share.

MR SPEAKER

No, no, I have drawn your attention to it and you must accept my ruling. I am asking you to speak on the proper subject and that is on the Finance Bill.

HON A J HAYNES

Mr Speaker, the Chief Minister persists in his claim that the budget is not a source of embarrassment to his Government and he clouds the issue by saying that a surplus of money is not embarrassing. Of course the money is not embarrassing. It is the miscalculation that ended up with so much money that is embarrassing. A miscalculation of 143%. And if getting that sum so hopelessly wrong is not a source of embarrassment to the Government it is only because in the past they went even more hopelessly wrong.

Mey I remind the Chief Minister once again that the budget surplus is not his personal contribution to Gibraltar. At page 7 of the ceremonial opening speech he said: "I have thoughts of public money rather than of Government funds because it is not always sufficiently appreciated that the Government is only the authority or agency entrusted by the electorate with the wisest and fairest administration of the money which the public itself makes available through taxes." It is not the Chief Minister's money. I say, let the people of Gibraltar decide whether they are happy with the level of taxation, and let the people say what they think of the Chief Minister's calculations.

And I think he has got this Finance Bill wrong as well! I think that the increases in the tax on liquors and spirits are a miscalculation and unnecessary. I think we all know that we can expect a larger increase in tourism this year, and if we keep our prices as low as possible we will obtain a greater turnover, and that means that Government will get the revenue that they want without prejudicing the local purchaser. But of course Government ignores it.

I deplore the low level of relief for families. We know the Government will not admit that they took too much money away from the people last year, and that is why they will not give anything back this year. Government tells us, Mr Speaker, to be less critical, and in my case to be less aggressive. Well, I cannot help becoming aggressive and angry when I see a Government that cannot run this city properly and will not accept responsibility for their mistakes.

HON DR R G VALARINO

Mr Speaker, after that enlightened speech there is not much we can say, but I shall mention a few points which I think, though enough has been said on the general principles of the Finance Bill, it would be worthwhile for the Opposition to hear:

First of all increases in telephone and electricity charges. In fact all we are doing by increasing these charges, by the came rate of inflation, is that we are maintaining the same rates, in real terms, as last year. This is something that the Opposition should well take into consideration. The

other fact is that though charges throughout the electricity are roughly up by 15% on published rates, the Opposition should note that to the average consumer, to the average domestic consumer, consuming 300 units monthly, this means an increase of 21.20 on existing rates, roughly 10.28% on existing bills. So the 15% of which the Honourable and Learned the Leader of the Opposition mentioned is slightly excessive to say the least.

Now the increases in family allowances and personal allowances will obviously be an advantage to the average worker. What did the Opposition expect us to do? To remove the 15% duty on income tax? As the Honourable Leader of the Opposition mentioned in last year's budget, page 698. in which he referred to the 15% income tax and tries hard to explain a reduction in the 15% income tax? It seems to me that at the time this was more of a personal thing than anything to do with the advantage of the people of Gibraltar. On the other hand we have on page 645 a view expressed by the monourable Mr Bossano mentioning that the measures of economy should be for the majority of the people of Gibralter. This is what I believe. I believe that this budget is a fair budget; it is for the benefit of most of the people of Gibraltar, and I am sorry to say that though the Finance Bill may be unpopular to the Opposition, the budget is designed to the whole of Giarultar and not to the six members of the DPBG present here today.

HR SPEAKER

No, no, hold it. I will not have any improper suggestions as to motives, and I am sure that you will have no hesitation in withdrawing such an imputation. I am saying that I am sure you have no difficulty in withdrawing what you have just said.

HON DR R G VALARINO

Certainly, Mr Speaker, I will change the word "personal" to "political". I think that is sufficient.

MR SPEAKER

Political what?

514.

HON DR R G VALARINO

We are talking about two things here, I believe, I do not know which one you are talking about, but certainly as far as six members of the Opposition are concerned

MR SPLAKER

What you are saying is that it is the political motivation of the six members opposite that is completely and utterly.

HON DR R G VALARINO

That is right, that is what I am trying to say, that it is the political motivation of the six members opposite.

HON P J ISOLA

He should make it clear, because we heard from it, from this side what he said

MR SPEAKER

No, order, order. Will you please sit down. Order. No, no, I have asked the Minister to withdraw, and he has withdrawn what he has said. He has explained what he meant to say by saying that it was the political motivations of the six people.

HON P J ISOIA

We are glad that he has mastered the English language at last.

HON DR R G VALARINO

Mr Speaker, I am glad that I have mastered the English language and I wonder whether the Honourable Member opposite has done likewise.

HON G T RESTANO

Mr Speaker, one or two points that I would like to reply to

which has been stated by some of the former speakers. The recurrent theme in both Mr Perez' and Mr Peatherstone's speeches was that whilst in the past we have criticised the Government for not spendin; sufficient money out of the Improvement and Development Fund, they had heard little of .. this this year. Well. I do not know whether the Government is complaisant or whether those two Ministers are complaisant with the amount of money that was scent by the Government last year, but certainly if they are they are very much mistaken because there are vast sums which were available to the Government, funds which were provided by the United Kingdom. And if those funds had been spent, not only this year, but last year, in the previous years, if all those monies had been spent perhaps the Government would have had the reserve that they seem to want for next year this year without having to put in any extra taxation.

Now, ir Featherstone in reply to something that the Honourable the Leader of the Opposition said about future development aid from the United Kingdom, got up and said that we could not go cap in hand to the United Kingdom Government for money, that we must preserve Gibraltarian dignity. Well, I wonder where that Gibraltarian dignity was when the Chief Minister last year went for Lim and afterwards was shown to be completely incorrect in having gone for Lim when we see the general reserve and the profit made this year. It makes the Government look very stupid in retrospect.

Er Canepa made reference to the shift of the Government's tactics from direct texation to indirect texation and he was using the same words used by the Chief Linister in his statement this morning. They have both seid the same thing. They have both said and to quote the Chief Minister. "that these increases are related exclusively to luxuries". How on earth they have the nerve to come to this House and say that draught beer is a luxury, when that has always been considered to be the working man's drink; how on earth can they come to this House and say that petrol is a luxury. are they saying that it is a luxury today to have a car? Is that what Government is saying? That it is not a necessity really for people to have a car? It was as much a necessity with the border closed because it offered recole a certain amount of recreation. But of course with the border open it will be even more of a necessity. So how, both the Chief Minister and the Minister for Labour and Trade and Economic Development could say that they are only texing luxury goods is beyond my comprehension. I think it is cuite inaccurate to boot.

how we must not forget that element of taxation that has been put on beer is an increase of 25%, and on petrol it is an increase of 18%, which to my way of thinking is far, far too high.

What would the position have been if the Government had neither increased indirect texation by £390.000, and increased the charges for electricity, telephone, and water. At the moment they have, or they intend to end this year, with a balance in the Consolidated Fund of £5%. That is £5im in a kitty which the Government will have at the end without taking into account these increases. I suppose really it is a matter of political decision how much there should or there should not be in the Consolidated Fund. I realise that, but personally I think £5am in one go is far too much. And in fact if the Government had not put up the charges and had not increased the duties I suppose the net position would be that the Government had about £41m in the kitty, and that I would have thought would have been quite sufficient, especially since I personally consider that they have underestimated quite considerably on what they will get from indirect taxation measures. I am sure that they will obtain much more than £158,000 as has been stated on the increases on beer, whisky and so on, and I am sure that they will get more than what has been estimated on both petrol and on motor vehicles and spares. And spares in fact is another one that I suppose the Honourable Chief Minister and the Honourable Minister for Labour consider to be luxuries. Spares to motor vehicles, spares for the ordinary man who has a car and for some unknown reason, or he may have had an accident or something, and he has to replace a certain part of his car. That I suppose is a luxury too. I think I said this last year but I think I have to say it again this year because the same words were used by the Chief Minister: that his measures were realistic and fair. Well, I certainly do not think they are either realistic or fair in the circumstances.

Now, in the statement of the Financial and Development Secretary, he reminds us that when debating this Bill we should keep in rind the financial consequences of the Government's commitments on power development, the expansion of the telephone services and the construction of new housing. Quite true, Mr Speaker. £3m on the power development; £1m on the telephone service; plus the new housing, but of course it is the Government's fault, for its inefficient history that it is today that we are having to pay for these services and not perhaps 3, 4 or 5 years ago. It is clear that the report which is kept so secret on the power development must certainly have said at the time that they should buy a new generator, but he did not do so. Certainly,

ever since 1975 in this House, from this side of the House, we have been pressing the Government to purchase ISD equipment. They have taken neither advice, or they took neither advice, and of course what is estimated as costing fam now, had it been done 3 or 4 years ago, might have cost half or even less than half. So I would remind the Honourable Financial Secretary that whilst I take his point that we must mind these commitments, I would ask him to mind the position that it would cost Gibraltar a lot less had these developments been carried out years ago as advised by different people.

On the question of the duty free goods at the Air Terminal, I think one has to be very very careful not to price onsall out of the market. It is highly important that Gitraltar remains, as it always has been before, competitive in these things. We want to attract people, not reject them.

Lastly, Mr Speaker, on the actual increases on electricity charges, we were told this morning that across the board they were in the region of about 15%, but of course this is not really quite accurate. It is 15% plus the fuel cost adjustment surcharge which will no doubt continue throughout the years. So it will be 15% plus any extra costs that have to be passed on to the consumer as a result of fuel increases. So I am sure that by the time we get the budget time next year we will find that it has not been 15% but a lot more than 15%.

There is just one point on the increased telephone tariffs that I would like clarification on because it seems to be rather peculiar. I see that charges for the first 3 minutes to Tangier are about 48p, Morocco 69p, Spain between 33p and 48p but a massive £1,44 per 3 minutes to Portugal and I would like clarification on that, what seems to me to be quite a nuge variation for telephones communication to a country that is quite nearby.

Lastly Mr Speaker, on the question of water increases, it seems to me that the increases to both shipping, swimming pools, hotels, hospitals, schools and Government departments and the Ministry of Defence, at 33.75p and 37.5p per 100 litres, are considerably higher than the operating costs as quoted at the earlier session of this House by the Minister for Public Works, These figures are considerably higher than the highest rates and I also would like clarification on that point, Mr Speaker.

Finally to wind up, Mr Speaker, I think the measures that the Government is implementing are quite unnecessary, quite unnecessary, and it is really a shame that the Government is unnecessarily trying to over-tax an already overtaxed population of Gibraltar.

I take it Mr Speaker that that long silence means that there is nobody else willing to speak at this stage, so I shall make my contribution which will be shorter than the one I made last year on the revenue raising measures because in fact last year I think I made my main speech at that stage.

I will deal briefly with the Honourable and Learned the Leader of the Opposition first - before I go on to make my analysis of the revenue raising measures and the budget as a whole, because of course he made some reference to me and to the stand that I was taking, and nowadays I find that the Honourable and Learned Member obviously has so much energy that not content on attacking the eight members of the Government insists on attacking me as well, which is one of the reasons, Mr Speaker, being so lonely on this left wing corner of the Opposition benches, one of the ressons why I have to try and stay last because unfortunately 2 cannot have a second go, and obviously the Honouralle Member can always use one of his members to try and change round whatever it is that I have said, So clearly I feel that the safest position for me to be in is to allow everybody to attack me first and then try and speak

The Honourable Member must be puzzled by the stand that I am taking in the House. He should not be in fact because the standard I am taking is the stand I promised the people ... I would take in the election campaign, and I am working on the assumption that that is what they went me to do and that is why they put me here. And although traditional political analysis might require that if one sits on the Opposition benches one should de facto state that anything that any Government does is wrong, and that that is the way that we should handle the situation, I do not think that that is the way I am prepared to act, and if it means that people will consider me, as the Honourable Hember seems to think, too weak an opposition, then no doubt they will not put me here again. And since I do not particularly need, as far as my ego is concerned, to be a member of the House because I do not attach great significance to the position, Mr Speaker, well, then people always get as their representatives what they deserve and what they want and they will only be able to have me as long as they are satisfied that I can only act in conscience in the way I think to be correct. And, therefore, last year I felt so strongly on the say the situation was being explained and hendled that I even voted against the Long Title if members will recall it. Net by virtue of the fact that I was sitting on this side.

Last year, Mr Speaker, the only person that was not completely overcast that this aloud of gloom that the House was presented in the definition of the economic situation was myself. And therefore I think that if the

Honoureble Mr Heynes telks about emberrassment as to the results compared to the attitude adopted in the House twelve months ago then the only person who can really claim the right not to be embarrassed is me, because last year I made a point of stating quite clearly that it was ... absolute nonsense to telk about bankruptcy, that Gibraltar was not in fact on the verge of bankruptcy, and that . . Gibrelter's economy contains strengths that few other economies in the lestern world contained. That was my analysis of the situation. I remember the Honourable Mr Isola disagreeing with me, in fact. He said, following my contribution on page 701 of Hansard last year; referring to me he said "I slways listen to him with great interest because there is elarys one thing about the men, he is logical and he is consistent and he states the position as he has seen it. He has been consistent for many years and it is interesting to listen to his economic appreciael of the situation". Well I am sorry if I disappoint the Konourable Er Isola this year with my economic appraisal, but I can assure you, Mr Speaker, and I can assure him and the House and the people of Gibralter who care to listen to me sometimes, that I continue to try and be as logical and as consistent in setting out the position as I see it, whether what I say happens to be diemetrically opposite to what the Government is saying, or absolutely consistent with it. That is irrelevent as far as I am concerned. I do not say things because the Chief Minister may be saying it, nor do I say the opposite of what he is saying because he is saying that. I say what I believe to be the truth, as I see it, and if it happens to coincide with the Chief Minister or it happens to coincide with Mr Isola's views, well, that just happens to be an accident as far as I am concerned.

He then went on to refer to my stend in saying that the Government was not on the verge of bankruptcy. He referred to the statement that I had made that the "Jibraltar Government is far from being in a dangerous situation", and he was critical of the stand that I was taking then - it is on page 701, Mr Speaker.

Today he has said that my reaction to the budget may be simply the reaction of an economist but should not be the reaction of a man who is supposedly the defender of the working class in Gibraltar. Well, I still consider myself to be

HON P J ISOLA

Mr Speaker. If the Honourable Member would care to quote me correctly, I said that he was "known" to be the defender of the working class in Gibralter.

Well the impression that I got - I may have got the exact quotation wrong, Mr Speaker, but the impression that I got was that it was not intended as a statement of fact.

HON P & ISOLA

Yes. it was.

HON J BOSSANO

I am glad to hear it, I am glad the Honourable Member accepts what I am then. Because certainly the impression that I got from what he was saying that I might want to give the impression that I was but that my stand was not consistent with that. That was the impression that I got by the way and the context in which it was said. Now, either the Honourable Member says that I am or he is doubting it. If he is doubting it then I would like to dispel the doubts that he may have.

HON P J ISOLA

No, if the Honourable Member will give way. I did say that voting for this Bill and not supporting the increased personal allowances would be inconsistent with that stand. I think I said that.

HON J BOSSANO

Well, since in fact, Mr Speaker, the Honourable and Learned Member was so clearly convinced of my consistency twelve months ago I do not want to lose his faith in me and I will try to persuade him that I am still being consistent.

He went on in fact in his speech last year to criticise the Minister for Public Works and the Minister for Economic Development - page 104 - for doing everything I taught them. He said they had to ask 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 leasthe has now agreed that it should go to tender. Well I think if the Honourable member expects me to be consistent then at least he must expect me to agree with the things that the people do because I tell them to do it. That at least would be consistent, I would have it.

But of course the reason why the Government I think has not gone ahead with term contracts is not because I personally objected to term contracts but because there was a very

strong feeling amongst its employees, and I tried to explain that last year, and the Government I think has legrand one lesson in the last seven years, and that is that it should try and do things by co-operation with the representatives of its labour force, its own employees, . rather than in conflict with them. I think it is a good thing for Gibraltar, and I wish it had happened sooner. Now, if that is going to be termed as weekness on the part of Government there is one way of identifying one's own political or ideological position in relation to defence of working class interests and, therefore, if I approve of the Government not willing to do enything without Union agreement, then I cannot be accused of being inconsistent for approving of something the Government does because as a member of the Opposition they disapprove everything they do even if what they do is what I wanted them to do. So I think, Mr Speaker, that perhaps might explain what might otherwise appear inconsistant.

.If we take one particular issue, and that is the question of the financing of the Funded Services and the increases of its tariffs, I have previously opposed the increases of the tariffs, and I have opposed in principle the theory of making the Funded Services self-financing. And I think when I did so, I am not very sure whether it was in last veer's budget or 24 months ago, in fact between the Appropriation and the Finance Bills, the Honourable and Learned the Chief Minister diluted somewhat the stand of the question of making themselves self-financing and said that they had done so in recognition of the points that I had made so one of the reasons why it is so expensive quite spart from whether they may or may not be mismanaged by the individuals who happen to be responsible for the services as Government, quite spart from that, is because of this economy of size, One of the reasons why we have independent sources of supply is because of our distrust of our neighbours. In fact I think the Honourable and Learned Member made it quite clear when there was talk about new sources of water supply, I think the hint was very clearly there, that the new sources should not be a Now clearly that is a pipeline from across the border. political decision. A political decision which cannot be passed on to the consumers of water, but must be passed on to the whole community because it is a political decision to which we are answerable to the whole community, and, therefore, I think that is an important content in the financing of these services which cannot be ignored, In any other community of Western Europe where there was normal harmonious neighbourly relations, the rational economic thing to do would be to develop services for those communities on the most economic basis, and to create units of the most economic size, but in a situation where the neighbour that might be controlling helf of those resources is the neighbour who wents to swellow you up, it would be very foolhardy to put yourself in that situation

if you do not want to be swallowed up. And I am glad to say that I have no doubt that no member of this House, and certainly the overwhelming majority of the people of Gibraltar, have no desire to see that happening and will expect us to do everything in our power to stop that happening. And it is consistent I think with that responsibility to take a stand of saying that something that is unpopular needs to be done because of that overriding objectives rather than to exploit the unpopularity of what needs to be done. I think that is being consistent.

In 1978 I said. Mr Speaker, in the Finance Bill of 1978, on page 598. I said in respect of the size of increases that the Government was proposing, "If we had had 10% inflation in the last twelve months, and the Government had turned round and said 'well I am going to raise all charges by 10% because the policy is to keep the charges stable in real terms and revalue them with inflation', that would have been an understandable argument. Although of course it would have been more understandable an argument if they were doing the same with personal allowances under the Income Tax Ordinance and revaluing those at the same time". Well that is precisely what they are doing now, two years later. If I said two years ago that, Mr Speaker, then I think the Honourable and Learned Member will understand that because I am consistent I cannot say something else two years after, even if everybody in this House and everybody in the rest of Gibraltar have forgotten what I said two years ago, and, therefore, I accept the point made by the Honourable Minister for Municipal Services that in raising charges by 15% in real terms they are being retained at the level they were a year ago, except that of course I thought that they were too high a year ago, and although I accept they are not being increased I voted against them at the level they were set a year ago, and, therefore, I will not be opposing these incresses because they are not any higher than they were a year ago, but I cannot support them because I would be in contradiction with the vote I took 12 months ago. Therefore I will abstein on that. But this is the reason why I am absteining and I am not opposing it like I have done in other budgets, because two years ago I defended such a policy and the Government is doing it now. It would be politically inconsistent or possibly politically more popular in terms of what one considers to be the desirable behaviour in catching votes to vote against everything.

As far as the Income Tax is concerned, Mr Speaker, let us be clear that the same argument applies to that, and just like the Government cannot - the Government in its own defence, because I think sometimes one tends to get in the House of Assembly a situation that because members of the Opposition paint everything that the Government does black, the Government feels almost duty bound to paint everything it does white, and I think they should resist the

temutation. In fact if we accept the analysis that raising charges by 15% is simply retaining them in real money at the same level they were tasive months ago, then clearly raising tax ellowences by 156 is not reducing taxation. If one is not increasing prices then the other one is not reducing texation. and, therefore, the Government, if it wants to be consistent must accept that if it claims that it has not raised these charges, they have just revalued tiem to retain them at the level they were twelve months ego, then by definition, by a logical extension of that ergument, it is not reducing the level of texation in Gibraltar, it is maintaining it at the level it was twelve months ago, And to have failed to do it by the minimum that is required would have been to increase taxation without doing so overtly. If the allowances had not gone up by the level they have gone then we would be paving more tex then we were last year. By putting the allowances up we are not going to be paying less tax, we are going to be paying the same tax. I accept that entirely. On the question of family allowances, on the question of the £50 for the first child, Mr Speaker, we have gone for an improvement because the increases are of 25% instead of 15%, so clearly there is an improvement there I am glad that there is an improvement and I welcome it. And clearly I en glad that the minimum necessary has been done.

In the overall reaction to the budget, in whether the Covernment is right in seeking to be prudent at this stage, I support that point of view, and I think, like the Honourable Mr Restano, that these figures, and I said so I think in my earlier contribution. I think that these figures are going to prove to be grossly underestimated. I think that the revenue will be much better than anticipated. I think it is a logical deduction from some of the things Covernment has said itself, of some of the things the Honourable the Financial and Development Secretary has said himself. Because if in fact we are not making provision for the yield from private sector settlements, accepted that there will also be supplementaries votes as a result of inflation on the non-labour . side of the budget, I accept that. But after all against that one can say that the Government has shown the effectiveness of the Expenditure Committee in containing supplementary votes, and, therefore, we are in a position to do something to contain the growth of supplementary expenditure that will not procuse an equal reduction in the yield of private sector settlement, because the private settlements in fact are not going to be preduced by Government, they are going to be produced by the Trade Union Movement, and the more we push for higher wages the more money that they make out of the deal. It cannot go wrong.

In addition to that of course there is again no provision for increased activity, quite apart from the beneficial effect that the removal of the restrictions might have in

traffic and turnover in Gibralter, guite epart from that the increased activity enticipated in the construction industry, which the Honourable Member mentioned in his statement on the Budget, that increased activity, and increased jobs, is bound to produce more money for Government. Therefore, I think the figures will prove to be underestimated. But I accept, and I have accepted in the past. Mr Speaker, that it is the role of a Financial Secretary in fact to err on the side of caution. I accept that that is his role, and I accept as a professional economist if one is making a series of estimates, then one makes those estimates with different degrees of probability. And one would have the shut-off point at a fairly low level of probability to be almost certain that that was guaranteed, and that anything else that came along would be the icing on the cake even if one was fairly confident that the icing was going to come as well. So I scept that from the point of view of not having the responsibility of governing, it is essier to roint out that there is more money, but being in Government, and this has been the consistent trend in Isct in a number of budgets and I have accepted that point, that even though the Financial Secretary might agree with me that that is there, but we all know what has happened before with slippage in the construction industry and clearly if they put in another £ m as a result of the fulfilment of the development programme, and the development programme for some reason or enother slips the way it has been consistently alipping, then the film would not be there. And if they put on the expenditure side items that had to be spent then we would find ourselves with a deficit of £4m. So certainly, elthough I would say to the Government that there is going to be more money coming in and the reserves are going to be stronger, if I had the responsibility of advising the Government on this one, and if I looked back at what has happened in the construction industry and the Development Programme over the last 4 or 5 years, then I would say it is too risky to put the money in there because we may again . get slippage and of the £10m only £6m or £5m will be spent. in which case the expected multiplier effect in the economy. the expected creation of new jobs will not take place, and I have already spent that money on anticipation of its coming

In addition, the most fundamental point for me, and I think the point that we should not nave forgotten throughout this budget debate, and which I think has been more noticeable by its absence and by its presence. Mr Speaker, is that this is the most critical period in the history of Gibralter. There has been a fundamental and dramatic change in the Spanish attitude, this is going to have a fundamental influx in the economy of Gibralter, and we should be more concerned about that them about anything else. It does not really matter. It does not really matter how much one can knock the Government at this stage because the most important thing is that the Gibralter economy should not be knocked side—ways by the impact of an open frontier. That is the most

important thing at this time, and that is the thing that all.

15 of us should be concentrating all our attention on, and when we have got that sorted out and we are clear that the ship is going to stay affect, then let us quarrel with the skipper of the ship. It is no use quarrelling about who is going to run the ship when the ship is sinking Mr Speaker. And I am not a very strong swimmer:

I think, Mr Speaker, the increases brought about by the increased charges are very substantial in the Funded Services. I mean the increases in consumer costs. I am glad that again I can quote something that I said two years ago, and it gives me a great deal of satisfaction to be able to quote myself two years later.

MR SPEAKER

I am delighted to see the Hansard has become so useful.

HON-JABOSSANO

Yes, it is very tattered, I am afraid. I wish it was more durable. Something that I said two years ago, if I can find the page, Mr Speaker, on the question of the Water Account, which the Honourable Mr Featherstone really thought was something that I was saying was, the impression heavy me was that it was really too ridiculcus to be taken seriously, and that was how one should charge for water. If the Honourable Member wants to read what he said it is on page 603 of the Hansard of the Budget of 1978.

Now at that time. Mr Speaker, I said that in respect of the Vater Account I felt that one should look at it from the point of view of the cost of production of water from different sources, and that if it was much cheaper, as it is. to have water from wells and water from the water catchments. and then importation and then distillers, then in my view the cheep water should go first to the consumers and, therefore, the water required for commercial enterprise should be linked to the marginal cost of production of water and not to the everage cost of production of water. Because if we have got the situation where we are encouraging for exemple economic expansion, that would be an important element of any economic plan for Gibraltar. And let me by the war reassure the Honourable and Learned Mr Isola that I do not carry an economic plan around in my briefcase, like I said in Inces Hall. I did not have it then and I do not have it now. Economic planning is an approach to running an economy and not in fact something that one has got in a little book which you just look up something and the answer is there. It is a constant exercise of having a sense of direction for an economy with veriables in it which are measured and monitored. and when there is a change in a variable an adjustment is made so you ere still finishing up where you want to go, That is the essence of an economic plan. The essence of

economic planning is that you set yourself a target and you realise on the way whether you are still travelling in the same direction you want to go or not, whereas in the absence of an economic planning you think certain measures are going to produce certain effects and you have no idea until the end whether you have actually succeeded or not.

Now in the case of water, the point that I was making two years ago, which I think has been in part, certainly a good measure taken up by the Honourable Mr Featherstone, supports this year, two years too late but still better late than never, supports this year of the Governments measure forcommercial and industrial exercises, is that if for example an additional ton of water costs us £3.50 to import, and if we are encouraging the expansion of the economy, and that expansion of the economy is going to bring about increased consumption of water, then clearly we do not went to encourage expansion of the economy, creation of more hotels and more bers, by giving them subsidised water, because if that produces a situation where we have to import an extra 100 tons then the cost of that extra 100 tons should be fully passed on to them because if it is not economic to run a ber with imported water at that price then it is better not to have the ber, then to have the ber by subsidising the water and then raising the beer. And, therefore, I still maintain, Mr Speaker, the position of two years ago and I hope the Honourable Member appreciates that perhaps it was not so silly as it sounded at the time,

I think the Government is right in moving in the direction that it has done on water, in passing on to commercial enterprises a cost more related to the cost of production. ... because whereas consumption for domestic purposes is a necessity. I think economic development must be treated purely and strictly on the basis of the cost benefit analysis, which was something again that years ago I was urging, I think, on the Honourable Mr Serfaty, who is regrettably not with us any more to enlighten proceedings like he used to with all his visits to the cellar in the Tourist Office in London and that sort of thing. He is regrettably not here, but I remember that two years ago I urged him to undertake a cost benefit analysis of the tourist industry and he looked at me with a look on his face. as if saying, how do you eat that. But it is important to have a cost l'enefit analysis because the essence of us encouragin, industry, and I make that point in connection with one of the measures here in this Finance Bill, Mr Speaker, which is the question of free import duty on products needed for the manufacture of paper and certain other things, because that is consistent with promoting light industry. Well, that in itself is not a good thing and this is something that we need to be careful of. I think one can fall into the trap of saying that promoting light industry is a good thing. No, promoting light industry is a good thing if the end result of promoting light industry

is that Gibraltar is going to be better off. Now, in other places there way be overriding social or political considerations for creating employment for employments That is a problem we do not face in Gibraltar. We are extremely fortunate not to face it in Gibraltar. And therefore, in our own economic analysis we must in fact be conscious of our economic structure and not somebody else s economic structure. And whereas there may be a case for incentive and subsidies to create jobs where you have got mass unemployment there is absolutely no case in a place where the importation of labour puts an enormous pressure on all our social services and on our space. So in fact we should not be. I think, as a basic policy aim, we should not be encouraging labour intensive development. We should be encouraging capital intensive development. We should be encouraging things at the top end of the technology structure in terms of anything in industry. And this is why the encouragement for example of financial and banking services is a sensible thing, because there is a very high Value added element there. And in terms of the money that can come in. it can produce much more with less use of raw materials or resources like water and electricity than clearly any type of light industry. And, therefore, I feel that in that respect there might have been a reaction of saying, well, everybody knows that promoting industry is a good thing and, therefore, let us go shead and do it because by definition it is a good thing. Wall I would put it to the Government that by definition it is not necessarily a good thing in Gibreltar's economy, and that they should look at thet carefully, really.

Within the strategy of a development plan for Gibraltar with rigid economic criteria and rigid economic control, within the offer that I made to the Government earlier of being willing to advise on the setting up of some sort of economic committee which I compared to an EDC but I said should not follow the same rigid lines as in EDC. because I think in Gibreltar we need to approach people and I think we have got a lot of people in Gibraltar who are not involved today in Unions, who are not involved perhaps actively in the Chamber of Commerce, who are not involved in politics, who do not really want to know, but have got a lot to offer. And sometimes we tend to spend a lot of money in bringing experts from outside to tell us how to do things in Gibraltar, who get it wrong anyway, who cost us a lot of money, when we have got people here who never open their mouths and who know how to do it better but we do not seem to have the machinery of approaching them. They may be people who do not want the limelight or who do not want to be accused of supporting one political faction as opposed to another faction. Now, that is something we

must tap and we must tap it now because the time has come for us. Ir Speaker, to put aside all other considerations other than ensuring the strength and viability of the economy of Gibraltar. I cannot overstress this. And the political viability as well. But I believe that one is conditional on the other. I believe that however strong we may feel in political terms, if we do not have a strong economy we would be weak politically to be able to disagree with more powerful nations than ourselves who may think that they know what is best for us. And certainly it is difficult in my judgement. Mr Speaker, to say, for example. to - let us say we had a situation where the Spanish Government wanted us to accept certain proposals that were unacceptable to us, I am not talking at the moment about transferring sovereignty, just let us take a hypothetical situation where they wanted to introduce some changes in our relationship with them which were unacceptable to us politically. And we said, no to that, and that carried an economic price. I think it would be difficult to persuade the British Government, if they did not agree . . . with our judgement, and they are perfectly entitled to disagree - after all it is difficult enough for the 15 of us to agree to why should the British Government agree with us. If they disagreed with our judgement I think we would find it difficult for them to say you must respect our wishes and foot the bill. If we think our judgement is right the most respectful way to back our judgement in this matter, as it is in almost every other matter, is to put our money where our mouth is. That is the crunch. Mr Speaker, and if we think that we have to pay more for some things rather like we are doing with water and electricity, rather than put ourselves in a vulnerable position, then we have to pay for it. But it would be very difficult if for example we got an offer of very cheap water coming into Gibraltar and we said, well, we think it is too dangerous to do this, and the British Government said, well, we do not think it is too dengerous because Spain has now got a democracy they would not do a nasty thing like letting you switch over your supply to them and then letting you all die of thirst, they are not that sort of masty people. Now we may think they are that sort of masty people, they may be capable of doing that and worse to us. So we say to the British Government lear, sorry, we do not want that cheap water supply, we want the expensive water supply that we have got. Well. then I am sure that the natural reaction we could expect from the British Government - and that would not entitle us to be anti-British or anything like it - they would still be perfectly entitled to say, look, if you do not trust them to that extent you cannot expect us to pay the difference between what it costs to bring water from there

end what it costs to bring it the way you are bringing it now. If you feel so strongly about it you must be able to finance your own distrust. That makes it absolutely essential that our economy should be strong and that the reserves of the Government should be strong.

In addition to that I think one of the things that happened when the frontier closed was that for many years before Gibraltar was a boom town and very little of that money finished up in Government hands. I do not think we can afford to let that neopen again. I think we went through the experience of thinking in those days, and I was not involved at all in politics at the time, perhaps the Honourable and Learned the Chief Minister and the Leader of the Opposition who have been around so much longer than me and who are no doubt likely to be around well after I am gone - well they seem to have an inate survival ability. Mr Speaker, which us normal mortals do not seem to have - . they may be in a better position to judge whether this was the case or not at the time. but the impression one gets in fact was that there was so much confidence that the situation was so stable that there was so much money flowing into the economy of Gibraltar, that we did not need in fact to worry about making provisions for the future, and, therefore, it came as a very rude shock to us when the clamp-down came.

I think we should learn from our mistakes, and I think if we have a situation where everything seems to be well and the Spanish Government seems to be changing its tune and seems to be treating us more like human beings than as undesirable specimens, then we should have our economy geared up to exploit that opportunity to the full, to build up the reserves just in case things turn sour again and we have to fall back on those reserves. And if we do not know how to fall back on those reserves, well, that is fine. The money will be there and it can be used either for improving social services, or it can be used to give people money back, to reduce taxation, to allow them to spend more on consumer goods. Because that is one of the essential differentials in any economic system which must not escape. When we are talking about a situation of having a certain level of taxation, and as I said all that the Government has done this year on income tax, all that it has done, has been not to increase income tax, that is all, if in fact we are talking about a situation of reducing taxation, and income tax is a very unpopular thing, there is no question about it, but I am prepared to defend politically, Mr Speaker, I am prepared to defend politically the desirability of paying income tax. Not because I like paying income tax because I agree with it politically.

Because I disagree fundamentally with the philosophy of the Conservative Government of switching from income back to indirect taxation that hits the people at the bottom more and gives more to the people at the top. And I think what the Conservatives have done in their income tax cuts in the last budget is iniquitous and I would certainly oppose any attempt to follow their example in Gibraltar.

Now I think to try and tell people that they can actually have more of everything and pay less is not only incorrect but is in fact stirring up trouble for everybody for the future. It is not possible. Mr Speaker, to pay less tax. to pay less duty and to have more services; to employ less people and to expand Government activities. It is not possible. It is possible to menase the economy of Gioraltar better, and it is certainly possible to run Government departments more efficiently than are being run. I have no doubt about that. But I think we should be questioning why it is that they are badly run, and I do not think that we should jump to the conclusion automatically that it just depends on the eight politicians who are sitting on the Government benches when another eight would be able to keep the system that we have, and produce better results, because I think that the system that we have should be looked at through a magnifying glass Because I think one of the things that we have got which makes Gibraltar's economy cumbersome is that we tend to have a system of Government, and many people in Government themselves feel that the worst possible development that we have was the amalgamation of the City Council and the Government, which was intended to produce all sorts of economies and the first thing that it produced was the employing of extra staff to deal with the amalgamation and they are still there.

Now, one of the things we must understand is that there is a pattern in the development of Government services throughout the colonies, which is the pattern basically devised by the Administrating Fowers and introduced in different colonies at different stages in their political and economic development. Which is natural. Every empire did it. from the Roman Empire on. If you have got to administer the world from Rome, then what you do is you make everybody copy the Roman system, and this is what Britain had done throughout its own colonies. But we have got to understand that in Gibraltar it is only 20,000 human beings living in 2 scuare miles, that is all it is. And we cannot afford to run the economy of Gibraltar, or the Government of Gioraltar, as if we were running the affairs of a nation state of 50 million but scaled down to the size of 20,000, because that is not the case.

I think there is a lot that we can torrow and adapt, just like I think it is right for us to look towards UK for guidance on how we run our own affairs. But as I said in my earlier contribution Ir Speaker, whereas as a committed intergrationist who is willing to pay the price of modelling every sphere on the UK because I thought the political security and stability of intergration warranted paying that price, if we are not in that situation any more, then I think we must do things in our own way even if we borrow a great deal from UK. Therefore, I would say that whereas a couple of years ago I was pressing the Minister for Labour and Social Security to Collow UK in raising family ellowances, I would not be doing the same thing today because today he has gone beyond family allowances. So it would be dogmatic to say because we must follow UK I do not agree that you should raise it by Il, you should raise it by 750 like they have done.

If we can have a well run, an efficiently run economy, which produces sufficient wealth to enable our people to live better than in the UK then why should we not? It is not a question of parity plus, I do not know whether the Honourable and Learned Member agrees that we should be better than in the UK. Is he saying that we should not...

HON P J ISOLA

I agree entirely with the Honourable Member. I just mentioned the remark parity plus!

HON J BOSSANC

Yes, but with approval I hope. Well, yes, Mr Speaker, because you see parity has got to do with the wages an employer has to pay an employee, and the biggest employer in Gibraltar is the Linistry of Defence. And the reason why we can defend parity economically is because if our workers in the Gibraltar Dockyard are as productive as the workers in any Dockyard in the UK, and they are, because every Chief of Fleet Support that comes to Gibraltan says so, and he has no reason to say so if it is not the case, if they are as productive, then we can be competitive if we charge the same as a UK Dockyard charges for the labour that we supply. If we charge less, we are selling ourselves short. So why should we charge less. charge more we may be outting ourselves out of business. So there is a sound economic basis for saying, we should pay a worker in the Linistry of Defence the same as he is paid in UK because that means that they are getting the

same service for the same money. At the same time if we can produce a lower cost of living through better management of our economy, if we can produce lower taxes, if we can produce better social services, then that is parity plus. Because at the level of work the worker gets the seme wages as in UK, but that money produces more for him than his counterpart in UK. But in fact that is true of UK as well. because the worker in Northern Ireland working in the Ministry of Defence in Northern Ireland gets the same wages as the worker in the South East because there are national agreements that cover half a million workers, but the worker in Northern Ireland is on parity plus. He also has a few bones to contend with, but that does not detract from the fact that his wages are not related to his cost of living: he pays less for his housing and less for a lot of things. And one must distinguish between the price we charge for the labour which we supply to the Linistry of Defence, which I think ration: 11; we can defend the same as the national wages in the UK. Morally I think it is right. It has given the worker in Gibraltar a dignity. It has meant for him a recognition that he was worth as much as the 'JK worker doing exactly the same job at his side, and I think it has been a good thing for our relationship with the UK. and has helped to eliminate a great deal of the friction that existed at the shop floor. And if we in this House can work together to make the economy of Gibraltar better. and I would put it, Mr Speaker, that if the Opposition is able to show the Government up, not by condemning everything they do but by actually presenting alternatives which are not necessarily more popular - and I think obviously to say that we should pay less of our electricity and to say that we should pay less for our income tax is more popular - but if we can show the Government on this side, and in saying we I am including myself with my six colleagues, Mr Speaker, if we can show the Government that in fact it is possible not simply to reduce everything and to give more without Explaining where the money is coming from, for them it is nossible to raise the money to give the service that is required in a way that is more just, or to do it in a way Which puts the burden not on the residents of Gibraltar but raises money from outside, then in fact, if the Government refused to listen to that advice, then the Opposition would be in an excellent position, I would have thought, to go to the electorate and say: look they' could have done this in 1980, they could have done it in 1981, they have not done it, and you have been paying a price all these years which you need not have paid if you had not had that party in Government.

I think that that would be conducive to allowing the

Electorate intelligent choice in deciding which is the team that can run Gibraltar best. And I would commend that approach to my colleagues on this side, Mr Speaker, in our treatment of these figures, in our treatment of the budget.

Now as far as the actual charges are concerned, I have touched already on the question of the charges for electricity and so on which as I said. Mr Speaker, I thought were too high last year. I think they are still too high because all that is being done is revalue them by inflation, but I accept that in a policy of making these accounts self-financing, not to revalue them by inflation would be totally inconsistent. It would be a negation of that policy because then you would be creating a bigger deficit and a need to charge 50% increases or 80% or 100% increases as we have had in the past, and I certainly think that that is the wrong approach. If the Government is determined to make these three services self-financing then certainly I think it is preferable that they should do it by smaller and more regular increases than to go a number of years without incressing and then wallop everybody with a 100% increase, which is what happened in the 1970's and I think that is bad. And last year it was a catching up exercise where we had a situation where we had been allowed to get into the red year after year and in ... fact the House knew nothing about it for six years, because the accounts were all notional accounts and we did not know at the end of the year whether the thing had made a profit or a loss. And we found out after six years that there was an accumulated loss of £3m.

Now in that situation, as I said, Mr Speaker, with that policy with which I do not agree, with that policy, that is consistency. As regards the question of charging on indirect taxation on things like spirits and so on and the effect on the tourist trade, I think it is important to be conscious of the effect on the tourist trade. But in fact the predictions that we have had in the past about We have the impact on the tourist have not materialised. had an increase in tourism this year in spite of increased charges lest year, and I think one should look at it, I would imagine the Government's own officials look at it in that light, in terms of the effect of price increases on volume. Now it certainly would be economic nonsense to put charges on goods to an extent that it produces a drop in volume and then you finish up with less revenue than you had with the lower charges. That would be absolute economic nonsense. It would be a negation of the purpose of the exercise because you do it to collect more money and you finish selling less and getting less.

But I am not persuaded that that is the stage we have arrived at, but I certainly think that this is something that must be borne in mind by the Government very seriously to ensure that we do not enter into that stage, because it would be a difficult thing to rectify. I remember, Mr Speaker, arguing precisely that the Government was doing this some two years ago when they had a 600% in bunkering in tax, and I said if this produces a drop in ships calling at Gibraltar to bunker and they go elsewhere and the Government then realises that they have stopped coming and they should not have done it, they will not get them back. Realising it afterwards will not enable them to put the situation right. Now, I certainly think the Government should, and I imagine it is conscious to the advice it gets from its own experts in these matters, that in looking at any indirect taxation affecting the tourist industry it must look at the impact that it has on demand, and that it should not produce a drop on demand which is so large that it over-compensates for the estimated increased yield of those measures.

I suppose that the work of the Unit responsible for this would be better in fact if it had more information coming in, and it may be that we need to do more work than we · Gibreltar's economy has got a tremendous strength in that respect. We can do much more in collecting statistics in a place as small as Gibraltar. than any other place can do, and therefore we can actually quantify in Gibraltar what a penny on a pint of beer will produce. We can actually measure, because we control the import, how many pints of beer are sold in Gibraltar. We must measure then the effect that this has and then we will be able to know accurately whether the extra penny on the pint produced a drop in the sales of beer to the extent that what the penny was supposed to produce did Now if the Government has not already not materialise. been doing this then it should set itself a task of doing it because otherwise, quite apart from the futility of the exercise, it would then find at the end of the year that the revenue it anticipated was not there, that it would have to do a tougher budget the following year to compensate for unexpected unanticipated deficits.

I do not think, Mr Speaker, that the size of the increases that we are talking about are going to produce a dramatic drop in this, but if there is a danger, and I imagine that those of the Opposition that have said that we should not do this know that there is a danger of it, or have reason to believe that there is a danger, that we are going to get a drop in consumption because of these increases. We have certainly had fears in the past about this and it has not materialised but if that is a danger then we

should have the facts behind that belief. And if the Government has got fact then the Government should produce that fact in support of its own belief. And then we should have rational discussion about whether a measure is good or bad not because of who proposes it. Mr Speaker, but because of the commitment of that measure judged by the standards of the objectives that we set ourselves. And I think if the objectives are the same then we should be able to persuade ourselves as rational man to persue the lines that can be shown demonstrably to be best conducive to those objectives. And since we are all agreed on the most fundamental objective of all, that is the preservation of Gibraltar, surely we can extend that to the good running of the economy.

HON MAJOR R J PELIZA

Mr Speaker, I am going to talk at length tonight I am afraid.

MR SPEAKER

What do you mean by length?

HON MAJOR R J PELIZA

Well, one hour, one hour and a half possibly two.

MR SPEAKER.

I do not know what the feelings of members are.

HON A J CANEPA

Mr Speaker, I understand that some members of the House are expected to perform on television tonight at 10.15.

HON MAJOR R J PELIZA

If that is unsuitable we can always adjourn urtil tomorrow morning. Mr Speaker.

MR SPEAKER

I will not make the work of the House dependant on any other commitment once we go on most certainly. If it is

the wish of the House to continue we will continue.

HON A J CAMEPA

No, Mr Speaker, I just wanted to underline that if one leaves early I hope it will be appreciated that one can hardly go from the House straight to television studios.

MR SPEAKER

Do continue, please.

HON MAJOR R J PELIZA

I think Mr. Speaker, perhaps I Thank you Mr Speaker. should start by answering my Honourable Friend Mr Bossano, and perhaps at this stage I should remind the House that he is a Kember of the Opposition and that perhaps because of that I shall deal with him first, in that it does appear. Mr Speaker, that objective as he may wish to be, it so happens that he has a certain political philosophy which he I am afraid let out of the bag that he agreed with income tax and seemed to enjoy seeing people being taxed. Now. if that is his philosophy because he believed that through taxation the state can make provisions that the individual cannot make better for himself. I can understand, using his professional ability as an economist in a biased way which he himself does not realise, in that he is talking subjectively and not objectively. You might say that a lawyer for instance is never advised to defend his own case: a doctor is never advised that he should try and cure his own disease; because like it or not he is biased and. therefore, when one hears an economist giving advice to the House with a certain political philosophy, one must, therefore, take into account that it is not straightforward impartial political advice that we are getting. is economic advice blended with his politics.

HON J BOSSANO

Mr Speaker, if the Honourable and Gallant Member would give way. Let me just for his own education inform him that it is not possible to be an economist the way he would like an economist to be. In fact with the original development of economics it was criginally called political economics, and there are two fundamental types of economists. There are socialist economists, of which I am one, and I believe in socialism and I believe in the economics of socialism,

and there are conservative economists, which is the other type. And there are no liberal economists somewhere in between. And the microurable Member must decide for himself whether he is of the school of the socialists or of the school of the conservatives and be judged by his standards.

HON MAJOR R J PELIZA

I will explain, Mr Speaker, what my philosophy is as I go along, but I think at the moment I am making an analysis of the contribution made by my Honourable Friend related to the present budget that we are now discussing, the Finance Bill, in that context, and, therefore, I think trying to bring to the notice of the House, which I think is proper and fair, that as an economist, whether he is a social economist, a political economist or whatever kind of economist he might be, the advice that he is giving on the financial side is obviously, in my view any way, is someway tainted by his own political views. And that is the way I see it. Taybe he does not, but this is the way I see it.

Equally I think in some of the assumptions that he is making one would feel that they are not entirely correct. Let us take for instance the question of water for hotels. And now I am talking economics. If we say that because cost effectively the hotels cannot really survive unless the water is subsidised and the hotel should be closed I think this is taking a very narrow view of the situation. Although the hotels may not be able to make that profit and they have to be subsidised, the tourists who are coming to the hotel will be spending money in town which is generating wealth for Gioraltar. So one must not take the narrow view that the water supply for the hotels must not be subsidised simply because it is not cost effective, we have got to see that in the aspect of the general economy of Gibraltar and therefore with all due respect what I heard my Honourable Friend say was that the hotels should be closed.

HON J BOESANO

Mr Speaker, on a point of order, I did not say anything about closing hotels. The record will show that I said, what I said specifically, Mr Speaker, was that if we were going to open a bar and in order for that bar to operate commercially and economically it had to buy subsidised water, since the object of the exercise was the benefit to the economy of Gibraltar, then it would be wrong to encourage the opening of bars by providing them with sub-

sidised water, they should be provided with water at its true economic cost. And I said that in the context of looking at the whole of the exercise and not leaving out of the equation hidden subsidies. I thought I had made that absolutely clear. Maybe I do not explain myself as well as I think I do.

HON MAJOR R J PELIZA

Well even. Mr Speaker, even on that particular example, if I may say so, even if to keep the bar going we have to subsidise the water, if through the bar we are selling whisky and other drinks which are a source of revenue, that is a source of income to our economy, plus all the other economic activities that that will generate, by bringing the bottles to Gibraltar, by moving it in Gibraltar, all of which is giving employment to people in Gibraltar who in turn are paying taxes. And, therefore, Er Speaker. with all due respect to his economic qualifications, notwithstancing all that, purely by subsidising the water by 2p we might be getting in return 10p or 15p or more. This is where the monitoring comes in, Mr Speaker, with which I This is where the monitoring comes in where you can tell whether the subsidising of the water is a good What I cannot accept is that you thing of a bed thing. have got to dismiss it as being contrary to our interests to subsidise water in some instances simply because the unit that you are subsidising is itself not cost effective. because we have got to see this in the wider light of the general economy of Gibraltar.

Equally, Mr Speaker, if I amy say so on the question ofincreasing the duty on spirits and other luxuries in Gibraltar one has just to say whether if by increasing it the sales might drop. We must take into account that if by not increasing it the sales might increase. It is not just the negative in the sense that if you put up at the price of the bottle the turnover is going to fall, it might be that by not increasing, precisely because of that, the turnover will increase and the ultimate result is that in fact you are again getting more revenue than you could expect, and equally you would have more economic activity in your area. I think that is certainly logical, very logical. I accept, however, and I fully agree with him, that in Gibralter it might be very difficult to have small industries because as he said we have over full employment. In certain instances, he spoke about the paper industry for instance, the paper in this instance is being allowed to come into Gibrelter without paying duty, and, therefore, in the process we are losing that revenue, it is acting as a burden on our labour force in an area in which we are very short in Gibraltar and which might have been put to better

use. So in that respect I agree. I mean, we can agree and we can disagree and I hope he takes it in that spirit.

So what I am trying to say is that there is more than one View, much more than one view, to any economic analysis. and that in many instances you might find two economists completely disagreeing. So you find eventually that you have two thoughts, and I must say, and this is the interesting point, that as a result of the budget on this occasion. Mr Speaker, we are beginning to see two very clear cut And in this I think the Opposition can claim to be a genuine alternative to the Government. Ye said it at the elections. Mr Speaker, and it is now being shown to be so. Because we can see. Mr Speaker, that we can in our view. I' may be wrong, carry out the functions of Government in a way that will be a lesser burden on the people of Gibraltar. This is the way we see it. They believe that at this stage it is necessary to cripple the people with more taxes. We do not accept that.

Someone asked if we had a policy. We certainly have a policy. The policy was made clear at election time, and the policy was reiterated, if I may say so, during the Appropriation Bill. I certainly made very clear the position of the Opposition in four aspects. The first one Was that we believe in Government efficiency. This is why we said last time that there had been mismanagement. We still believe that there has been mismaragement and we still believe that there is misnanagement today. The fact that the Government has got a surplus does not mean that thereis no mismanagement. We saw it very clearly stated only today. For instance, sickness pay has been reduced from 400 days to 200 days. It shows then that there is bad management, bad management which is being corrected. We were right in saying that there was mismanagement. We can go, for instance, to the question of Varyl Begg, where the roofs still leak. Where today we were told that they were going to start repairs on the 1st of June and where in fact we are not sure whether that is going to happen or not.

We think that the whole process should have started before, well before, and where I think that there my Honourable Friend and ourselves agree. It is not always, I think, that our Honourable Friend Mr Bossano and ourselves disagree, and I think there, on that particular aspect of mismanagement, I am sure that he agrees. Of course, so he says, there is a lot of mismanagement. Not because suddenly there was a surplus does that mean that we were wrong in saying that there was mismanagement. One thing does not really mean the other.

What we say, therefore, is Government efficiency and value for money. If you remember, I made it very clear. said: if you are paying, it does not matter what you are raying, if you are paying £20 in tax you expect to get in return £20 in value. But if you are paying £20 in tax and you are receiving £10 in value only, that I think is certainly .not in the interest of the taxpayer. The trouble is, I think, that when there is a lot of money in the kitty that is precisely where complecency starts to creep in, and where mismanagement is escalated. This is why. I think, it is very important that those who have got to administer do not find it easy to tax, and, therefore, get more money for inefficiency and their mismanagement. That is why we are reluctant, certainly in this instance because we still believe there is mismanagement, because we still believe the people are not setting value for money. that we believe that there should be a very strong case made out for the need for extra taxation before this side of the House vill agree and go with the Government in that respect.

The second point that I made in this policy is that whilst we must look for new sources of income we must safeguard the old one. Therefore, things like the present tourist traie, which is obviously UK orientated, we must try to preserve. This is why we are reluctant to agree that at this very early stage the hotels should suddenly find themselves with an extra bill for water when the whole process of the frontier opening and perhaps providing them with a better income has not even started.

One has to remember that the investors in those hotels are people who put a lot of faith in Gibraltar. We must not give them the impression that now that things are looking better in other respects they are going to be abandoned and really hit very hard. I think it is not fair, and I believe that in that respect the Government should have been a little more temperate.

i think the basic reason of the buoyancy for the economy does not need a lot of planning: it is parity, and for that I think we should thank our Honourable Friend Mr Joe Bossano for getting it for us. There is no doubt whatsoever. That is the basic thing. Then you go into niceties of the "tight rope" that, Mr Speaker, is just accdemic talk. The basic things in Gibraltar, from the economic point of view, is defence spending and for as long as we do the best we can out of that service that we are given, the economy of Gibraltar will be very strong and very stable. That is where the main income of Gibraltar comes from. That is what has made us survive for the past 11 years, and that, whatever anyone else may think about,

that is the only thing that will keep us British and keep our identity in Gibralter. If we lose that I think we shall find it very very difficult to survive as a community and to preserve our economy.

This is why, Mr Speaker, I have sometimes been attacked very strongly by members on the other side of the House. I have always defended the Forces in Gibralter. times I have even been accused of saying things that I have never said. But I have always realised that our biggest friends, after all they protect us, and our biggest benefactors are the Services in Gibraltar and everything that goes with it. And I maintain it today. And everything else we may talk about. Mr Speaker, we all know would make very little difference: For that I think we need first to give the Services I think the attention they deserve. For a long, long time I have said that they should be given better treatment than the tourists and I am afraid that in many instances that has fallen on deaf ears. I do not believe it is too late and that is one of the old sources that we must exploit to the maximum, now more than ever, because that in my view is the fundamental defence of our territory, of our people, and of our Britishness.

Now as to the new resources, Mr Speaker, that of course would come with the opening of the frontier, and we all know that. It is going to happen simply by people coming into Gibraltar and purchasing things here and spending money here. A little bit of course will go out. I think obviously a certain amount of money will leave our economy by people going across the border, but I think that if we put it on balance the income that we are going to derive from our visitors is going to be overwhelmingly. greater than the income that we are going to lose by our people visiting Spain. We must remember that in the last year before the frontier closed, the visitors were mainly tourists who were not Spanish, and also workers who were Spanish. But the bulk of the Spanish people who would have liked to have come to visit us, and who did in fact use to come before restrictions were placed on them after the queen's visit, there were many and they were great spenders. And I believe that if the local traders are encouraged in the way they should that will happen again. In fact some people are so sure of that that I was told yesterday in fact, that already someone had offered £45.000 in key money for an empty shop in Main Street. That, Mr Speaker, is creditworthiness. Not a balance, not a reserve balance: that is creditworthiness. Then people want to put money into Gibraltar, Mr Speaker. The Chief Minister may laugh but any economist will tell you that that is what counts. Which are the nations, Mr Speaker, that prosper? Those nations in which people have put money into. And if that is the kind of money that people are prepared to put into Gibraltar, Mr Speaker, that is creditworthiness. Because you can imagine that if a man is prepared to pay that amount it means that he is going to

do a lot of business. And it is going to do a lot of business in doing two things: one, that he will pay a lot of income tax out of his profit; secondly, that because the nature of the economy of Gibraltar is such, there will be a lot of import duty, which again will be revenue coming into the economy. That, Mr Speaker, is creditworthiness, and I have no doubt whatsoever today that anybody who wants a shop anywhere in Gibraltar will have to pay a lot of money to get it. So the Chief Minister accepts that! Why, therefore, Mr Speaker, worry so much about creditworthiness on the reserve balance when in fact, if you start talking like that people begin to wonder whether in fact there is any creditworthiness:

•I remember, Mr Speaker, a big American company that I dealt with, I can mention the name, Chrysler, where the Managing Director told me that we were rated by the amount of credit that we were given and not by the amount of cash that we had. In fact he said that if we paid cash we were suspect so Mr Speaker, the way to see Gibraltar is, how are we creditworthy. By the amount of money that people invest in Gibraltar. That I think destroys the argument that to be creditworthy we must have large funds.

The third point in our policy was that we believed that the Covernment should not cease there on the essential social services. Not only did I say that but I believe that whilst we were going through the items of expenditure we concentrated very strongly on education, and medical points - and as you know we had a row with the Minister for Development, and Social Services, on the question of pensions which he sees in a different light. But we do not believe in "meanstests" and things like that, and we would rather see someone with money getting a bit more than having to subject everybody else to suffer means tests. We believe that for the extra that they may cost it would do away with a lot of humiliation on people who need it very much.

So I think, no one can say that but our not accepting extra taxation we are doing so because in some way or another we are not interested in the community paying towards those who need it most. In fact it is not so. Far from it.

On the other hand, Ar Speaker, we believe in a very important principle: the right of the individual to spend his own money in the way he wishes. Now, this is a matter of balance, and what happens on one occasion because of the state of development of that community, does not apply to another one, where the state of development is a very different one. So it is no good saying that because I do not believe that communism is the right thing for Gibraltar, I do not necessarily disagree that in some other place communism perhaps is the right philosophy. In

Russia for example. The fact that everybody wants to get out and they shoot them as they go dee; show that perhaps life there is not so very comfortable, and the fact that in most of our communities we have to stop them coming in may well prove that we are doing very well. So that, if Speaker, is our political philosophy, that we do not believe in right or left. It is a pity that Mr Bossano is not here because he would be able to understand now what I was trying to explain before. This is why, Mr Speaker, perhaps we can be more objective than people who have copy-book philosophies which do not work in practice. They are beautiful in theory but when you apply this to human nature it just does so work.

We believe. Mr Speaker, that if we want to have buoyancy in our community it is essential that there should be reward for effort. That to me, and I think to us, is vital in whatever sphere it may be. Of course we also believe that below a certain level no one should be allowed to exist only. We should support them so that they can come above that level, to a level which should be humanly reasonable. To be able to do that it is necessary to have the wealth. So, therefore, it is necessary to create the wealth to be able to raise the community to that level. And anything that does something that will detract from creating wealth, anything that takes people away from investing in our area and takes it somewhere else, that in my view. Mr Speaker, is contrary to the interests of the whole community. And not because of jealousy, not because someone is doing well must we tax them, because in the end you are cutting your nose to spite your face. In the interests of the whole community I think there should be wealth and this wealth should be regenerated, and this is what we want to do now. Ye must try and regenerate that part of our wealth that perhaps we have lost, when the frontier was closed. With all the precautions of course. This is where we have got to think, Mr Speaker. The legal and other precentions I think of which I hope something is being done, and on which I hope the whole House can get together. I have not heard yet of any steps being taken to seferuard us that the whole House should be acting on because that to me is much more important.

The political decisions that we are going to take are going to be far more important than any economic ones of which really on our own we have not got the strength even if we have £10m of reserves. That is nothing, Mr Speaker, nothing. As I have said before, you take the Dockyard away and those £10m would only last one month, two months, finished. I am not saying that anyone is taking it away, but what I am trying to say is that with the Dockyard there we have not got to worzy so much about the reserves, but in

any case that is if our reserves were not going to be larger than the Government says they are. This is why. Mr Speaker, when we see the question of the Port, which is doing very well, to find that for a mere £50,000 we have the way-leave on sales of liquor that go to the ships. which means they go for cruises and this is the human nature that we have not got to forget. Usually the ship goes to the Port which more or less the crew agrees to go to. Yes, that is a fact. Ask anyone in the shipping world and they will tell you that the crew have got a big say as to what Port the ship goes to. And if for instance they come here and the water here is more expensive than in other places, they find that by coming here they can get the liquor cheaper, I think it is ruman nature that they would probably be prepared to come here rather than perhaps to the other side of the Straits, where I do not know what the cost of liquor is, and I do not know whether the Government has made an exercise, but if we are competitive then I suppose they might be alright, I do not know, but there are many other factors. Alright if they are. I do not know, perhaps they should have come out saying it, I do not know, we can only go by the information that we have. Therefore if the Government were more informative on the things that they should be, then we are in a better position, Mr Speaker, to make a decision but the fact is the Government is very closed on many things, as we all know, for reasons better known to themselves, and we can only act on the facts and figures at our disposal.

Now, because we know that the more money that is in circulation the more people can contribute to taxation due to their greater income, Mr Speaker, we believe that everything should be done to expand our economy. Because we believe that in that way, this is part of our philosophy, part of our policy which I think one of the members wanted to know, this is why perhaps I am going to greater lengths, because one of the members wanted to know what our policy was, and I feel indebted to do so. And the consequence then will be, and this with time will come, that there is no need at this stage to tax the people as much as the Government is doing. In fact we believe that there is plenty of scope row to give them added relief.

The Chief Minister, Mr Speaker, dismissed my statement on the appropriation Bill when I said that one had to judge the question of the size of the reserve on a number of factors. He dismissed it just by quoting what I said in 1972, as if that meant that I could never say that we should not have a big reserve. Mr Speaker you have got to look at this in the circumstances of the time, of the economy, of the situation when I said it. When I said it, Mr Speaker, Gibraltar was facing perhaps its most difficult

period, because the frontier had just been closed in 1969. and we were coming out of great difficulties. That was the reason why I said it was necessar, to have a big reserve. Apart from that, in those days, much less than now, the Government advisor said that the essence was to have a big reserve. In fact when I was listening today to my friend Joe Bossano I got the feeling that he was a Financial Secretary and not a politician in the House of Assembly. Really part of the establishment. Because as part of the establishment, quite rightly as in fact he admitted, any Financial Secretary wants to play absolutely safe. If he is an official particularly. If he is a politician of course he can take risks the same as anybody else, because as a politician he sees it in more than one light, and quite rightly is prepared to take - I will not say risk - but adopt policies which a Financial Secretary pernaps, who is after all an official; cannot afford to do. That is not his job, quite rightly. And usually, on advising he errs on the side of caution. So for instance to what extent is that caution reflected on what the Government said the reserves were going to be and then it turns out that it was about three times as much by the time they finished.

ir Speaker, if one goes by past performances, one must, therefore, come to the conclusion that the same attitude is being taken and that, therefore, we believe that the reserves will be much greater than have been suggested at these Estimates. Furthermore, Mr Speaker, I say this because the climate is completely the opposite to what it was in 1972. In 1972 the difficulty was that there was no possibility of expansion in trade, extremely difficult. Now the possibilities of expansion are bigger than ever before, because we shall have a considerable amount of tourism coming into Gibraltar and expansion, Mr Speaker, is really at our doorstep. So I cannot see why we should be be so afraid. Er Speaker. I do not believe so.

Now, Mr Speaker, I think it is fair that I should bring to bring to the notice of the House the difference that there is in texation between Gibraltar and the United Kingdom, because it is quite substantial. I think that I should start by reading the rates, and then, Mr Speaker, making a comparison of a case. In the United Kingdom new the basic rate for the first £11,250 is 30%, on the next £2,000 . . .

MR SPEAKER

That is of assessable income.

Yes, yes, of essessable income, this is of assessable income. On the second £2,000 it is 40%; on the next £3,500 it is 45%; on the next £5,500 it is 55%; and on the remainder it is 60%. In Gibraltar, Er Speaker, for the first £500 it is 20%, for the next £2,000 it is 30%; for the next £2,000 it is 35%; for the next £1,500 it is 40%; and for the next £1,500 it is 45%. As you see the difference is extremely great, and if we then take into account the allowances, Er Speaker, the difference is even greater. Now the single allowance in the United Kingdom is £1.375, here in Gibrelter it is £550. The married man's allowance is £2,145, here in Gioralter it is £1,350. The first child, Mr Soeaker, gets £250 in Gibralter: in the UK there is no such allowance but the first child in the UK will be getting £4.75 and every other child will get £4.75 non taxable, whilst here the first child gets the allowance and every subsequent child will be getting £5 non-taxable.

So, Mr Speaker, if we made a comparison now of a married man with two children, say a husband earning about £4,150 a year, and the wife earning £2,600, the total of both incomes would be £5,760. If we then take account of all the allowances in those instances, the United Kingdom couple would be paying £972 and getting in child allowance £494 and if you deduct one from the other in the end what he is paying is £478. But if we do the same calculation and we take the £250 that the couple in Gibraltar would be getting on behalf of the child, it would come first of all the tax of £1,316 less £250 equals £1,056. This difference is more than double.

Mr Speaker, I think that in that comparison the Gibralter couple is paying more money. I believe that certainly up to the level of that income the everage working man would be much better off by being taxed more or less on the same scales as they are doing in the United Kingdom. I do not believe that in this instance it is necessary to keep them with the present burden of taxation.

HON H J ZALMITT

Would the Honourable Member tell me, I did not hear, what percentage a person in England pays for old age pensions?

HON MAJOR R J PELIZA

I beg your parden, I did not say pensions.

HON H J ZAMMITT

Well probably you would like to look it up, Mr Speaker, I do not know

HON MAJOR R J PELIZA

I am not talking about the old age pensions, I am talking now of families. Certainly I cannot give it like that because I do not know, I am talking now about the families. About a family of the composition that I have given. And in that instance I feel that the couple here in Gibreltar is paying a good deal more than a couple in the United Kingdom. I think in fairness we should try and do something to relieve them of part of the burden. This is why, Mr Speaker, we believe that we should give that extra . allowance which my colleague the Leader of the Opposition. Mr Isola has suggested. I hope the Government will give careful thought to that. The amount will not be all that much. It is obvious I think that we shall most certainly have sufficient reserves to ensure that we are well capable of sustaining ourselves in the years to come, with the prospect that exists for an even more prosperous Gibralter.

I would like to perhaps clear one or two points that were made by different Ministers when they stood up to talk. I think the Honourable Er Perez said that the measures that the Government were taking would be beneficial to Gibraltar. As you can see there is a great difference of opinion as to what we think is beneficial to Gibraltar. The Honourable Einister should remember that if there is more money going round in the economy there is more wealth generated, there is more tax comins back to the Government, so not necessarily all the money that is given away is given away. Say this allowance that we are suggesting should be given: it is obviously very likely that particularly in that income group the money will be spent in Gibraltar and part of that will come back in taxes and part of that will generate more economic activity. That money going into the reserves you might say is almost lost to Jibraltar. So I think that taxing is not necessarily going to be beneficial to Gibraltar.

Equally, I think he said something about £9m for the Development Programme or the national cebt. Again I think one wants to realise that it is not just this generation that should beer all the burden. There are future generations coming who will after all benefit from whatever development we do, and it is only fair that they should pay share of that development. If for instance we have to borrow money, as he quite rightly said, and we have to pay for the borrowing, that is fair enough, but remember the other side of the coin: that money is depreciating and

that in itself the money is paying for itself through depreciation, in that as you go along and you are paying for it back because there is more money available, since obvicusly through inflation there is more money evailable and we all have the money and the value of money has decreased proportionately, in fact over a period of time you are paying less for it. This is one of the reasons why in fact people in the United Kinjdom keep mortgages and went to pay little for their mortgages. You find that this money can be used for something else and generates wealth through investments and the amount mortgaged in itself is devaluing, spart from all other factors, that the property is gaining value.

I am just trying to make the point, "Mr Speaker, that all is not all one sided, there are other views to be taken on practically every economic problem. Whether sometimes you are right and sometimes you are wrong depends on changes that take place as one goes along.

Another thing that Mr Perez said, Mr Speaker, was that the Opposition thought everything was gloomy and that that is why we thought the Government had gone to the elections early because we felt

HON J B PERSZ

I never said that. I never mentioned the National Debt either, but never mind.

HON MAJOR R J PELIZA

Did you not say £9m on the Development Programme, National Pebt.

HON J B PEREZ

No, Mr Speaker, not National Debt.

HON MAJOR R J PELIZA

No, but that is what I think you meant.

MR SPEAKER

No, no, let us leave it at that.

HON MAJOR R J PELIZA

well, I thought you said that we said that everything was gloomy.

MR SPEAKER

Order. Will you carry on with your speech and let us forget about it.

HON MAJOR R J PELIZA

If he did not, Mr Speaker, certainly it has been said that we thought and said, in fact it was repeated many times at the election time, that the Government had gone to an early election because they would have to introduce a very tough budget at this time. That I am trying to say now, Mr Speaker, is that that is obviously what we were led to believe because those were the figures that we were given. That there might be other reasons, which now in retrospect one can see very clearly, and in my view the reason why the Government did go to the elections then was obviously not because of the financial state, because this would have been an excellent occasion, as my Honourable Colleague here said, of really not increasing taxes — they know perfectly well there is no need to put up those taxes — of not putting up any taxes at all, but because they believed that the Opposition was in total disarray. And the biggest surprise I think, Mr Speaker, of their life was to see that we were able to produce eight candidates, notwithstanding all the difficulties that over the years...

MR SPEAKER

Yes, but again we are drifting completely and utterly from the Finance Bill.

HON MAJOR R J FELIZA

Er Pestherstone, Er Speaker, said that during by administration, the question of the City Council, that in those
days we were saying that the Municipal Accounts had to be
self-supporting. What Er Pestherstone does not realise is
that what we were saying was that it had been contrary to
lew under the City Council administration - I believe it
was the Public Health Crdinance - for the Council not to
belance their accounts in that respect. And this is what
it was all about. Whether in fact at one stage or
another it would not be wise, because of circumstances,
because perhaps there is so much money in the kitty that
the Government can afford to subsidise those undertakings,
whether that is not the right thing to do in certain cases,

I am not saying that that is not so, but what I say is that in those days under the legislation that existed for the City Council it was contrary to law not to do so.

On the cuestion of the drop of seles in perfumery I do not know whether Government has realised or whether they are going to make it a policy that on any other commodity on which there are drops in sales they intend to reduce the import duty to encourage them to sell. That I think would be a good policy and let us hope that it does work in this instance. If it does I believe that this is something to bear in mind because there are I think perhaps some items that would bring income into the economy if it were adjusted to be competitive within our own area. I thing each commodity, each article, should be looked at on its own merits.

I was rather surprised to hear the Minister for Economic Development who perhaps should be very interested in seeing economic development in Gibraltar, speaking as if the tourists should be prepared to pay any price. I think that is the wrong attitude. We have got to adopt the attitude that the customer is almost always right, if not always right.

Therefore, we cannot say that the tourist who comes here must be prepared to pay more for the beer, or for the hotel room, or for anything else, because what is roing to happen is that that perticular visitor is not going to return. So I think that the !inister should be a little bit more tactful in that respect, and use more Judgement because as I said before, not because one particular unit in our economy may not be cost effective and, therefore, because it needs subsidy we are going to ignore them. That will produce other activity within our economy which in the end produces greater wealth, the example was of the tourists to come to Gibreltar who if he does not find the hotel to be cheap enough will obviously not come and will not spend the rest of the money in our shops and other places.

Equally I think, Mr Speaker, he has the wrong idea about the attitude, and I think he mentioned this again today, towards the publicans in Gibraltar with regard to the measures.

MR SPEAKTH

No, no, you are not going to have a chance to reply to something which was said on the Appropriation Bill in the Jinance Bill.

HON MAJOR R J PELIZA

No, IIr Speaker, he mentioned it today. He made a remark en passant but not in his speech.

HOM MAJOR R J PELIZA

Equally, Mr Speaker, I think that on the question of people having worked in Gibraltar and being able, say to purchase things that they were never able to before, I do not think one should sort of rub it in and say, well, if he can buy a car he can pay more tax, which I think has been the attitude of the Minister on more than one occasion. He certainly seemed to give that impression today. I am sorry he is not here, but it is the way it was said, the way he was speaking.

I believe that the whole philosophy, certainly of my party, is to try end raise the standard of living. First by producing more weelth, secondly by distributing those wealths, and then I think a combination of those two to increase the quality of life of the Gibraltarian. So as to enable them to find Gibraltar a very pleasant place to live in. One of the great difficulties that we may find, and this is something we must never forget, in the transition period that is about to take place here is that the Gibraltarian should find himsel? So happy here that that will make it one of the biggest attractions for him to stay here. That will be our strongest weapon.

One thing that is not going to make him think on those lines is heavy taxation. Therefore, the more money we can allow him to have to spend, the higher his standard of living, the better he will feel that his stay in Gibreltar is going to be for him and his family. This, therefore, is the right juncture, Mr Speaker, to give some relief to those who need it most. That to me, Mr Speaker, is the strongest assurance, that the people find themselves happy and secure in this place, is the biggest assurance of Gibraltar remaining what it is today.

Thank you, Mr Speaker.

MR SPEAKER

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

The House recessed at 9.00 p.m.

FRIDAY THE 25TH APRIL 1980

The House resumed at 10.30 a.m.

MR SPLAKER

Well, Gentlemen yesterday evening when we recessed the Honourable and Gallant Major Peliza had his say on the second reading of the Finance Bill.

There are a few members who are entitled to speak yet, I think, the Honourable Mr Zemmitt has still to speak and the Attorney-General if he so wishes. So if you intend to I will call on you.

HON E J ZAMMITT

Mr Speaker, Sir, before I can enter into my contribution I would like to say that listening to debates or arguments from the other side of the House I was quite impressed, indeed pleasantly impressed, by the contribution from the Honourable Mr Loddo who was quite brave I think in his first attempt in a debate of this calibre to come forth and add that spice of humour which the House I think on more than one occasion deserves.

Of course I could not say that, Mr Speaker, without giving praise equally to the Honourable Mr Joe Bossano, whose contributions have constently, since I have been in the House since 1972, been of the utmost sincerity and the contributions that he has afforded, when it has pleased the Opposition as much as it has pleased this side of the House, I think the Honourable Mr Bossano has well established himself over the years to have very important contributions to make particularly with reference to the budget. But it can be clearly seen, and Hansard will show it later on. Mr Speaker, that when it has suited the Opposition to run parallel with the thinking of Mr Bossano. they have jumped on his bandwagon, and when it has not suited them of course then the Honoursble Mr Bossano is attacked severely if his criticism was sometimes praised for what the Government has tried to put over.

Now, Mr Speaker, I would say that it has become customary over the years that I have had the privilege of following the Honourable and Gallant Major Peliza's contribution. and quite honestly, and I have said this before, it surprises me that a gentlemen who has been in this House for a reasonable amount of years, a man who has been

Gibraltar's Chief Minister, can be so poor in his contribution to a budgetary debate. The way that he contradicts himself is quite remarkable. The number of arguments he adduces with one breath which three minutes later he contradicts. There is no consistency.

Now this is the difference I see in the Honourable Mr Joe Bossano, and forgetting the differences that may exist between Mr Bossano's political policies and the Government's, one sees a consistency year after year after year. And, therefore, that consistency, Mr Speaker, whether we agree or disagree, must be preised.

Now, Mr Speaker, we have had an awful amount of talk from the other side. Some contributions I say are obvious because I have never ever, certainly since I have been in this House, seen the Opposition explauding Government on whatever measures we have taken, be they bland, mild, harsh, one does not expect the Opposition to applicate the Government, but one does expect the Opposition to adhere to being constructive and objective in their determination.

We note, Mr Speaker, that in the budget of 1975 there were no revenue raising measures since the Government was hit, I would say, harder than we have been hit on this occasion. But of course one sees that the arguments that they place are that the only food that they can give Mr Public for support, is the reason or the hope that they feel they could do better if they were in office. But equally, Mr Speaker, Gibraltar has the experience of having another administration for 2 years and 10 months and quite the opposite happened. In fact we have not had, in the eight years that I have been in the House, demonstrations going down Main Street on account of television licences or other measures that were imposed by that administration.

Er Speaker, the facts are that whether they want to call as my Honourable Friend Er Canepa said on the television yesterday, it was a modest budget. We are not hitting anybody hard. It appears the Opposition would like us to hit the people hard and then of course it becomes a political motivation as opposed to a particular care for the people of Gibraltar.

HOM P J ISOLA

How could the Opposition like the Government to hit the people hard when the Opposition is suggesting measures of increasing personal allowances and resisting the taxation measures. How can the Honourable Minister reconcile his statement that the Opposition would like the Government to hit the people hard with the statements that have been

made on this side of the House.

HON H J ZALECITT

Mr Speaker, in every single budget debate you will see that the pattern of the Opposition, irrespective of whether as I have said, they are bland, hard, or mild measures, the Opposition will always come out trying to save Mr Public and are not objective or constructive in their suggestion other than saying that we have so much money in reserve and we should give it back.

Mr Speaker, I think the Honourable Mr Featherstone yesterday mentioned in his contribution the fact that the Honourable the Leader of the Opposition in a television interview at last year's budget was creating a hullabaloo over the fact that our reserves were so small that we only hed three days reserve, and therefore we should increase our reserves. Now the argument is that because we have a reserve we should throw it back. "We cannot forget that in the times of the Honourable Major Peliza's administration the reserves were equivalent to 3 months expenditure compared with the budget of that year, and we also found that people thought that that was necessary because the frontier had closed and we had to have a healthy reserve into the unknown. That was nearly three years after the closing of the frontier. "e already knew the pattern of the way that Gibraltar was going and the economic plan that Gibraltar would have to face. Now, when we are stepping into the unknown, we can all assume that there will be affluence coming into Gibraltar as a result of the lifting of the restrictions but we do not honestly know. And, therefore, like the Honourable Mr Bossano said, very rightly so, if there ever was a moment in Gibraltar when we required to be absolutely healthy financially it is now. 'Te must be in a position to be able to deter allegations of our weakness financially. It is now that we should be in an extremely healthy position so as not to be swamped.

It is now, Mr Speaker, and we do not know and I am surprised that no member has mentioned this, the question of support and sustain that we have had over the years as a result of the closed border and the restrictions on Gibraltar, it is now and only now that he should be able to go to Great Britain, as my Honourable Member Friend Mr Featherstone said yesterday, we must go cap in hand to Great Britain. We must make sure, and Britain has done so so far, to help those who help themselves, and then when we are able to say that we are helping ourselves can we expect help from Britain who has helped us so far extremely well.

Now, Er Speaker, I think that the Honourable Er Bossano hit the nail on the head yesterday when he said de facto the Opposition had to attempt to ridicule the Government irrespective of the consequences, irrespective of whether they think we are right or we are wrong. That is political motivation, there is absolutely no other excuse, no other excuse at all. And we find the arguments quite honestly laughable because they are absolutely ridiculous.

To say, Mr Speaker, that the increase of the import duty on cars is going to stop people buying cars: well of course, Mr Speaker, it is going to add £X to a car, but no one is going to stop buying a car because the price of cars has gone up at source 30% to 40% over the past few years. No one gives a car up because the premium on the insurance policy goes up 30% to 40%. So what is the argument, Mr Speaker. There is no argument. The fact is that we know very well that the people will not stop buying cars because it has gone up slightly. And we know equally, Mr Speaker, and I know this, that there are people who are paying as much as £180 hire purchase a month for a notor cycle, particularly the youth of Gibralter.

Now, the Honourable Mr Restano said that draught beer was a working class drink. Let me assure the Honourable Mr Gerald Restano, who is not in the category of the poor men, that arought beer is no longer, let me assure him the working class men's drink. The working class today is drinking spirits, and lagers, not draught beer. And I anow that, Mr Speaker, because I have experience in that particular trade. But as I say, Mr Speaker, the contributions were absolutely poor, absolutely poor. In fact the contribution of the Honourable the Leader of the Opposition whose political expertise one respects, was cuite honestly as far as I was concerned tongue in cheek. He made a tremendous amount in insinuations that do not hold water. And more so when he has been speaking over the past two or three years at least as the Opposition's spokesmen on financial matters. Quite honestly he has not been as convincing as he has been on other debates. And I think he was not as convincing because of course he has been caught, like meny others have been caught, by surprise. by the mildness of this budget, and he has to admit this. Whether he says he has erroneous figures or what have you. I think he made very wild and quite unprepared speeches at his Party's conference that we would be able to show everybody why the Chief Minister called a General Election so quickly, and that was because we were going to hit the people so hard that we would be arreid to go to the electorate a few months after such a harsh budget. But alas another mistake and another failure.

Now Mr Speaker, the Honourable Mr Restano referred to the airport tax and the increase, and that we had to make sure that we did not tax ourselves out of the market. Now I think we can boast, Mr Speaker, that

MR SPEAKER

Mr Restano spoke of the Duty Free Shop and not the airport

HON H J ZAMMITT

The Airport duty free.

We can boast, Mr Speaker, that we are possibly one of the creapest duty free's in Europe. We have always equated our duty free at a price lower than other places, and lower than even British Airways sell on their aircraft. And of course we would be absolute fools if we were to increase our duty free at a price where people would not. buy from us but rather buy in the aircraft. We are cheaper than London Airport and we are cheaper than the BA. And equally I could inform the Honourable Mr Restano, a p.om nent businessman, that he should know that whisky is a little more expensive than our duty free, and he should know that tobacco in Spain is more expensive than tobacco in Gibralter. And I assume he realises that the Government do meet now and again, we do have a little chat over things such as these, and of course we come to conclusions that should not kill the chicken that laid the golden egg.

Now one thing, Mr Speaker, that the Honourable and Gallant Major Peliza accused the Honourable Mr Bossano of was in saying that he appeared to agree with income tax. Vell. I think, and I do not have to defend Ir Bossano, but it certainly is my understanding that I'r Bossano's interpretation of accepting income tax payments as a socialistic. approach which probably the Members opposite cannot understand. But the more tax you pay indicates the more you are earning, and I am sure the Honourable Mr Bossano himself will agree that income tax is the least inflationary fund reising measure that is possible, and, therefore, that is the point he agrees with. I do not think Mr Bossano was saying, or trying to say, that people should pay more income tax, but Mr Bossano, and I agree with him entirely, means is that the more tax you pay the more you are earning. So. therefore, of course I agree with Mr Bossano there, and I was surprised to see that the Honourable and Gallant

Major Peliza could not comprehend that argument. I am afraid that perhaps not being here he may still be sharing the same ignorance next year.

Now, Mr Speaker, to say that the Honourable Mr Bossano's view on this budget are tainted by his political ideas and his professional economic approach I think is absolutely wrong, Mr Speaker. Because it is only on this budget that the Opposition really fall out with the thinking of Mr Bossano. I have heard many hear, hears, and many headshaking agreement with Mr Bossano, when Mr Bossano has been criticising Government very much indeed. He has been the expert, he has been the saviour of the Opposition on financial matters, but yet when he tends to disagree, when he disagrees, then the political motivation is tainted and all the rest. Now that is the sincerity that one sees so evidently in the Opposition now whether we like it or not, and I repeat whether we like it or not Mr Bossano's contributions in budget debates have been extremely good. Not only on this occasion but on every And even in matters in which one occasion. occasion. Certainly. And even in matters in which one does not agree with him one sees the consistency and one sees that at least the man has knowledge of what we are talking about and is consistent. I am afraid I carnot say that for other members of the House. I cannot possibly say that for other members of the House, Mr Speaker.

Now, Mr Speaker, I agree that MOD spending in Gibraltar is a very valuable contribution, and I do not want to give the slightest impression that one would argue against that income which Gibraltar and Gibraltarians derive. But I do not thing, as my Friend the Honourable Mr Serfaty who was in the House for many years, I am a fervent believer as he was that whereas there is a 70/30 ratio in MOD/other income to the economy, Mr Speaker, we should not be static and allow that to continue because we do not know if there could be defence cuts as there have been in the United Kingdom affecting the economy of Gibraltar. And whilst one welcomes the 70% contribution, we should do our utmost to try and articulate that 30% well into the 70%, so that we are at least stable and we are on our own feet, I do not want to give the impression that the Government is not grateful for the MOD spending. That we are saying is that we should attempt to articulate the 30% upon the 75% for our own stability. And that of course, Mr Speaker, can only come about as a result of trade and tourism, and I hope that the opening of the frontier can do that for us and then we will be in a much healthier position. Mr Speaker. Then. But we cannot gamble. We must be absolutely sure of what we are doing and this Government is not prepared to gamble. We are not prepared to gamble with the Gibraltarians, we are not prepared to gamble with our Gibraltar. As I said earlier the situation is that:

our healthy financial situation today must ensure that we are on absolutely good terms with Great Britain, our best friend, but equally we can be defensive against a possible attempt from across the border.

Now, Mr Speaker, what poor arguments were placed about the increase of water to hotels. Our tourism is going to flop, we are going to drop, no one coming to Gibraltar because we are asking hotels to pay the value of water. Now, Mr Speaker, the Honourable and Gallent Major Peliza fails to understand that the contribution that Gibraltar has been making for an enormous amount of years to hotels to promote the tourist industry has been to the detriment of the taxpayer in the contribution towards the subsidy of the Water Accounts. I accept that tourists come and . spend money but we cannot have the argument unless you have as the Honourable Kr Bossano said, we must have a statistic value of what we are subsidising the tourists. otherwise of course it will not pay to have tourists here. The tourists will not come if we find that we are taking more than they are giving. But, Mr Speaker, to ask somebody who consumes six times the amount of water an ordinary Cibraltarian uses, to pay for that - we are not asking them to pay the moon, and I am sure Mr Speaker, that six times time water account of a Gibraltarian I think is quite It is quite excessive, and the same should apply to anybody else. Why do me not subsidise bars who use water in cleaning up and supplying the tourists? Why the hotels alone? So that someone can have sixteen showers a day. That we can ill afford, and that we are putting right, and I think the people of Gibraltar will agree with that measure if anything.

HON P J ISOLA

If the Honourable Member will give way. I do not think anybody on this side of the House has objected to the charges that are being made to hotels. What we have said on this side of the House is that we do not agree with the theory of the Honourable Mr Bossano that if a place of business like a bar or an hotel cannot operate without a subsidy in the price of electricity it does not necessarily follow that it should close. I do not know whether the Government agrees with what Mr Bossano has said or not. but if Government agrees with what Mr Bossano has said then the Government itself has had a big change of policy because the Government has been subsidising water during the last ten years. The Government has dregged its feet in collecting cutstanding rates, and electricity charges from hotels during the lest ten years. If it is a change

in Government policy please do not blame us for it.

HON H J ZAMMITT

Mr Speaker, the change of policy would be Government's and as long as Jovernment is in power it is Government and we always take full responsibility and the blame for everything we do, even if we do thing rightly, because I have never yet heard a member of the Opposition velcoming a measure, particularly in taxation, that the Government has taken. I think the Honourable Hember, and I think Hansard will show, that it was not the way that he has said that the Honourable Major Peliza put it over, and it may be recalled that he mentioned that he thought that the Services, that is the Armed Services, should be helped even more than the tourists. Yes, Mr Speaker, that is vividly in my mind, vividly in my mind. You can see that there was a direction towards a continuation of subsidising hotels and the water in hotels.

Now, Mr Speaker, the Honourable and Gallant Major Peliza . yesterday made a little attack on the comparability of income tax in Gibraltar with that of the United Kingdom. and it was exemplified and extended upon on television last night; where of course I think it is established that we could never introduce the same tax measures on income tex for a number of reasons. Needless to sev the most obvious that comes to light is the fact that we do not have the number of wealthy people in Gibraltar that one could tax into the 55% band as there is in the United Kingdom where there are many thousands no doubt that are in the £100.000 brackets, and I doubt if there are but a nendful in Gibreltar in that particular sector. So one has to tax the middle block which is the most effective. But I was surprised to see that the Horourable Major Peliza seve all the baddles, and I did ask, may I say tongue in cheek, when I rose for clarification. Mr Speaker, and you very kindly allowed me to do so, that he had failed to say and talk about the old age pensions, how they were taxed in UY and how they were taxed in Gibraltar. the Honourable and Gallant Major Peliza may like to learn, as he learned that income tax in the United Kingdom on family allowances and in Gibraltar were exactly the same, that the old age pension in Gibraltar is tax free. They are not tax free in the United Kingdom, so possibly, Mr Speaker, in the contribution of the Honourable and Gallant Major Peliza he may like to give Gibraltar some credit and not all the adverse things that he has said.

Now, Mr Speaker, I would like to refer to the Honourable

and Gallent Major Peliza's contribution in the budget session of March 1976, and he was referring, Mr Speaker, at page 603, to the money - and it may be recalled that in 1976 there were no tax-raising measures - and the Honourable and Gallant Major Peliza - and may I say before 'I read this. Mr Speaker, that I would ask the Opposition to consider the reserves that Government has in the context of the unknown. I do not want to be looking into outer space, Mr Speaker, I am talking into the possibility of the frontier and which I think we all agree that the prospects financially appear to be good, but we do not know and that is what we have to see. But the Honourable and Gallant Major Peliza said in 1976: "And so I think this is the time when we have to shapen society. What a golden opportunity we have with so much money in our hands to do precisely that."

Now, Mr Speaker, is the golden opportunity financially and politically not ideal now to ensure that we have this reserve. Would the Opposition not be glosting, if the word is ploat, if we did not have this financial position and we had to hit people hard. Surely reasonable intelligent men as they are would have to accept, it may have been a windfall, we may have been lucky. I am of the fervent belief that Gibraltar is blessed and God is above us at all times, but it is purely coincidental that we find ourselves with a £5m reserve when the frontier is about to oven, and that I think is cause for jubilation. and a fanfair of trumpets of which we were accustomed to during the administration of the Intergration with Britain Party. We had fanfairs and trumpets every time the Chief Minister took his hat off. This is absolute, this is the

HON A J HAYNES

Mr Speaker, we believe a reserve should come about naturall; and as a way of saving, not as a measure of direct texation so harsh as we had last year and riddled with miscalculations. Can the Honourable Member explain why Govern ant are not embarrassed by a miscalculation of the extent that we have had this year, especially since this miscalculation that we are talking about is public noney, as the Chief Minister has so rightly said, and money drawn from the people. So a miscalculation is to the detriment of the people and we want to know why Government are not embarrassed by this miscalculation. We do not object to reserves in principle, we would like to see reserves coming up naturally and as a way of progressive saving. Of course we want a rich and better Gibraltar.

HON H J ZAMMITT

Yes, Mr Speaker, reserves do not come naturally. Mr Speaker, there is not a tree that I know of that. produces gold or pound notes! They do not come naturally, reserves come and have to come from the economic stability of a Territory which the people themselves must contribute to, and it cannot be embarrassing. It would be embarrassing to us if we had no reserve, if we were in a poor financial situation. We can gloat over the situation, and if the people of Gibraltar feel they have been hit hard now they can rejoice because now is the time when we will be able to reach the fruits of our efforts. Because we have been wise or lucky in ensuring that we have this economic stability which has been brought about in Gibraltar. But I say we must thank God because it has been luck, or if the people were overtaxed last year at least the people can say, thank God we were, because if they were not overtaxed last year we would find ourselves today with cap in hand. But today we can put our tongue out we can put our tongue out, Mr Speaker. Although £5m may not be excessive I only hope we had £10m reserve, Mr Speaker.

Now, Mr Speaker, if I am going to be interrupted I am varraid I will be here until 9.30.

We must be sensible about this, Mr Speaker, but as I say A have never in my experience in the House ever, ever, irrespective of measures we have taken had the support of One expects that, Mr Speaker. What one the Opposition. does not expect is the Opposition to misleed the people by giving the impression that we can give away our £5m reserve because we give back what we have taken away from them. No, it is their money, it is not our money, Mr Speaker, it is not the Government's money, it is the individuals, it is the Gibraltarian's money, and the more prosperous the Government is the more prosperous the community is. So, Mr Speaker, two things have come out in this particular budget. One is the inconsistency of the senior members who have been here for a number of years - I would have understood of course the julior members - the inconsistency throughout the past budgets and in particular this one. But as I say my reason for this is that they have been embarrassed in modelling the minds of people during the election campaign and during the Party Conference of the Democratic Party of British Gibraltar into modelling the minds of the people: you wait until the budget comes along; they are going to hit you so hard you are going to lament having voted for them. But also they have failed. They have failed and failed

dismally, and of course we have been lucky, Mr Speaker, that we cannot deny. We have been lucky with these Estimates that the surplus was there before we even knew they were going to open the frontier. So we can look forward to the opening of the frontier with strength and with vigour, and we will ensure that next year, God willing, we can have £20m reserve much to our satisfaction and no doubt, Mr Speaker, much to the dismay of the Opposition.

Thank you, Sir.

MR SPEAKER

Well, if there are no other contributors, and in accordance with the Standing Orders, I will now call on the Chief Minister to exercise his right to reply.

HON CHIEF MINISTER

Mr Speaker, I shall try not to be very long. I think this debate has gone on much longer than the circumstances warrant. But it is quite obvious from the opening by the Leader of the Opposition that he showed considerable disappointment at the good results that we have obtained, and the fact that it has proved that quite a number of the contentions that they had been holding regarding the elections and subsequently have all been wrong. It is a fact that at the time of the last election. Sir, the position was gloomy. So it was put to us. And so we saw And it is precisely because it was necessary to take remedial action that remedial action was taken, and I think it is a proof of the necessity of that that the remedial action has been effective and that in fact we find ourselves now in a much more comfortable situation than anybody could have thought of. But that is not to the Government's credit or its fault. It is the fact that the economy has been able to stand it for a number of other reasons and that in fact it has responded in such a way that this is the practical result.

A number of isolated points have been made which I will deal with rather than a long speech. The fact that this will weaken our position at development talks is absolute nonsense. The opposite is exactly the case. Every time we have been to Britain for help, every time we have shown that we were taking remedial action for our own sakes — because it is the policy of the ODA that they help better those who help themselves. In fact at one stage the question of rent was one on which we were under great

pressure to revise because otherwise the grant for housing might have been endangered because they felt the people were paying too low rents and that costs were too high. Indeed the reply to my original letter for a request for certain items of education and so on by way of once and for all budgetary assistance which went at the time before the cuts were started by the new Government, and the reply came after the new Government, did refer to the fact that they had taken note that we had taken steps to correct the situation and suggested some other steps. That was their privilege to suggest, we have done what we thought right. But the point that I want to make is that it strengthens the position of negotiations with the ODA to show that we have taken measures to remedy the situation. Too often it is thought by people who do not like us, and there are many people who do not like us much as we would like them to like us in certain spheres, to say: well. here you are, they are having a very easy time, they pay whisky very cheap, they pay cigarettes very cheap, and so on they want us to pay for their houses and for their schools. Well, if by our performance we show that we are courageous, that we have put the necessary taxes that are required to make our own day to day economy viable then so much more the respect that they have for us and the better chances we have for continuing to get help as: before, or subject to whatever charges may come about as a result of the changed situation.

One point made by Mr Scott, with whose contribution I would not quarrel, was that I said that there was 1% relief in this budget. I think that either he misread that or he did not understand what I meant. I said that overall, taking all the measures both the beneficial and the ones that bit into the incomes, overall, there was a 1% relief, which takes account of all the budgetary measures. But it was not just an isolated 1% relief but overall. After the budget the people will not be worse off than they were before the budget because of the package.

One point made by the Honourable Mr Restano about the fact that had we purchased the generators earlier they would have been chaper. The answer is the opposite. Generators are cheaper now because there is an over-supply. It is well known that in England there is an over-supply of capital expenditure on electricity and indeed our information is that generators nowedays are cheaper. Funny as that may sound they are cheaper than two years ago because of over-production and lack of orders and finance to take them over. And whereas it is well known that in France there is a low supply of power overall

nationally, it is well known that in England in fact one of the papers was saying the other day how disappointed the Central Electricity Authority was about the lack of demand on electricity. So in fact in England the problem is that there is the supply, there is the power available, but there is not the demand because of the element of depression in industry and other aspects.

Now Mr Haynes in his original contribution in the Appropriation Bill raised the question of gas, the question of alternative supply. Now I think he should have given us credit for the fact that all these matters are looked into, but fair enough, it was a new point by a new member and I took it seriously and I had a brief prepared and I explained in my reply the details of all the alternative sources of supply and why they are not feasible in Gibraltar. And whereas I share the concern of the whole world of what is going to happen when oil is at an end, we cannot pioneer in this respect, and in fact nome places where they are pioneering such as solar heat, I did explain in great detail for his benefit and the benefit generally, the difficulties in these matters.

Yet he thought fit in his speech on this Bill to raise the matter again and say that we had not taken any note and described us, and really I think it is the first time we have been this - "Billy Boys". I have never heard a more inept description. I do not know what we do about being Bully Boys when we can stand and listen to the Honourable and Gallant Major Peliza for hours and hours and not even attempt to stop him.

But there is one thing that has been produced as a result of all his ideas, and that is a lot of gas from the other side. Unfortunately it will not produce any energy at all.

The measures we have had to take, the money we have to find. We looked for things that we felt would not unduly cause hardship to the average working man in Gibraltar, and so telephones had to go up. I do not say it is a luxury, but it is something that at a pinch you could do without, although I am sure that the amount we are putting up is not that much. From telephones we went to water. Now, everyone who is careful with the water will not have to pay all that much money. There again it is a question of good housekeeping, not just by the Government but also good housekeeping in the family. Water as you know is quite a drain on our resources. We have to find the money for it, we have to find about £75,000 more this year and I would tell the people of Gibraltar generally that as well as

keeping Gibraltar tidy they should keep their taps shut. Hotels of course will have to pay slightly more and this is inevitable. We cannot subsidise hotels to any large extent.

Increasing import duty on cars and increasing the petrol are of course directed to one thing. In making sure that Gibraltarians will be able to enjoy cars in Gibraltar, because really we are reaching the stage when unless we do something about our circulation, and I do not mean our body circulation - perhaps our body circulation as well - it might do a lot of good for some people to start welking.

Now, all this is what Major Peliza said in 1972 these are my words today, they are taken from the Hansard of 1972. They were not my words today, they are taken from Hansard of 1972.

But of course he was then Chief Minister, now he is in the Opposition.

He went on further, now that the secret has been disclosed, and in the traffic circulation, unless we do something drastic about our parking, and we are not afraid of grasping the nettle, this Government is never afraid of grasping any nettle, unless we do something drastic about it, then people literally will not be able to bring a car and those who bring it will not be able to enjoy it. So, therefore, I think, to copy the words of my friend the Financial and Development Secretary, "a stitch in time saves nine". Since 1972 how many thousands of cars have come, have circulated and enjoyed themselves in Gibraltar!

Mr Speaker, I was reading from the Hansard of the 1972 Budget, pages 170 and 171, Major Peliza's intervention in the budget about water, about electricity, about telephones which he said we could do without, we do not say that. We do not say that, we say that the telephone can pry for themselves but we do not say that people can do without. Now of course pensioners should have them free or cheaper, but we at the time, this is not a luxury you can do without.

Now, Mr Speaker, this is really not the way policies should be approached, saying one thing one day and another when you are in a different place. This reminds me of a point made by Major Peliza about the question of the wayleave t that has been put with regard to spirits and so on that the sale might drop. Mr Speaker, it is not so long ago since we heard when the original duty free shop was introduced at the Airport building, the then Members of the

Opposition Mr Caruana saying that the introduction of the duty free shop which we were going to put at the Airport would mean ruin to the whole of the trade in Main Street. And because it was our idea it was bad, and the whole of Main Street was going to be ruined. Well, we seem to have survived that one as well, Mr Speaker. I think whatever people may say about us, our power of survival is unequalled, certainly in political terms.

I will not say much about what Mr Bossano said except that he gave the Opposition the hardest beating they have ever had from their own side for a very long time. And I think it was fully deserved.

There are two corrections, Mr Speaker. Major Peliza was talking last night about comparative tables of income tax and he gave one or two examples which are completely wrong. He talked about a married couple with two children on £6,760 total, tax total income tax together. He said that in the UK the tax payable would be £972, the family allowances would be £494, and that, therefore, the balance that he would have to pay would be £478, and that in Gibraltar the tax would be 21,360, the family allowance £260, and then it would be £1.100. In fact in UK the tax payable would not be £972. but £1,384.50p, and the family allowences were correctly staged. So his position there would be £890 tax. In Gibraltar the tax payable is more than what he said, because if we are talking figures we cannot forget the correct figures when it suits us. was £1.504. the family allowances £260, and the final amount of tex would be £1.344. But he miscalculated by over £400 the emount of tax that a family in UK would pay.

The main point about this budget, I think, in terms was generally agreed by the Leader of the Opposition at some stage. I forget whether in this debate or in the first debate, and that is that overall our differences about taxation, overall our differences about approach to the economy, there is one big problem which we must tackle, and I think that the difficulties that have to be encountered in the coming month are perhaps more serious and more dangerous than any that we have had to encounter since the restrictions started, or since the action on the part of Spain, the positive action, that was started initially in 1954 after the Queen's visit, and then from 1963 onwards at the United Nations and by practical restrictions at the frontier.

The frontier is going to be opened, we have to meet that challenge, and we have to meet it mindful that there are many pitfalls and many difficulties that have to be looked

after and cared for above all else. I have just been given on coming into the House, a note which will be circulated to members and other people concerned by the Chamber of Commerce on a number of problems that they want to raise which is consequent on the invitation we gate them at the meeting of Representative Bodies following on our return from Strasbourg the other day and I hope other people who have views on these matters will do so, because it is essential that we stand together on the approach to the measures which will have to be taken following on the Lisbon Agreement. It is against that background that it is necessary to feel completely unembarrased by financial constraints of a local nature. And it is because of that more than anything that we should look forward, not only to having handsome Consolidated Funds Balances and reserves. but to enhance them and increase them in order that we can meet that challenge which I think overrides all other considerations.

Thank you, Sir.

MR SPEAKER

I will then call on the Honourable the Financial and Development Secretary to exercise his rights to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Thank you. Mr Speaker.

First of all. Sir. I should I think be appearing in a white sheet with a candle this morning, because I misled the House in my speech on the Finance Bill on the telephone rates. For Portugal the rates are the same as I gave, but to Spain, the Campo Area, I said that for 3 minutes or part thereof the increase would be from 30p to 33p. In fact it should be from 30p to 39p, and Spain other than the Campo Area the change is from 450 to 54p and not 48p. I will be circulating to Honourable Members these amendments. For Morocco other than Tangier it is from 66p to 75p, not 69p as I originally stated, and to Tangier from 45p to 54p and not 48p. as I originally stated. The rates were drawn up by the Telecommunication Department, there was an amendment which was received in the Treasury, but I am afraid it did not get itself into my final speech. It is the Treasury's fault that the wrong figures were given and I accept full responsibility and I applicate for misleading the House.

MR SPEAKER

There are no consequential amendments, these are regulations.

HON FINANCIAL AND DEVELOPMENT SECRETARY

No, Sir, these are regulations and not in the Bill.

The Honourable Mr Restano asked why the rates to Portugal were so high. Normally, if possible, cells are routed through Spain which is cheaper, but this depends on the availability of lines and if they are not available they have to be routed via the satellite to London and then to Portugal. This pushes up the cost and we have to charge an average cost. The department concerned are sware of this anomaly and in the general review of all rates which is being undertaken, and depending on the negotiations with Cable and Wireless and possibly the CINE, it is hoped to eliminate this anomaly.

The discussions in debate indicates as if we had jumped from a projected outturn of £1.3m to £5.4m overnight and I would like to correct this impression as a matter of fact. The real comparison is a projection of £1.3m at 31 March 1980 to a revised estimates of £3im that date. The reasons for these were explained in my budget speech and I shall just briefly touch on them. A major reason was the improvement of £600,000 in the outturn in 1978 - 1979 main-Ly due to expenditure falling short, and then in 1979 -1980 the increase in revenue of somewhat over £2m, over half of which was because of the higher cost of the pay settlement and the private sector income tax which we had not taken into account, and which was pointed out last year. and the balance from other departmental earnings and import duties, and the fact that increases in expenditure were retained to some Elm.

The full details, Sir, are at pages 11 to 13 of the budget speech.

One point was made I think by the Honourable Mr Loddo that bunkering prices had gone up. This is not so, Sir. There is no increase in the export duty, it is merely that we have metricated and instead of one long ton at 55p, it is on metric tons 54p. In fact this is the case where, if my calculators tell me true, we have in fact rounded down because the exact figure would be 54.13.

Finally, Sir, the Honourable the Leader of the Opposition, who unfortunately is not here at the moment, questioned the

wisdom of my mentioning the need for Gibreltar to demonstrate its creditworthiness to potential lenders. The suggestion was not that Gibreltar is not creditworthy, it is merely a fact of life, that when one wants to borrow money one has to give a lot of details to banks the same as if one is going along to get a personal loan from the banks, and when the Treasury or the Government goes to a Merchant Bank to raise something like £12m or £13m for the Government we are asked detailed questions about our Gross National Income, how it is made up, what we spend our revenue on, what our revenue is, the makeup of it, the debt servicing charges, the public debt, and what is the size of our reserves. This is a fundamental question which is put to us and they compare it with the size of the reserves for normal Government expenditure.

Sir, those are the only points which I wish to make.

I beg to move.

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

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable J B Perez
The Honourable Dr R G Valarino
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The following Honourable Members voted against:

The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loldo
The Honourable Major R J Peliza
The Honourable G T Restano
The Honourable W T Scott

The following Honourable Member abstained:

The Honourable J Bossano

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis The Honourable Major F J Dellipiani

The Bill was read a second time.

Committee Stage

HON FINANCIAL AND DEVELOPMENT SECRETARY

'Sir, I beg to move that this House should resolve itself into Committee to consider the Finance Bill, 1980, clause by clause.

The House in Committee.

MR CHAIRMAN

Well, perhaps gentlemen I will explain that the way we do things rowadays is that there is the Finance Bill, which is divided into the amending legislation for each particular Ordinance, and, therefore, Members have an opportunity to vote on each particular amendment to the revenue raising measures, without having to vote as a whole against the whole of the Bill.

THE FINANCE BILL, 1980.

Clause 1

On a vote being taken on Clause 1, the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshus Hassan
The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Kajor R J Peliza
The Honourable G T Restano
The Honourable W T Scott
The Honourable Dr R G Valerino

The Honourable H J Zammitt The Homourable D Hull The Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bosseno

The following Homourable Members were absent from the Chember:

The Honourable I Abecasis The Honourable Major F 3 Dellipiani

(Lause) stood part of the Bill.

Clause 2

HON P J ISOLA

Mr Chairman, could I ask the significance of the tariffs and prices in respect of the accounting he iod including let May, 1980. Does that mean that electricity consumed prior to today, or prior to the announcement of the measures, will in fact be charged at the new rate?

HON FINANCIAL AND DEVELOPMENT SECRETARY

No, Mr Chairman, at the former rate.

MR CHAIRMAN

The accounting period is the lat of May.

HON P J ISOLA

So that readings made during May will be charged at the old rate? If that is not the case then electricity consumed during April, will be charged at the new rate.

HON ATTORNEY GENERAL

Mr Chairman, may I just answer the Honourable the Leader of

the Opposition. The accounting period does not mean the period during which the meter is read, it means the period for which the meter is read. So that in my view this Bill will not cover increase electricity for the month of April, it will increase electricity actually used during the month of May.

HON P J ISCLA

So that the new charges will not apply to electricity consumed during April. Is that certain?

HON ATTORNEY GENERAL

Mr Chairman, that is the effect of the Bill, yes.

HON P J ISOLA

Mr Chairman as you know this part of the Opposition any way are voting against the Bill as a whole.

MR CHAIRWAN

May I say that that will be in the third reading, perhaps. Here you have to vote on each clause.

On a vote being taken on Clause 2, the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable J B Perez
The Honourable Dr R G Valarino
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The Pollowing Honourable Members voted against:

The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza

The Honourable G T Restance. The Honourable W T Scott

The following Honourable Member abstained:

The Honourable J Bossano

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable Major F J Dellipiani

Clause 2 stood part of the Bill.

MR CHAIRMAN

This is the Income Tax.

HON ATTORNSY GENERAL

Mr Chairman I beg to move an amendment to this clause. It is a drefting amendment for consistency. In the proposed new section 8 (5)(b) on page 5 of the Bill, in the third line of that page, I move that the word "prior" be changed to "previous".

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

On a vote being taken on Clause 3, the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable J B Perez
The Honourable G T Restano
The Honourable W T Scott
The Honourable W T Scott

The Honourable H.J Zammitt The Honourable D Hull the Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bossano

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable Major F J Dellipiani

Clause 3 as amended, stood part of the Bill.

Clause 4

HON P J ISOLA

Mr Chairman, we are supporting this clause in so far as it does bring some alleviation to the position of old aged people, but as I have said . . .

MR SPEAKER.

Because it does, because you can only vote for or against without qualifications.

HON P J ISOLA

Yes. I say we are voting for this because it brings alleviation to the position, but as I have said, and there is no need for me to repeat it, as we have said in the general debate we do not think the Government has gone far enough in the position of old aged people.

On a vote being taken on Clause 4 the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable J B Perez
The Honourable G T Restano
The Honourable W T Scott
The Honourable Dr R G Valarino
The Honourable Dr R G Valarino
The Honourable D Hull
The Honourable R J Wallage

The following Honourable Member abstained:

The Conourable J Bossauc

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis The Honourable Major F J Dellipiani

Clause 4 Stood part of the Bill.

Clause 5

HOM P J ISOLA

Mr Chairman, I have an amendment to Clause 5 and that is, I beg to move that Clause 5 of the Bill be amended by the substitution of the figure "£850" for the figure "£750" where the same appears.

MR CHAIRMAN

Are you saying anything in favour of the amendment?

HON P J ISOLA

Yes. Sir. Mr Chairman, this amendment if accepted would of course alter our whole attitude of the Finance Bill. As we have said in the general debate on the Bill we feel that the increases in the Personal Allowances in Income Tax that the Government is proposing are too small and we feel that the increase of £100 should be £200. Now, there have been a lot of red herrings thrown into this House in the course of discussion to resist this proposal. The impression has been given that the Opposition are irresponsible in asking for the personal allowances to be increased. The Horourable Mr Featherstone and other Members on the Government side have thrown in the question of the dignity or Gibraltar in support of their resistance to these measures. And our proposal that personal tax allowance should be increased is based on the premise that the outturn of the year for the Government has been extremely good, and that the prospects for next year are equally good. And we have been reinforced in this attitude by the appearance last night on television of the Honourable Mr Canepa and the Honourable Mr Bossano, who expressed great optimism . for the finances of Gibraltar. So we are not gambling, as the Honourable Mr Zammitt would like people to believe, with the finances of Gibraltar or with the future of Gibraltar. We are making this suggestion in the sure knowledge that the Government, on it; own estimating and as a result of all the measures they are proposing in this House, expects a surplus of £5.4m next year as against 21.5m that they estimated at the end of the year we are in. And without taking into account the beneficial effects about which Mr Canepa has spoken and the Honourable Mr Bossano has spoken. And here, much as it might worry each of them. I must put them in together as they make the same stend on this, this despite their optimism and not taking into account these revenues which the Government will receive as a result of pay settlement in the private sector.

So without taking into account all that the position of the Government at 31 March 1981, if they accept this amendment, would still be a surplus of £4.6m, and with the recent increases of revenue expected as a result of wage settlements in the private sector and other factors like the Opening of the frontier and things like that, and the spending by the Government of the £10m on the Development

Programme as expected, the surplus could well be over £5m.

As for the question of the British Government, I would say this: if I were Chief Linister - which I am not - the Honourable Member opposite is, and he is the one who has to negotiate with the Bratish Government, I think that if he were to tell the British Government, look we have got a surplus of £5m as a result of the imposition by us on our people of heavier taxation than you yourself have in' England, I think the British Government would give the help that is required. I do not think it is a question of dignity. I think it is a question of Gibraliar having done more to put its economy right than anybody else. with serious consequences for the population in the taxes that they have to pay. So when we are proposing this gmendment of an increase of £100 over the amount suggested by the Government, we are not putting Gibraltar in a state of danger or in a state of jeopardy, as the Honourable Members on the Government side supported by the Honourable Mr Bossanc would lead us to believe, we are seeking a juster system of taxation. We are seeking that the public gets returned to them part only of what was taken off them last year on the basis that even with all those taxes there would only be a surplus of £lim this year, and in fact it was £3.6m. So the taxation measures all went to build up the surplus.

We have not made suggestions of this. Apparently they were misled as much as we were by the figures that were produced then which have been proved to be totally wrong. I am not blaming them for this at this stage. What I do say, looking at it in the context of the budget presented to us, what we do say is that the Government can make a greater move towards having in Gibraltar the same income tax allowances as they have in England. We have got a long way to go, a figure of £3m was mentioned for us to have exactly the same tax system as in England. Well, with a surplus envisaged of £5½m that should not be altogether impossible in the course of the next three years.

Well, to the toot, toot, of the Honourable Mr Zamuitt may I remind him that the Government was quite content last year with all their budget measures in having a surplus of £1.5m at the end of this year. And if they were to give the full allowance, I am not suggesting we should, I am not going that far, but if they did they would still have at the end of next year a higher surplus than they expected and with which they were content last year for 31 March 1980. But what we are saying is that a £100 increase in personal allowance, as the Honourable Mr Bossano has said,

I do not know whether he is right, let me for a moment accept that he is right, he is merely ensuring, because of inflation, that people do not pay any more tax than last year. But even then I am not sure that he is right because as a result of the pay settlement of 1979, and as a result of the pay settlement of 1980, because of our narrow bands of taxation, a lot of people in the lower income groups, or middle income group, or lower middle income groups, will be moving into higher brackets and will therefore be paying more tax. We think that it is perfectly possible and perfectly feasible for the Government to increase the personal allowance by a further £100, and thus giving some relief to the heavy taxation that I think all sectors of the community has to pay. And I think that to bring in, as has been hinted at and suggested, the higher income group as this being a measure to benefit the higher income groups, I think that has to be treated with the obvious contempt that it deserves. Because the beneficiaries of our proposal would be by and large the lower middle income group and people with families who are going to have to pay, Mr Chairman, increased water and electricity charges.

They will have to pay it, it is obvious, £850,000 in personal allowances and £850,000 in the Funded Services. The one cancels the other out in terms of money. I am not saying that the same people would pay. We think that the Government should work towards alleviating the income tax position in Gibraltar. We are overtaxed and to support this does not mean. I know it is very difficult for the Honourable Mr Bossano to support any measure that would appear to support the philosophy of Mrs Thatcher and her Government, I know it is very difficult for him, but I think that the Labour Government in England, had they been returned to office, would have ameliorated the income tax position in England, not for the top groups I concede. but certainly for the middle and lower income groups. And the measure that we are proposing of an increase of £100 in the personal tax allowances is meant to alleviate the position generally of all the tax pavers in Gibraltar. We say the Government can do this and I would ask the Honoureble Mr Bossalo to bear very much in mind on his attitude to this amendment the attitude I think of people that he represents in other places, if I may put it that way, who have been pushing for increases in personal allowances. I do not know whether they are happy with just an increase of £100, I certainly would not be, I certainly would not consider that to be a good concession on the part of the Government, especially bearing in mind the financial position of the Government, in which they are showing a much healthier surplus than they expected - at least so

they told us - and likely to show a still much healthier surplus at 31st March 1981, if I am to believe, if I am to take seriously, the optimism expressed by the Honourable Mr Canepa and the Honourable Mr Bossano on television last night. That you see, Mr Chairman, that was speaking to a broader public and I think that the public as a whole will be happy that the Government has such a large surplus.

We share that happiness but we believe that that large surplus has come about as a result of the severe measures of last year. So, Mr Chairman, I would commend this amendment to the House.

Mr Chairman then proposed the question

HON J BOSSANO

Mr Chairman, perhaps I can start off by explaining to the H:nourable and Learned Leader of the Opposition exactly what it is that he has invited me to do in asking me to take into consideration the views of my friends in other places.

MR CHAIRMIN

May I suggest that the other places, Parliamentarywise, is the House of Lords. It is not being suggested that you have friends in that sugust body!

HON J BOSSANO

Well, that might be a suitable solution for future problems, to creete a House of Lords, because he may not be fully awars of the thinking in some quarters of the Trade Union Movement as to how best to protect the lower income groups, and basically, I think, the thinking there is that not only would the Government proposal not be considered enough, the amendment of the Honourable Member would not be considered enough, and the system in UK would not be considered enough. I think the thinking there is for example that the section of the community represented by the people who are making that stand should be paying no tax at all, and that all the tax should be carried by the business community and by professional prople like Mr Isola.

Now if he thinks that I should be influenced by that sort of thinking, well, then perhaps it is not so difficult to achieve as I thought it was if he is that sympathetic to that motion. But I think that certainly when the Trade

Union Movement is talking about substantial reductions in income tax it is talking about an ideological commitment to shift the burden from one sector of the community on to another sector of the community.

Now I believe that our tax structure is inequitable, that it requires a fundamental restructuring and that what is being done in this Budget is not a reduction in income tax. I have already said that. I do not consider that the increases in the allowances is anything other than restoring them to their previous value, and to take up the point made by the Honourable and Learned Member about moving from one tax band to another, effectively what this measure does is to put you back in the tax band that you were in before. So that if your top rate was 35% and as a result of inflation your income in money terms goes up by 15%, then you move into the 40%: if your allowance then goes up 15% then you make back into the 35%. Now, to the extent that there is an improvement in your income over and above inflation, you will pay more tex, but that is perfectly just since everybody else who is getting an improved standard of living is making a higher contribution, and that is the whole essence of a progressive tax system.

What is wrong is that you should pay more tax out of the same real income merely because inflation has pushed you into a higher money income in purely illusionary money terms. So I think the 15% measure does not reduce taxation and should not be presented as a reduction in tax; all it does is it restores the status quo which would have been disturbed by inflation and which would have meant an increase in tax.

Now, the measure proposed by the Honourable and Learned Member represents for the average working man 60p a week, and that, in terms of relieving people who are grossly overburdened by taxation, 60p a week would enable them to buy a packet of cigarettes! In terms of the effect on the reserve it will mean a difference of £900,000. Now we have got to see that in any organisation where there are a lot of people contributing to a common kitty the impact on the kitty is dramatically out of proportion to the benefit of what you can give each individual.

One of the fundamental problems in any sort of equalising tax system is that if you have got one very rich man in the community you can take all his wealth away from him and still be able to give very little to everyone else. And if that is a valid criticism of people who think that progressive ideas on taxation can be defended ideologically, even if in financial terms their impact is minimal, well it

is a valid criticism of that stand. I accept it is a valid criticism but it applies to anything we try to do in our tax structure with the composition of the contributors to that tax system. If I were to be given a choice as a taxoayer, not as a member of this House, as a taxoayer, of either paying 60p less a week myself and having the Government borrowing the Elm to invest at 20% and I would then have to be taxed the future to repay the film and the 20% profit that is being made on it, then I would rather pay the 60p and have that £lm invested in capital projects out of my current income. And I generally support that capital expenditure should be funded, I have already said that in the current circumstances of these enormous interest rates it would be wiser and better, economically. to use our own money at this stage because that would enable us in the future to give more relief to people. If we are able to give them 50p today then by using the money wisely now we may be able to give them £2 or £3 in one year or two years' time. That is my honest analysis of the situation which is not in fact politically motivated at all. I mean, if I was taking a purely ideological stand on this matter, then my argument would be that we should not raise the personal allowances in fact. The proposal that I would put if I was looking at it from the point of view of helping the lower paid, Mr Chairman, would be that the people who are paying the first £500 at 10% should pay 1% or 5%, and that would concentrate the benefit at the bottom and would give nothing to the top. Or if that we increase the personal allowances by £100 we pay for it by increasing the top rate to 60% or 70%. Now if the Honourable Member wishes to pursue this amendment. coupled with an amendment that will increase the top rate of tax and not take it out of the reserve, then I will support it.

HON, CHIEF MINISTER

Mr Chairman, it is the easiest thing in the world for the Opposition to move for the abolition of taxes, or the increase of allowances, but there is a vast difference between being in the Opposition and being in Government because we have the responsibility. We are now told that we have more money than we should have had and that is just as well. What would the position have been if in fact the result had been bad? The Government would have been blamed for it and people would have suffered. It is very popular to be able to say that we wanted to give you more; it is vote catching even four years ahead. It is easy.

The other thing that is completely illogical is this idea, and I thought we had killed this one yesterday but of-

course reason sometimes does not take us enywhere, this idea of conating to the UK income tax. This is where the question of the higher income groups came into it and the Honourable Mr Bossano mentioned the fact that the UK tax as it is now is less fair than it was before. And because the taxation measures of the Conservative Government have, as is clearly stated in all the papers, shifted the burden from the people at the top perhaps, for incentive, perhaps with the idea of getting money into investments, perhaps to make the economy tick in another way, it may be right, it may be wrong, but it will still have to be proved that the monetory policies will survive or not survive. The fact is that being tied inevitably to UK tax has no virtue at all for as long as we have a tax system that can produce the money that we want. and that perhaps is more equitable in the circumstances of Gibraltar. At this stage it is less fair because in fact the tax rate is so small and because there are no laided people, there are no people with great income and so on except a few, and that, therefore, going up to the 83% of the Labour Party policies in the past would not produce that much at that level.

One other thing that has to be mentioned in connection with trying to tie up to the present system of income tax is that people in the United Kingdom are paying VAT at 15%. They are being clobbered with indirect taxation. 15% on the mark-up price: not the 12% that we put on prices at source, on invoice prices. That is a vast difference, not only of three percent, it may be of 25% or 30% by the time the price is marked-up, apart from all the complications in its collection and in its proper administration.

The Opposition well knows that this amendment is going to be defeated. These measures have been the result of many weeks of serious discussions, many alternatives have been put before Ministers on what could be done with the money that we thought in fairness could be given away by way of a package, many of them. All have been considered, and these are the ones that our consideration of the matter. our discussions, our sense of responsibility, our future responsibility, how we see the matter, was decided. But a new dimension has been added to that, because when the budget was prepared we did not know the frontier was going to be opened. And I hear all sorts of things about how money is going to flow with the open frontier. I still have to see what it is going to bring to us. I am not afraid of it, but I think this is the most crucial period in the history of Gibraltar and we have to be careful. And the first thing that we have to do is to have a strong financial position so that come what may we can survive.

Therefore this amendment will of course be opposed and defeated:

HON MAJOR R J PELIZA

Mr Chairman, it is incredible that .082 of £lm, of which pert is coming back, because obviously the people who are going to get this allowance will be sponding, I imagine, most of the money here in Gibraltar and that is going to create more economic activity here. The point is that all is not going to be lost. It is going to create more economic activity. It means that more of that money is coming back in tax through indirect texation, through direct texation or whatever, however the money flows around the economy, so really Mr Chairman, when you come to think about it, it is even going to be less. In actual fact it is going to be less than .082 of £lm, and I think the people deserve, after having been clobbered last time unnecessarily with money this little easement.

MR CHAIRMAN

If there are no other contributors I will ask the Honourable the Leader of the Opposition to reply.

HON P J ISOLA

Mr Chairman, I find it very difficult to follow the argument of the Honourable Mr Bossano about it you give another £100 allowence it means £0p a week. That is if a person is at an income of £2,000 a year and is a single person: the tenefit is £30, but if a person is earning £3,000 or £4,000 it is 35%, and if he has got a family earning £3,000, it is £75 a year. A lot more than 60p. At least if I am to believe these papers that the Government have been giving out.

The Honourable Member has been less unfair in saying it is only 50p a week. It is 50p a week for a single person at £2,000 a year, of which fortunately there are few around. If you take a married couple with one child earning £3,000, which is less than average earnings, it is £75 according to the Government paper here.

HON A J CANEPA

If the Honourable Member will give way. With one child, the childrens allowance is being increased from £200 to £250 in the Government proposals and, therefore, it is

included in the Tables. The amendment of the Honourable Member has got nothing to do with children.

HON P J ISOLA

Eut it would bring, Mr Speaker, if I follow this, a greater benefit than £30.

HON J BOSSANO

The difference in the column in the Tables is the difference of all the measures proposed by the Government, as I understand it. If one is talking about helping the lower paid then one is presumably talking of those people who are in the margin between paying 30% and 35%. Now, it is probable that most single people are paying 35% and that most married couples with children in the income bracket of average earnings are paying 30%.

MR CHAIRMAN

Would the consequences of such an amendment be fair to married couples without children?

HON J BOSSANO

When we are talking about the average industrial worker, a married couple with no children. I think that they are probably at the top of the rates of the 30% banding; they may just make it into the 35% marginally, but they are more likely to be at the top of 30%. And, therefore, £100 will give them £30 a year. It is quite possible that in some cases £100 would give him £35 a year in which case instead of getting 60p a week they may get 67 or 68p a week, but they could not possibly be getting a benefit of 75p a week. Mr Chairman, unless they were paying 50% income tax.

· HON P J ISOLA

Well, Mr Chairman, in the case of a married couple as you have rightly said, the difference is greater, but whatever it may be it is difficult for me to follow the logic of the Honourable Mr Bossano who wants as an aim of policy the reserves to go up and up, because then he should even oppose the present clause because that would give the Government another £900,000 at the end of the year.

HCN J BOSSALO

Mr Chairman, if the Honourable Member will give way. The difference is that I am not suggesting that we should increase taxation in order to increase the reserves. The amendment of the Government in my judgement does not reduce taxation and does not increase it, it simply retains the same proportion of income going in tax this year as we were paying last year. Now, if we are going to use up reserves to change the tax structure then this requires a more fundamental exercise than just giving everybody 60p a week.

HON P J ISOLA

Whichever way the Honourable Member puts it, money is being used to reduce the tax burden, and consequently the reserves suffer. That is quite clear to me and that is a fact. Whatever he may say all the Government is doing is that people pay the same taxes, but in order that the people pay the same taxes Government is taking £900,000 out of the reserves to achieve that purpose. So, logically, the Honourable Member should not even support the increase of personal tax allowances by £100.

I cannot follow his argument here. It neems to me, the feeling I get is, that the Honourable Member is opposing this amendment because it comes from the Democratic Party of British Gibraltar. That is the final determining factor in his vote. Furthermore, Mr Chairman, we do not believe in unnecessary taxation. The Honourable Member I know has different views, the Honourable Lember would probably like the Government to take all the money that is in Gibraltar and then to have it distributed in accordance with his social or economic or left wing or whatever principles. We do not agree with that, let me say that straight away.

We believe that the individual should have a right in deciding how he spends his own money, subject to the needs of the community. That is our position, and I believe it is the Government's position, and if it is not the Government's position then I am not quite sure what a lot of them are doing there.

The Government will defeat this amendment, of course it will, but I hope that this amendment has succeeded in showing the people of Gibreltar that the money is there, that the Government has the money to give the extra £100 in personal allowance, that the economy will not suffer one bit as a result, and that the amendment is being refused purely and simply, looking at it from the Government side, purely and

simply because they are going to give it next year. Instead of this year they are going to give it next year and then it will come from them. And the following year, leading up to the elections as far as the Honourable Mr Bossano is concerned, he will just wait I suppose until we have this fantastic restructuring of our income tax system which will bring a juster redistribution of wealth.

I hope if it does we will agree with it. If it does not we will not. But we believe, Mr Chairman, that these increases in personal allowances can be taken in their stride by the Government and that opposition to them is only there because we have suggested it. I only wish we could have seen their budgetary measures before they brought them to the House and had had a quiet talk to them and said, please, why do you not make it double, £200 and then perhaps they might have done it. We see no basis for opposition to this amendment, Mr Chairman.

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

The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable G T Restano
The Honourable W T Scott

The following Honourable Members voted against:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable J B Perez
Ite Honourable Dr R G Valarino
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bossano

The following Homourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable Major F J Dellipiani

The emendment was accordingly defeated.

On a vote being taken on Clause 5 the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Festherstone
The Honourable Sir Joshus Hessen
The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable J B Perez
The Honourable G T Restano
The Honourable W T Scott
The Honourable Dr R G Valering
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bossano

The following Homourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable Major F & Dellipiani

Clouse 5 as smended, stood part of the Bill.

588.

Clause 6

HON P J ISOLA

Mr Chairman, I am not going to put the amendment again because it will only be defeated. I am not going to put any more amendments on any of the tax measures as opposed to increasing the allowances, because I presume that the Government, if I were to propose an amendment under Clause 6 (3)(a) changing £250 to £300, I would be opposed as well, so, therefore, I will not put it.

Mr Chairman, I will just make a comment on section 5, apart from the tax side, and that is on the question of the earned income of a wife. This has been put forward as a means of, I think the words were, "evasion" of tax "avoidance" of tax and the Commissioner of Income Tax is being vested with a discretion to decide whether a salary given to a wife is a reasonable amount of salary for the work that she has done or not. In this way the Government hopes to avoid abuse.

Well. Mr Chairman, whether they do or not I do not know, because it does not say who you cannot give a son a salary; it does not say you cannot give a mistress a salary. So that you ere in the position that a married woman is being discriminated against in law, and before we vote in favour of such a measure, having had previous experience and unconstitutional measures passed by this House, I would like to know whether the Attorney-General is satisfied that this is in accordance with the Constitution. Because the effect of this is that it sets up rules for deciding what is and what is not earned income in the hands of a married woman, whereas these rules will not be applicable to single women and men. And it discriminates egainst women-as compared with men in this sense: the Commissioner could decide that a Director's fee paid to a married woman does not satisfy the new definition of "earned income", whereas if the payment were made to a man he would be in no position to challenge it.

Now, Mr Chalmen, the Section 14 of the Constitution says: "subject to the provisions of Subsection 4, 5 and 7", none of which are pertinent, "no law shall make any provision that is discriminatory either of itself or in its effect". Ind we have the position that fees paid to a Director for example who is a married woman can be challenged by the Commissioner of Income Tax because she is a married woman, and for no other reason, but fees paid to a man, or a single woman, or a mistress, or whatever, cannot be challenged by the Commissioner of Income Tax on the basis.

set out in this law.

So in my view, if the section is not to be discriminatory, then a discretion has to be given to the Commissioner of Income Tax - and God help him if that is the case - to decide whether any fees paid to anybody, any taxpayer, are earned income or not. And I would certainly like to hear the Attorney-General on the matter.

About two years ago we had an Ordinance passed here, I think it was the Equal Pay Ordinance 1975, and I think that was passed in "The Year of the Woman" I think it was. Last year it was the "International Year of the Child", - was there not an International Year of the Woman? I think there was. I do not know whether it was in 1975 or not. but when that was passed we went through legislation to ensure that men and women were treated equally. Equal pay for equal work and so on, the principle being that a woman is the same as a man and the job should be - I do necessarily agree with all this - but this is. Mr Chairman, the basis on which our legislation goes, and now we have a piece of legislation that discriminates. It is discrim-. inatory in its effect with regerd to a married woman, and I would certainly like to have reassurances from the Attorney-General that a married woman is not going to take the Government to court on the grounds that this law is unconstitutional.

. MR CHAIRMAN

I am delighted you said that. You are insimuating . .

HON P J ISOLA

I am not asking the Chair to rule on this.

MR CHAIRMAN

No, no, even if you are not I would not give you a ruling straightaway, but you are not insimuating that the House is inhibited in passing a law because it may be unconstitutional. It is for the courts to decide whether the law is unconstitutional.

HON P J ISOLA

That is how I look at it, Mr Chairman, as far as I am concerned I am putting the question to the Attorney-General

because I am saying that I hope that as a result of this law the Government is not taken to court, and that in accordance with Section 14 of the Constitution the Court rules that it is discriminatory in the effects that I have mentioned, that the salary or fee paid to a married woman can be queried but not those paid to a man, or a single person, or a mistress.

HON A J CANEPA

Mr Chairman, there is one thing I think the Honourable Member has misunderstood. This subsection only applies to a case where a working wife chooses to have her earned income considered as part of her husband's or the claimant's total income. A working wife has an option: she can choosisto be taxed separately as a single person, or she can choose to have her income aggregated to her husband's, and the claimant, the husband, would get an additional allowance in respect of the wife, and he would be the one who is assessed. That only happens in the case of a wife. It does not happen in the case of a mistress, because the mistress is assessed separately to her lover, and it does not happen in the case of a son. A son who is working is taxed separately from his father. So I do not think the Honourable Member has quite understood what is behind this. There cannot be discrimination as between a wife and other people.

HON ATTORNEY-GENERAL

I have been asked to consider whether the measure is unconstitutional. That the principle that special provision may be made in respect of wives. I realise this does not necessarily answer the question or demonstrate the answer, I should say, the principle that married women may be treated separately is of course already established in the Income Tax Ordinance. This provision is not new in that respect but in any event my opinion is that this law is not unconstitutional for the reason given by the Honourable and Learned the Leader of the Opposition. That is of course only an opinion. I cannot stop married women going to court to seek a declaration that an Ordinance or a law is unconstitutional, but I would certainly oppose it.

MR CHAIRMAN

I am interested in this. I think what the Honourable the Leader of the Opposition has said is that this particular section will give the right to the Commissioner to exercise his discretion in certain circumstances (gainst a particular part of the community. To that extent I would be interested to hear what members have to say. The section gives the Commissioner, no nonsence about it, the right to exercise a discretion against a particular part of the community.

HON A J CANEPA

Only if, Mr Chairman, with all due respect, she wants to be treated as her husband. If she opts to be treated as a single person there can be no discrimination. But then it might not be in the interest of the husband that the wife should be treated as a single person because then they do not evade the provision of the tax. They will have to pay the full whack.

HOM P J ISOLA

I think the problem, Mr Chairman, is - I am not talking as a lawyer. Perhaps I will find somebody to test it if I investigate it further. I have had very short notice since yesterday. I am not giving a legal opinion at all, but it does seem to me that if directors fees, for example - I do not think it would apply to anyone else - if the Commissioner of Income Tax gets accounts which show directors fees, John Smith, John Noodle, John Whoever, the only thing that he can do with regard to Mr John Smith and Mr John Snoots or Whatever, is to say that the directors fees they have been paid have got to be allowed by law, but up comes a married woman and in her case, what work has she been doing? It seems to me to be discriminatory.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Chairman, it is some time now since I have dealt with British income tax, but certainly when I did so Her Majesty's Inspector of Income Tax in the United Kingdom had a similar right and exercised his administrative judgement particularly where professional wives are concerned or the wives of farmers. They would put in that the wanted to pay their wives this or that amount for work done, a doctor, a surgery booking appointments, and the like, and Her Majesty's Inspector of Taxes had a right to say "Look here I think the amount you are claiming, you have not proved it, I think it is too high, I am allowing so much". And of course there is always a right, as there will be here, for the husband to challenge the assessment if he

thinks that it is too low. So I do not think there is anything extraordinary in this at all.

HON 2 J ISOLA

Yes, but. Mr Chairman, there is one big difference between the Gibraltar position and the English position in this respect. And that is that we do have a written Constitution here and we do have a clause in the Constitution that prohibits the passing of a law that is discriminatory in its effect. It may not be a bad idea. it may be a good thirg. I myself am not terribly happy with the idea of vesting in the Commissioner this sort of discretion, but that is the past, one would accept that if It Is meant to be a tax evasion measure of whatever you would like to call it. But it does seem to me. as a matter of principle that married women are being discriminated against under the section of the Constitution. If the Constitution section was not there that would be another matter possibly. One could argue that it is unfair. and you either agree with it or you disagree with it. but that the Commissioner should be able to say all these fees are OK. but yours I am entitled to query. I can treat you differently, seems to me to be discriminatory.

HON J BOSSANO

I think the Honourable Member is in fact focusing the section from a completely unjustified angle because the Commissioner does not have the right to query the fee at all, for the married woman or for anybody else. If someons chooses to claim an additional £750 tax free allowance under this section, then he can only claim it under certain conditions. If he meets the conditions he gets the allowance and if he does not meet the conditions he does not get the allowance.

It does not say anything about the fees, so if the Commissioner gets a return from a company with 10 Directors, one of whom, is a married woman, and the 10 Directors are each getting £1,000 the Commissioner cannot say that the married woman/Director cannot get £1,000, but if the husband of that woman wants £750 of that £1,000 to be tax free as an additional allowance, then it can only be tax free if it is earned income from employment as opposed to an earned income from investments. And, therefore, the Commissioner has got to satisfy himself that it is earned income. That in what the section says.

HON P J-ISONA SECTION OF SECTION OF A CASE OF A CONTRACTOR OF SECTION OF A CONTRACTOR OF A CON

With all due respect to the Honourable Mr Bossano it is not the husband who gets the allowance, it is the married woman who gets it.

HON J BOSSANO

"Where the total income of any claimant includes earned income of his wife the deduction to be allowed shall be increased by £750". That is £750 on top of the £1,500 that he already has. If I were in that situation, for example Mr Chairman, I would have £1,500 allowance against my earned income as a married man: if my wife was in employment for somebody else I would then be able to add her income to my income and deduct from it £750 in respect of additional allowance under this Clause, and that £750 allowance would be either disallowed or accepted in part or accepted in full to the extent that the Commissioner was satisfied that my wife was really working. That is all the section says.

HON P J ISOLA

Well, having had all these assurances we will support the measure but I am not at all convinced.

HON ATTORNEY-GENERAL

Mr Speaker, I would not like to be equivical about this matter. As far as the law is concerned I want to be quite clear. I do not consider this provision as unconstitutional.

On a vote being taken on Clause 6 the following Homourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable J Brerez
The Honourable G T Restano
The Honourable W T Scott
The Honourable Dr R G Valarino

The Honourable H J Zammitt The Honourable D Hull The Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bossano

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable F J Dellipiani

Clause 6 stood part of the Bill.

Clause 7

HON ATTOPNEY GENERAL

Mr Chairman, I have two drafting amendments to propose in this Clause. In the proposed new Section 46D(2), on page 9, in the third line there appears the word "exemption" and I beg to move that this be changed to the word "certificate" which is the correct word, that was an error.

If I might refer to the second amendment at the same time, under new Section 46 (a) on the same page, in the fourth line I move that the word "building" be made "buildings" plural, to ensure consistency in that provision.

Mr Chairman put the question which was resolved in the affirmative and the amendments were accordingly passed.

HON P J ISOLA

May I just make a small point on this section. I notice it affects subcontractors. Having regard to the evil that this section is meant to remedy, would it not be more legical to have also an amendment dealing with payments to main contractors, because are there not main contractors who come and go. And would it not be advisable to have

a clause under which payments to main contractors suffer the same reductions, and as there are saving subparagraphs in this section which would enable a main contractor who did not want a reduction to satisfy and give security to the Commissioner of Income Tax about that tax. I would have thought that there should be provision of main contractors too. I think there are a number of main contractors are there not. small ones. who do a job and disappear.

HON FINANCIAL AND DEVELOPMENT SECRETARY

We have had no trouble whatsoever with main contractors. In fact we find them rather better at paying their income tax than certain other companies. What we are tyring to remedy here is the chap who does a hunk, as we have had it in the UK which is beginning to spread here, a man coming over for a holiday, doing the job as a sub-contractor, getting his money and pushing off and we cannot get him. That is the sort of person we are after. We have had a number of instances and it seems to be on the increase. We did not went to move too much, just sufficiently, to catch the people who are abusing or taking unfair advantage.

On a vote being taken on Clause 7 the following Honourable Members voted in favour:

The Honourable A J Canepa

The Honourable M K Featherstone

The Honourable Sir Joshua Hassan

The Honourable A J Havnes

The Homourable P J Isola

The Honourable A T Loddo

The Honourable Major R J Peliza

The Honourable J B Perez

The Honourable G T Restance The Honourable W T Scott

The Honourable Dr R G Valarino

The Honourable H J Zammitt

The Honourable D Hull

The Honourable R J Wallace

The following Honoursble Member abstained:

The Horourable J Bossano

The following Honourable Members were absent from the Chambers

> The Honourable I Abecasis The Honourable Major F J Dellipiani

Clause 7, as amended, stood part of the Bill.

Clause 8

HON P J ISOLA

Mr Chairman, again this introduces more discretion for the Commissioner. I cannot quite see the reason why, obviously there must have been some trouble in the past. why tax has to be paid before the determination of an appeal. Is it that appeals take very long? Is it that the people after an appeal have not paid? What is the reason behind this?

HON ATTORNEY-GENERAL

It is not quite the effect of this section that the tax must be paid before the appeal. What the amendment will say is that if tax is due then the appeal shall not be a reason for delay in payment, and the reason for that is as the Honourable and Learned the Leader of the Opposition must know, that appeals do take time under the present law and there is provision which says that tax goes into abevance pending the outcome. And the reason is to ensure a flow of revenue without undue delay, but it does not say he must psy tax even though it is not otherwise due before you can bring an appeal.

On a vote bring taken on Clause 8 the following Homourable Members vatel in favour:

> The Honourable A J Canepa The Honourable M K Featherstone The Honourable Sir Joshua Hassan The Honourable A J Haynes The Homourable P J Isola The Honourable A T Loddo The Honourable Major R J Peliza

The Honourable J B Perez
The Honourable G T Restanc
The Honourable W T Scott
The Honourable Dr R G Valaring
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bossano

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable Major F J Dellipiani

Clause 8 stood part of the Bill.

Clause 9

On a vote being taken on Clause 9 the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable J B Perez
The Honourable G T Restanc
The Monourable W T Scott
The Honourable Dr R G Valarino
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bossano

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable Major F J Dellipiani

Clause 9 stood part of the Bill.

Clause 10

On a vote being taken on Clause 10 the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loado
The Honourable Major R J Peliza
The Honourable J B Perez
The Honourable G T Restano
The Honourable W T Scott
The Honourable Dr R G Valarind
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bossano

The Collowing Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable Major F J Dellipiani

Clause 10 stood part of the Bill.

Clause 11

On a vote being taken on Clause 11 the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable J B Perez
The Honourable G T Restano
The Honourable W T Scott
The Honourable Dr R G Valarino
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bossano,

The following Honourable Members were absent from the Chamber:

The Homourable I Abecasis
The Homourable Major F J Dellipiani

Mause 11 stood part of the Bill

Clause 12

On a vote being taken on Clause 12 the following Horourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable A J Haynes
The Honourable P J Isola

The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable J B Perez
The Honourable G T Restano
The Honourable W T Scott
The Honourable Dr R G Valarino
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bossano

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable Major F J Dellipiani

'Clause 12 stood part of the Bill.

Clause 13

On a vote being taken on Clause 13 the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable A J Haynes
The Honourable P J Isola
The Honourable Major R J Peliza
The Honourable J B Perez
The Honourable J B Perez
The Honourable W T Scott
The Honourable Dr R G Valarino
The Honourable Dr R G Valarino
The Honourable B J Zammitt
The Honourable B Hull
The Honourable R J Wallace

The following Honourable Member abstained:

The Honourable J Bossano

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable Major F J Dellipiani

Clause 13 stood part of the Bill.

Clause 14

On a vote being taken on Clause 14 the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassau
The Honourable J B Perez
The Honourable Dr R G Valarino
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The following Honourable Members voted against:

The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable G T Restano
The Honourable W T Scott

The following Honourable Member abstained:

The Honourable J Bosseno

The following Honourable Members were absent from the

The Honourable I Abecasis
The Honourable Major F J Dellipiani

Clause 14 stood part of the Bill

Clause 15

HON ATTORNEY-GENERAL

Mr Chairman, I beg to move two amendments to this Clause and again I apologise to the House for the minor drafting corrections that are necessary.

On new Section 48D, Subsection (2) on page 13, the word "or" has crept in unnecessarily and it should come out; and in Section 48D, Subsection (4), on the same page, I move that the word "is" be deleted and the word "are" be substituted.

Mr Chairman, whilst I am speaking on this point, may I also draw your attention to the fact that when the Bill was typed, inadvertently the paragraphs have been run together and by the leave of the House I would like to separate them when I come to printing them.

Mr Chairman put the question, which was resolved in the affirmative and the amendment was accordingly carried.

LON J BOSSANO .

It seems to me, Mr Chairman, that there is in fact a potential loophole in this section in that it must in practice be very difficult to control, particularly when we are talking about plant and equipment that has to be used on a site, that the equipment is brought in for use on a site on a Government contract, and can subsequently be moved to other sites and used on private sector contracts. The law may say that you cannot do it, and the Financial and Development Secretary has got to satisfy himself that it is being used solely on a Government contract, but short of the Financial Secretary being permanently stationed on the site I do not see how he is going to achieve his obligation under the Ordinance.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Chairman, Sir, problems can arise, I agree, but the point is that before such plant or motor vehicle is imported we can attach conditions to it. I have known this provision to operate elsewhere. One can if necessary have a special number platesor some identifying sign so that it can be picked up if it does begin to work outside. I think in fact that the difficulties are less real than one might imagine.

HON P J ISOLA

As far as Clause 48D (2) is concerned the plant and motor vehicles imported are exempted from duty as well. It seems to me: is that entirely fair in the general context of Gibraltar where you have got transport contractors and you have got other people, that a big company comes in gnd brings in 10 lorries. I can understand in certain kinds of plant but even there, that he can bring in, gets exempt from duty and is in a better position than anybody else, and then at the end of the day, he can take it out. I do not see why that should not pay duty. I can understand that building materials and so forth for a contract with the plant, but I am not sure about this plant and motor vehicles. Where is the penefit there to the economy? Is the building contractor who tendered he has given his price; it is a benefit that he is going to get, not the Crown surely.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Chairman, Sir, first of all clearly in letting a contract one would make quite sure that plant and equipment that could be obtained locally would be obtained locally. This is only for plant and equipment that was not svailable locally. The benefit to the economy is that any tax which you require the contractor to pay on importing would be built into the price and he would then put his profit margin on that cost as well, so that it is money coming into one's packet, but a bit more going out of the other. So that is a benefit to the economy in terms of the contract.

HON P J ISOLA

Yes but that would only be the case surely if the Government puts a condition in the contract that he must

bring a particular type of equipment but not otherwise. Have we got the assurance that if a contractor has a contract with the Crown and after he has signed the contract he needs a particular plant then no relief would be given? Because it seems to me that it is unfair on other contractors and there is a loss of revenue with no profit to the Crown. If it is done on the basis of what the Financial and Development Secretary has mentioned, that is part of the contract that he imports 3 vehicles, or he imports a bulldozer. I accept that is another matter. but the section does not read that way, the section seems to me to read in a very wide manner. I will give an example. The contractors could say, well, I need two lorries, he goes to a local contractor and the local contractor quotes a price and does not agree; decides it is better if he brings one in himself. He does not have to pay duty - I am not talking before the award, after the award - and all we would be doing really is giving the contractor who has already got his price, based on whatever it is he based it m getting extra benefit at the expense of the revenues.

HON FINANCIAL AND DEVELOPMENT SECRETARY

I think in practice this is not likely to happen, Mr Chairman, because what happens at the moment is that administratively where equipment and goods are allowed in for a Crown contract is that in the course of negotiations on the contract the Government or the PSA agree that certain materials and certain quantities are going to be required for this contract end these will be coming in duty-free, or that certain vehicles will be required because they cannot be obtained locally and they will be brought in duty-free and the contract price is then fixed on that basis. Then either the Government Department. the PWD, or PSA, gives to the Collector of Revenue a list of the items which are being imported for the contract and those are checked by the Collector of Revenue. Anything else that is not on the manifest given to him pays duty automatically.

HON P J ISOLA

Could 3 be assured that the position is that there will not be a relief against payment of duty after tender is awarded, if the particular plant and vehicle were not in the contract, as it were.

HON PINANCIAL AND DEVELOPMENT SECRETARY
Yes. S

HOM G T RESTANO

What happens at the end of the contract, once the contract is completed?

HON FINANCIAL AND DEVELOPMENT SECRETARY

The contractor is required to export it.

On a vote being taken on Clause 15 the following Honourable Members voted in favour:

The Honourable A J Canepa

The Honourable M K Featherstone

The Honourable Sir Joshua Hassan

The Honourable A J Haynes

The Honourable P J Isola

The Honourable A T Loddo

The Honourable Major R J Peliza

The Honourable J B Perez

The Honoursble G T Restano

The Honourable W T Scott

The Honourable Dr R G Valarino

The Hopourable H J Zammitt

The Honourable D Hull

The Honourable R J Wallace

The following Honourable Member voted against:

The Honourable J Bossano

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis The Honourable Major F J Dellipiani

Clause 15, as amended, stood part of the Bill.

The Committee recessed at 1.00 p.m.

The Committee resumed at 3.45 p.m.

Clause 16

On a vote being taken on Clause 16 the following Honourable Members voted in favour.

The Honourable A J Canapa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable J B Perez
The Honourable Dr R G Valarino
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Wallace

The following Honourable Members voted against: .

The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable G T Restano
The Honourable W T Scott

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable J Bossano
The Honourable Major F J Dellipiani

Clause 16 stood part of the Bill.

Clause 17

On a vote being taken on Clause 17 the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone

The Honourable Sir Joshua Hassan

The Honourable J B Perez

The Honourable Dr R G Valarino

The Honourable H J Zammitt

The Honourable D Hull

The Honourable R J Wallace

The following Honourable Members voted against:

The Honourable A J Haynes

The Honourable P J Isola

The Honourable A T Loddo

The Honourable Major R J Peliza

The Honourable G T Restano

The Honourable W T Scott

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis

The Homourable J Bossano

The Honourable Major F J Dellipiani

Clause 17 stood part of the Bill.

Clause 18

HON ATTORNEY-GENERAL

If I may speak on this Clause, I understand that the question has been raised whether or not Customs duties are applicable to supplies delivered on board H.M. ships and also on board foreign government warships. Perhaps I can take the opportunity to give my view of the position in relation to those two questions. My view is that Customs duty is not payable in respect of supplies to such ships.

On a vote being taken on Clause 18 the following Honourable Members voted in favour:

The Honourable A J Canepa The Honourable M K Featherstone The Honourable Sir Joshua Hassan The Honourable J B Perez The Honourable Dr R G Valarino The Honourable H J Zammitt

The Honourable D Hull

The Honourable R J Wallace

The following Honourable Members voted against:

The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable G T Restano
The Honourable W T Scott

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable J Bossano
The Honourable Major F J Dellipiani

Clause 18 stood part of the Bill.

Clause 19

HON G T RESTANO

Mr Chairman, I just have one point on this. Is it.
normal that requests or enquiries to the exchange from a
person who has finished a telephone conversation with
someonly abroad should ask for the amount of the cost of
that communication should be charged to be told how much
that particular communication has cost.

HON DR R G VALARINO

The answer to that is, yes. In fact, I believe the Honourable Member had already rang up the Superintendent on this question, and let me quote to you from the Post Office External Communications pamphlet which says:

"novice of Diration and charge of a call" to which he is referring. "The cost of a particular call made via the Operator will be notified on its completion only if the Operator is asked to advise the cost at the time of booking. An additional charge of 25p will be made . . . "

Here we do make a charge but the charge has been increased through the Budget from 17p to 20p. So it is still cheaper than the actual GPO cost.

HON G T RESTANO

Is the Minister saying that if advice is requested before the call is made that there will not be a charge of 25p?

HON DR R G VALARINO

Let me read this again: "The cost of a particular call made via the Operator will be notified on its completion only if the Operator is asked to advise the cost at the time of booking".

HON G T RESTANO

I would just like confirmation of this. Therefore, if the subscriber asks beforehand, when he places the call, that he wants to be notified after the call has been made what the charge is going to be, he is not charged the 25p.

MR CHAIRMAN

The charge is made if you require to know the cost of the call and you will only be given the cost of the call if you request so at the time you are asking for the call.

HON CHIEF MINISTER

In practice, occasionally, when one requires to know this for the purposes of charging the fess to a particular client, I find that if in practice one has not requested this at the time of booking, if you ask for this later, the information is given.

HON G T RESTANO

It is not a question of whether they would tell you or not, it is the fact that we are being charged for that particular service. I do not know whether this is the normal practice outside. I am told that it is not the normal practice outside in other places. If it is I would certainly like confirmation if for example this happens in England.

HON DR R G VALARINO

I have just quoted from the Official UK pamphlet. The GPO charges 25p. This is what the Honourable Member is asking. We are having a photocopy of the page made for the Honourable Member.

HON P J ISOLA

There is a charge of £3 for tracing annoying or malicious calls. Is that fee charged when the tracing is successful or as a result of a request to trace? Do they charge it to the person who made the malicious call or the person who is enquiring?

HON DR R G VALARINO

It usually happens that this involves considerable time element and effort on the part of the PTO's manning the Exchange. £3 is charged to the person who requests that the call be traced, because very often we find that the request is a frivolous one and not one of a real nature. The £3 is payable by the person who asks for the investigation to be carried out.

HON P J ISOLA

What happens if they cannot trace it, does he still pay?

HON DR R G VALARINO

The moment he requests the call he has to fill in the appropriate document and he has to pay whether or not the request is or is not successful. In a small percentage of cases the request is successful and we are able to do something about it. But in most cases one finds that the request may be frivolous.

MR CHAIRMAN

Is it possible to trace a call or is it that you give a service to see whether you can trace a future call?

HON DR R G VALARINO

It is not possible to trace calls except in times where people dial people like the Fire Brigade, because every call to the Fire Brigade goes through the Telephone Exchange, it goes into the line and one is able to trace malicious calls to the Fire Brigade thereby solving that problem. But otherwise we are not able to trace calls and this takes approximately 48 hours of a PTO's time in wiring the apparatus ready so that the call in this particular instance is traced.

HON ATTORNEY-GENERAL

Mr Chairman, may I speak on this. The point having been raised by the Honourable the Leader of the Opposition, I think there is an element of ambiguity in paragraph 6 as drafted. I hope there will be objection were I to suggest an upment.

I would propose that the word "caller" be changed to "person requesting the service" and then that puts it beyond doubt.

Mr Chairman put the question which was resolved in the affirmative and the amendment was accordingly carried.

HON G T RESTANO

I am asking for clarification on the £3 charge in connection with the picture calls.

HON DR R G VALARINO

Yes, this is for journalists, so that one is able to obtain a telephonic picture call on this end. It is quite a complicated procedure and this is why we charge a specific amount of £5 for this.

HON G T RESTANO

Can the Minister give us details of what in fact occurs on

picture calls?

HON CHIEF MINISTER

I have seen it done myself, some years ago. The journalist goes along, it is an adaptable machine which brings out a picture in dots and when the machine is added to the station by impulses the dots are transferred to the other side as if it were a telegram and the picture can be transmitted on the telephone like that.

HON G T RESTANO

Is this like a telex tape?

HON CHIEF MINISTER

No, it is different. It is like revolving drums.

On a vote being taken on Clause 19 the following Honourable Members voted in favour:

The Honourable A J Canepa
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable J P Perez
The Honourable Dr R G Valarino
The Honourable H J Zammitt
The Honourable D Hull
The Honourable R J Vallace

The following Honourable Members voted against:

The Honourable A J Haynes
The Honourable P J Isola
The Honourable A T Loddo
The Honourable Major R J Peliza
The Honourable G T Restano
The Honourable W T Scott

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis. . The Honourable J Bossano

The Honoureble Major F J Dellipiani

Clause 19, as emended stood part of the Bill.

Clause 20

HON G T RESTANO

Could the Government say what is the highest operating costs for water from all available sources at the moment?

HON M K FEATHERSTONE

£3.61 per tonne.

HON G T RESTANO

Per 100 litres may I ask please?

HON M K FEATHERSTONE

36.lp from distillation on the VTE.

On a vote being taken on Clause 20 the following Honourable Members voted in favour:

The Honourable A J Canepa

The Honourable M K Featherstone

The Honourable Sir Joshua Hassan

The Honourable J B Perez

The Honourable Dr R G Valarino

The Honourable H J Zammitt

The Honourable D Hull

The Honourable R J Wallace

The following Honourable Members voted against:

The Honourable A J Haynes

The Honourable P J Isola

The Honourable A T Loddo

The Honourable Major R J Peliza

The Honourable G T Restance

The Honourable W T Scott

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis

The Honourable J Bossano

The Honourable Major F J Dellipiani

Clause 20 stood part of the Bill.

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

The House resumed.

FON FINANCIAL AND DEVELOPMENT SECRETARY

I have the honour to report that the Finance Bill 1980 has been considered in Committee and agreed to, with amendments, and I now move that it be read a third time and passed.

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

The Honourable A J Canepa

The Honourable M K Featherstone

The Honourable Sir Joshua Hassan

The Honourable J B Perez

The Honourable Dr R G Valarino

The Honourable H J Zammitt

The Honourable D Hull

The Honourable R J Wallace

The following Honourable Members voted against:

The Honourable A J Haynes

The Honourable P J Isola

The Honourable A T Loddo

The Honourable Major R J Peliza

The Honourable G T Restano

The Honourable W T Scott

The following Honourable Members were absent from the Chamber:

The Honourable I Abecasis
The Honourable J Bossano
The Honourable Major F J Dellipiani

The Bill was read a third time and passed.

HON ATTORNEY-GENERAL

Sir, I have the Honour to move that the House resolve itself into Committee to consider the Trade Licensing (Amendment) Bill 1980, clause by clause.

This was agreed to and the House went into Committee.

The House in Committee

THE TRADE LICENCING (AMENIMENT) BILL

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

Clause 3

HON ATTORNEY-GENERAL

Mr Chairman, I beg to move the following amendment to this Clause:

To renumber this clause as subclause (1) thereof.

To add, after subclause (1), the following subclauses:

"(2) Section 11 of the principal Ordinance is further smended by adding, after subsection (2), the following subsection:

- "(2) This section shall not apply to an applicant who under the provisions of this Ordinance is entitled as of right to a licence."
- "(3) The principal Ordinance is consequently amended -
 - "(a) in section 3 (6), by omitting the words, without the necessity of giving notice of such application under section 11,;
 - "(b) by repealing section 19 (2)."

Mr Chairman, in speaking to this amendment I would also like to refer in anticipation to the following amendment because they are indeed part of the one object. Under the present provisions of the Trade Licensing Ordinance and also under the new provisions as it is proposed to amend the Ord nance, certain persons are entitled as of right to a licence. At the same time the machinery in the Ordinance provides that applicants for licences must give notice to enable objections to be made. And there is also a provision which says that an applicant must give at least three months' notice. In relation to existing persons who are entitled as of right to a licence the first of these provisions, the requirement to give public notice, is modified. In fact it is waived and I think it is only appropriate. it has been drawn to my attention. that really if one is entitled as of right then there is no point in advertising. And so the amendment proposed by this Clause and amendments to other clauses consequential later on, provides that wherever a person is entitled as of right to a licence has no need to advertise.

Mr Chairman, I move accordingly.

Mr Chairman put the question which was resolved in the affirmative and Clause 3 was amended accordingly.

Clais: 3, as smended, stood part of the Bill.

New Clause 4

HON ATTORNEY-GENERAL .

Mr Chairman, may I before we reach Clause 4 propose a further amendment. I beg to move in the following terms:

To insert after Clause 3, as Clause 4, the following new Clause, and to renumber the existing Clauses 4 to 7 as Clauses 5 to 8 accordingly:

*Amendment 4. Section 13 of the principal Ordinance is of Section amended, in the proviso to subclause (3) - 13.

- "(a) by deleting from paragraph (b) the word "or";
- "(b) by deleting the full stop in paragraph (c), and substituting the expression "or", and
- "(c) by adding after paragraph (c) the following paragraph:
 - '(d) a person who under the provisions of this Ordinance is entitled as of right to a licence.'

Sir, when I moved the previous amendment I explained to the Committee that where a person is entitled as of right to a licence there is no purpose requiring him to advertise. Equally I think there is no purpose requiring him to wait three months before he may have an application heard. The effect of this proposed new Clause is to implement the relaxation of that requirement.

Sir. I move accordingly.

Mr Chairman, put the question which was resolved in the affirmative. New Clause 4, was agreed to and stood part of the Bill.

New Clause 5

HON ATTORNEY-GENERAL

Mr Chairman, I beg to move to this Clause the following

amendment: to add after subclause 2 the following subclause 3:

"(3) Section 8 of the principal Ordinance is consequently amended by omitting from subsection (1) the expression '(f)', and substituting the expression '(g)'."

Mr Speaker put the question which was resolved in the affirmative and new Clause 5, as amended, was agreed to and stood part of the Bill.

New Clauses 6 and 7 were agreed to and stood part of the Bill.

New Clause 8

HON ATTORNEY-GENERAL

Mr Chairman. I beg to move the following amendment:

"In omit from subclause 1 (b) the words "the items 'Frinting' and 'Welding'", and substitute the words "the item 'Welding'".

"To omit from subclause (2), (3) and (4) respectively the words "printing or welding", and substitute in each case the word "welding"."

HON CHIEF MINISTER

This matter was raised at the last meeting when, following on representations from all the printing businesses in Gibreltar, we included printing, and the Honourable and Gallant Major Peliza raised the very interesting point that it might be thought that this could be an attempt to interfere with the freedom of expression of opinion etc. It was not intended as that, it was intended on representations made by printers and printing. We have been trying to devise a definition of a printing business which would exclude the media but we have not been able to find it. In any case the representations that were made in the old situation where they were afraid that there was going to be intrusion from across the border here. I imagine now that with an open frontier they could easily print in Spain and bring it here, and that is one of the many problems that will have to be looked into.

Therefore in deference to the point which was not thought of but which was made, and which I think was valid in a way, unless there are pressures of a different kind and we can find a definition that will satisfy the safeguards that are required, we propose to remove it from the Ordinarce.

Mr Chairman put the question which was resolved in the affirmative. Clause 8 was agreed to and stood part of the Bill.

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

The House resumed.

HON ATTORNEY-GENERAL

Sir, I have the honour to report that the Trade Licensing (Amendment) Bill, 1980, has been considered in Committee and agreed to, with amendments, and I now move that it be read a third time and passed.

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

The Bill was read a third time and passed.

Mr Speaker

We have come to the end of public business. There is only one further item which is the motion of which notice was give given by the Honourable Mr dessano.

HON CHIEF MINISTER

Mr Speaker, I should say that Mr Bossano opoke to me before lunch about the question of timing. I was not particularly keen to take this motion this afternoon, this suited him very well because he had other business to attend to and I suggested that we deal with the private sile of the Agenda on Monday morning if possible.

MR SPEAKER

Yes, I have no objections.

HON P J ISOLA

We do not mind fitting in with the private arrangements of members, because that is all it is.

MR SPEAKER

May I be very clear on this one. It is my prerogative to recess the House for short whiles. For obvious reasons I always try and get the feelings of the House as to whether one should or one should not so that I can at least make sure that what I em doing is acceptable to the majority of the House. If there is any doubt as to whether we should or should not then the answer is that there should be a motion for the adjournment of the House which can be voted on. I say this so that there is no misunderstanding as to what my position is.

HON P J ISOLA

What I was saying, Mr Speaker, was that we did not mind fitting in with arrangements of Honourable Members, their private arrangements, because the business of the House should come first. We would have liked a bit of notice that we were going to adjourn this afternoon because it does upset other peoples' arrangements on this side of the House. But we are quite content to recess in the special circumstances.

HON CHIEF MINISTER

I would like to say, Mr Speaker, that this is only for the convenience of Mr Bossann, that I had thought that I would require some consultation with the Honourable the Leader of the Opposition about the motion and I thought that as things developed it was better to deal with this in a more relaxed manner rather than in a rush.

MR SPEAKER

Since we are going to meet on Monday exclusively for this particular motion I do not think there is a need to start as early as 10.30 a.m. If this meets with approval all round we will now recess until Monday at 11.00 a.m.

The House recessed at 4.15 p.m.

MONDAY THE 28th APRIL. 1980.

The House resumed at 11.10 a.m.

MR SPEAKER:

Well, Gentlemen, on Friday evening we finished all the Government business and can now go to the private members motion. There is one on the Order Report on which the Honourable Mr Joe Bossano gave notice and I will therefore now call on Mr Bossano to move his motion.

Private Members Motion.

HON J BOSSANO:

Mr Speaker, I beg to move that this House considers the question of Gibraltar's decolonisation and its future status, to be a matter to be decided exclusively by the British Government and the people of Gibraltar and that it further considers that this view reflects the freely and democratically expressed wishes of the people of Gibraltar.

In the light of this, the House considers that Her Majesty's Government should exclude this question from the subject matter. of any negotiations that may take place in the future as a result of the recent agreement reached in Lisbon between Lord Carrington and Sr Oreja.

Mr Speaker, there are two elements in the motion: the first is a statement of what the House considers to be the prevalent view in Gibraltar regarding Gibraltar's future constitutional development; the second part of the motion seeks to have this view reflected in what Her Majesty's Government negotiates or does not negotiate with Spain.

The motion arises fundamentally out of the agreement reached in Lisbon which came as a surprise to most of us in Gibraltar and which for many of us was a reversal of the position of Her Majesty's Government for so many years of not negotiating with Spain.

It would appear on the surface, on the reading of the text of the agreement, that essentially the Spanish Government has agreed to suspend the restrictions, not to remove them, in exchange for obtaining the agreement of Her Majesty's Government to negot ate with Spain the decolonisation of Gibraltar in conformity with the UN Resolutions. I think the agreement and communique that came out gave rise to concern in Gibraltar and this was reflected by the number of people attending the meeting called by my Party in Casemates where a statement was read effectively containing the same text as the motion, and that statement was subsequently incorporated in a letter to Lord Carrington and transmitted to London.

As regards the position whether Gibraltar's decolonisation should be negotiated with Spain, I would remind the House that the stand taken in 1976 by the Gibraltar Democratic Movement,

some of whose members are still in the House, that the stand to which those members subscribed in 1976 is in fact very similar to the stand in this motion.

There were three elements in the constitutional position of the Gibraltar Democratic Movement and those three elements reflected a commitment that it was the basic human right of the people of Gibraltar to decide their own future; that Gibraltar's decolonisation was necessary because a colonial situation was an affront to the dignity of the people; and that the Territory and the people of Gibraltar were an inseparable entity, and therefore this reality should be given constitutional form. The stand contained in the election manifesto. and the basic principles upon which the Cibraltar Democractic Movement was founded, read as follows: "The present colonial status of Gibraltar is an affront to the dignity of the people of Gibraltar and the Movement will press for the decolonisation of Gibraltar and the creation of a new status which will secure the future of the Territory and the people of Gibraltar. The territory of Gibraltar and the people of Gibraltar are an inseparable entity and the Movement will seek to give this reality constitutional form. The future of Gibraltar must be secured without celay and it is a fundamental human right of the people of Gibralter to decide this future."

That stand, regretably, was not translated into any practical results because immediately after the Election there was a Constitutional Committee with representative bodies set up which met once and has not produced anything practical. At the time some of us felt that we should be moving on the constitutional front to pre-empt a situation where there would be movement by Spain and by Britain, and we would find ourselves with the initiative taken out of our hands. And I think that that is a situation we could be facing as a result of the agreement reached in Lisbon between Lord Carrington and Sr Oreja.

I think it is important to realise that notwithstanding all . the assurances that have been given, and there is no doubt that some of the statements made in answer to questions in the House of Commons and House of Lords have been the most clearcut and the strongest statements of respect for the wishes of the people of Gibraltar that have ever been made by any British Government. I do not think there is any question that this is the case, but there is also no question either that when Sir Ian Gilmour was pressed by Mr Peter Shore, the Labour spokesman on Foreign Affairs, on whether sovereignty would form part of the negotiations the answer was that nothing was excluded from those nesotiations. The fact that the word sovereignty has not been mentioned and the motion does not mention the word sovereignty anyway, it mentions Gibraltar's decolonisation without entering into the area of the existing sovereignty and the future sovereignty.

We have already passed a motion in this House saying that the sovereignty of Gibraltar is not a matter for negotiation between Britain and Spain. That motion should not be inter-

preted too rigidly in terms of saying that as long as the word "sovereignty" does not crop up during the course of the negotiation, therefore, the motion is being respected, because that would be a way of sticking to the letter of the motion and evading the spirit of the motion, and, therefore, effectively when we say that Gibraltar's decolonisation, and Gibraltar's future should not be negotiated between Britain and Spain, we are again saying that Gibraltar's sovereignty should not be negotiated, but we are not using the word sovereignty. I think we need to do that because we need always to err on the side of safety when it comes to securing our future. I do not think we can go wrong by being over-zealous in trying to close all possible loopholes in this matter.

The position that we as a people should take in saying that Gibraltar's decolonisation and its future status is exclusively a matter to be decided between ourselves and Her Majesty's Government is not, in my view, a position that we can be attacked on by anyone because that is the normal constitutional development in every colony. To my knowledge there is no colonial situation where the colonising power has discussed the decolonisation of that territory with that territory's neighbour and not with the people of the territory.

In the United Nations the reality is, that the majority view has been to give precedence to Spain's territorial claims over our right to self-determination, and the United Nations has consistently stated that our interests must be protected but has always gone on to say that the territorial interrity of the nation should not be interferred with as a result of applying the normal process of decolonisation. I think it is important that the question of Spain's rights under the Cresty. of Utrecht should be divorced from the question of our right as a colonial people to pursue the normal process of decolonisation which is inevitable in Gibraltar. It is something that people must be conscious of. That what cannot happen is that Gibraltar should be the last remaining colony in the whole world when every other colony has disappeared. Therefore, we need to find a way of remaining linked to Britain, which is what most people want, but not as a British colony which is something the rest of the world cannot accept and something which the British Government itself is committed to changing. as a result of its commitment to the principle of decolonisation in the United Nations.

It must also be remembered that the United Nations has passed a number of resolutions and that in particular there was a resolution passed on the 19 becember 1967 which said two important things. "Considering that any colonial situation which partly or completely destroys the national unity and territorial integrity of the countries incompatible with the purposes and principle of the charter of the UN and specifically with paragraph 6 of the General Assembly Resolution 1514/15 regrets the interruption of the negotiations recommended in General Assembly Resolutions 2070/20 and 2231/21." That resolution was a very important one adopted by the General Assembly on the 19th December 1967, because it regretted the interruption of negotiations and it referred specifically to the colonial situation in Gibraltar being one which destroyed the national unity and

territorial integrity of Spain. It went on to say then:

'... declares the holding of the Referendum of 10 September
1967 by the Administering power to be a contravention of the
provisions of the General Assembly Resolution 223/31 and those
of the Resolution adopted on 1 September 1967 by the Special
Committee on the situation with regard to the implementation
of the declaration on the granting of independence to colonial
territories and peoples."

Therefore, in December 1967, the United Nations General Assembly regretted the fact that negotiations were not taking place, by implication, to restore Spain's territorial integrity by making Gibraltar an integral part of Spain, and declared the Referendum that was held in Gibraltar, that Referendum to which so many of us looked upon as a free expression of the wishes of the people, declared that to be in contravention of the provisions of the General Assembly Resolutions.

The first paragraph in the agreement in Lisbon says that Britain and Spain have agreed to nerotiate to resolve the problem of Gibraltar in conformity with United Nations Resolutions. I cannot accept, and I do not think that many people in Gibraltar would be prepared to accept, that any negotiations should be in conformity with a resolution that declared that the Referendum held in September 1967 was in contravention with General Assembly Resolutions and consequently by implication was invalid, because effectively the stand of Her Majesty's Government throughout has been that that Referendum was the free expression of the wishes of the people and would be respected and that stand is still being maintained and, therefore, there appears to be a fundamental incompatability between a commitment to negotiate on the basis of the United Nations Resolutions, and a commitment to stand by the people of Gibraltar and respect their wishes and ensure that those wishes are respected by the rest of the world, which is a fundamental responsibility that Her Majesty's Government has got.

It has been argued, Mr Speaker, that because Her Majesty's Government is responsible for our foreign affairs, then it is their prerogative to hold talks with the Spanish Government on the question of Gibraltar and even presumably now to negotiate. Let us make no mistake. There is a fundamental difference between negotiations and holding discussions or talks. Negotiations mean to any rational, unbiased outsider a commitment to resolve a problem by a willingness to make concessions on both sides. If one side or the other is prepared to give nothing then no negotiation is possible.

If we ask ourselves where the responsibility of Her Majesty's Government lies in respect of the constitutional division between domestic and foreign affairs, I would put it to the House that our future and our rights to the territory of Gioraltar are not foreign affairs, they are purely domestic. They are purely an internal matter between ourselves and the administering power, which is Her Kajesty's Government, because effectly if we say that discussing Gioraltar's constitution, discussing how we run our own society, is some-

something in which Spain has got a say, or on which Spain has got to be consulted, we are effectively recognising the Spanish claim to Gibraltar and virtually admitting it.

To me it is perfectly legitimate that commercial relations between Spain and Gibraltar, traffic between Spain and Gibreltar, air communications between Spain and Gibraltar, all those things should come within the ambit of relations with another state, and, therefore, clearly under our present constitutional relationship it is a matter for Her Majesty's Government to negotiate with Spain. And there is nothing wrong with doing that. There is nothing wrong with Gibraltar and Spain reaching agreement on, for example, the question of air communications between Spain and Gibraltar, and the landing rights for Spanish airlines in Gibraltar, and the landing rights for British airlines operating between Gibraltar and Spain, because these would be no different from the sort of negotiations and arrangements that Spain must carry out with France and Portugal and every other neighbour. There is no reason why we should not have negotiations on things like that.

But it would be totally unacceptable, for example, for the Portuguese Government to discuss its own internal constitutional relationship with Spain just because they happen to be next to each other. We cannot accept that Gibraltar in any way being anything other than Spanish, breaks up Spain's territorial integrity any more than Portugal does, because effectively if we look at the Iberian Peninsula then the Iberian Peninsula consists at the moment of two nation states and a colony and we, the people of Gibraltar, are not Portuguese and are not Spanish. We are Gibraltarians and we have got our own sense of identity, and that sense of identity which we have can only receive genuine constitutional recognition the moment that our right to Gibraltar is recognised as a de facto right because we have existed longer as a people than the United States has.

It is, therefore, important in trying to achieve the long-term security that has been missing in Gibraltar ever since the Spanish Government mounted its campaign in earnest to take us over, it is important that we should be absolutely united in our sense of identity as a people, and on our determination that our future is a matter exclusively belonging to us, and that we will brook no interference from Spain in the decisions that have get to be taken in this area.

I accept that Her Majesty's Government has entered into an agreement which excludes nothing and that the motion is seeking to modify that agreement. There is no question about what the motion is trying to do. I believe that we should try to do that because there is a conflict within the agreement which is inexplainable, because there appears to be a commitment on the part of Her Majesty's Government to us, to respect our wishes in this matter, and a commitment to the Spanish Government to negotiate in conformity with the United Nations resolution to resolve the problem of Gibraltar and of course, I am one of those who maintains that there is not a Gibraltar problem that

there is a Spanish problem.

In my view the lifting of the restrictions should have been a completely unilateral act on the part of the Spanish Government without any reciprocal measures, not even the reciprocal measure of agreeing to negotiate, because if there was no justification for putting those restrictions on, and if he restrictions were put on riginally because of our refusal to negotiate away our future, then effectively, the removal of the restrictions by being linked to a willingness to negotiate goes some wey in justifying their original imposition.

Her Majesty's Government, of course, has repeatedly said that they will respect the wishes of the people of Gibraltar, as set out in the preamble to the Constitution, which says that we will not pass under the sovereignty of another state against our freely and democratically expressed wishes. I think in answer to Questions in the House, in the recent debate on the statement made in both the House of Lords and the House of Commons. the answers given appeared to go beyond that. . Beyond in fact the strict wording of the preamble to the Constitution. In answer to a question by Sir Derek Walker-Smith, asking Sir Ian Gilmour whether it was correct that under the interpretation of the Treaty of Utrecht any change in the status of Gibraltar would necessarily involve reversion to Spanish sovereignty, and asking Her Majesty's Government whether they accepted or rejected this view, the answer was: "Our position is as I have stated. There can be no change in the position of Gibraltar without the freely and democratically stated wishes of the people of Gibraltar." That is a clear-cut statement which I interpret as meaning that there can be no change, not just in the question of whether we come under the sovereignty of another state, which might theoretically mean no change in our nationality but not necessarily no change in anything else. When it is put as troadly as saying that there can be no change in the position of Gibraltar, for me that means no change in anything affecting Gibraltar unless we are in favour of this change.

But that clear-cut statement seems to invalidate the commitment to negotiate with Spain, and it is important that that apparent conflict should be resolved and that it should be made clear that if the negotiations are going to take place, and there is no doubt that they will take place, then whenever the matter of Gibraltar's future comes up. the conflict will be resolved by our views taking precedence over any argument that Spain might put. For me it would have been a much more acceptable situation if Spain had effectively recognised our right to Gibraltar and acceptedthat we are the sole arbiters of Gibraltar's destiny. Mr Speaker, if the situation is that that would have been as desirable for every member of the House then that must be the objective we set ourselves, however difficult it may seem, because after all Spain has got a very clear-cut objective, to take Gibraltar over. And notwithstanding the fact that people on the Spanish side may say that the best thing would be for the Gibraltarians to want to be Spanish, and that looks an impossible aim, the fact that it

looks an impossible aim to the Spaniards does not prevent the Spaniards from trying to achieve it. Therefore, if from our side, getting the Spaniards to recognise our right to Gibraltar looks an impossible aim, it should not prevent us from having it as an ain, and for working towards achieving that aim, because we must attack the problem with the same determination, with the same energy, with the same consistency of purpose that the Spaniards are doing. And we must be as determined not to give an inch as they are determined not to give an inch. Because if we are in any way weaker in our determination, weaker in our faith, in our own strength in achieving our objectives, then effectively any weakness on our part strengthens the hand of the Spanish Government and the hand of virtually every political party in Spain who, whatever nuances of emphasis they may put on the situation, fundamentally are all of the one view that Gibraltar is part of Spain, that this is Spanish soil, and that we are here basically on borrowed time.

If we look at the difference in Spanish attitudes across the political spectrum we find that those differences effectively can be put down to people who are less intransigent than others, who are prepared to give us more time to adjust or more time to adapt. or more time to change our minds, but the objective at the end of the day is still the same. And our objective at the end of the day must still be the same. Our objective must be that it must be recognised, in the first instance by Her. Majesty's Government, secondly by the Spanish Government and subsequently by the International Community, that we are no different from the people of any other colonial territory, and that our rights must be respected and defended the same as the rights of any other community in any other part of the world. We must ourselves take a very strong stand on the issue because we cannot expect other people to do the work for us. We can only expect, hopefully, to influence the opinion of others, if we show ourselves the strength of feeling we have on this matter.

I commend the motion to the House.

HON CHIEF MINISTER:

Mr Speaker, I do not think there is anybody in this House that does not share the feelings expressed by the Hon Mover in respect of our position and our future. This is unanimous. It was shown at the Referendum. It was shown in the 1976 Election, and it has been shown over and over again.

However, as has been pointed out on one or two occasions in the past, the only difficulty one finds in sharing completely not the sentiments but the method in which the Honourable Member wishes to achieve that, is slightly in conflict. First of all it is a bit over-simplistic not to recognise that Britain, which is responsible for our foreign affairs, has got wide international responsibilities which cover membership of the United Nations, membership of the European Economic Community, membership of NATO, and generally speaking, has

relations with the rest of the countries in the world and, of course, she has a very big and a very determined responsibility towards the people of Gibraltar and towards the position of Gibraltar.

Unfortunately, the Motion seeks, as the Honourable Mover has. rightly said at the end of his speech, there is no doubt that the Motion seeks to modify the Lisbon Agreement. I wish that could be done and that that were possible, that we were in a position to modify the Lisbon Agreement as it has been signed, because Britain in the pursuance of her foreign affairs has entered into that communique, but has in pursuance to her commitment to the people of Gibraltar. set out what her position to the people of Gibraltar is. So really, whether there is any conflict in the terms of the agreement in Lisbon within itself. having regard to the fact that the two positions have been explained. is another matter. But that that Agreement safeguards. the people of Gibraltar is very clear, and I am glad that the Honourable Member has referred to the 5 tatements made in the House of Commons and in the House of Lords, particularly the . former, and will put an end to this dithering though that the rreamble to the constitution divides the people from the territory. The statements made, and not only the ones that he has mentioned, but various other statements in those realies, make it very clear - at some stage they say that the "sovereignty" of the Rock will not be negotiated without the consent of the people.

So I think that the spirit which we always understood was the purpose to the preamble to the constitution is very clearly explained and as the Honourable Member has said has gone far beyond anything else that has been said before in this matter.

The Honourable Member has referred to United Nations Resolution and the one of December 1967. The United Kingdom attitude in respect of the commitments to the people of Gibraltar were reiterated in the 1967 debate in the United Nations when it had not been incorporated into the preamble to the constitution. The preamble to the constitution set out, very well and, gave great satisfaction to the people of Gibraltar, the position, but it is only fair to say that the British Government from the very beginning, from 1963 onwards, since the matter was raised in the United Nations, has always maintained that the wishes of the people of Gibraltar were paramount in accordance, not with resolutions of the United Nations but with the Charter of the United Nations, which is much more important because that is the one that set up the organisation.

But not to recognise that Britain has got responsibilities and to pass resolutions that attempt to direct other than to influence particularly when there is a guarantee to maintain that commitment, to attempt by a resolution of this House to modify a commitment of the Foreign Secretary could have the same effect as so many of the resolutions of the United Nations that are not honoured because they are outside the ambit of what they were done. I would like to say that to my understanding the British Government has very rarely, if at all, except on the question of the resolutions on Gibraltar, disregarded recommen-

dations of the General Assembly. I think the question of Gibralter is the only one on which the British Government, which has always had great respect for the United Nation — and of course this is a General Assembly Resolution and not a Security Council Resolution, where the matter would be much more serious, and indeed where the British Government have got a veto. But in the General Assembly the Resolution of the United Nations have always been observed by the British Government except in the case of Gibraltar because, it has its commitment to Gibraltar; and because it said that that was not its function. The function of the General Assembly was not to determine or to make any recommendations that impinged on the question of sovereignty. And that is the basis on which the British Government have not taken note of the Resolution of the United Nations in respect of Gibraltar.

I accept that the agreement gave rise for concern initially ... and that that concern has been greatly allayed by the reiteration of the British Government's commitment to us personally and in Parliament, and by the fact that they have insisted that Gibraltar's leaders should be present at these discussions. negotiations, talks, whatever they may be. I do not want in any way to attempt to water down the fact that the word "negotiation" is there, we made it very clear from both political parties that we were against the use of that term but we had to realise that that was something that had been explained as being open and that anyone could raise anything. It is true, and let there be no misunderstanding about it. that the Spaniards will raise that at the very first cossible practical opportunity, but it will depend whether they are prepared to accept that the attitude of the British Government will be that this is a matter on which the people of Gibraltar must have a say or not. If they accept that and they do not insist on pursuing that matter, then, whereas I do not agree . with the Honourable Member that by having these talks it is an acceptance of Spain's claim, that if in fact that is their argument in support of that, then there is a counter-argument by accepting that the people of Gibralter will be represented and that by accepting that the wishes of the people of Gibraltar are incorporated into the Lisbon Agreement, they themselves are accepting for their part that we have a say in this matter. And though that may not be any achievement on the part of anybody who takes that simplistic view, that this is a matter purely between Britain and Gibraltar, for the wider approach to the matter, it is something which is much more significant than it has been before.

Therefore, if there was concern about the agreement, and there is relief because of the commitment, there is also a considerable desire, in my judgement, on the part of the people of Gibraltar that the representatives of the people of Gibraltar should be present at these talks. This is not, as I have said so many times, in order to ensure that the British Government carries out its commitment to the people of Gibraltar. If it were for that alone then perhaps it would not be necessary because otherwise it would mean an attitude of distrust. It is precisely to be able to tell the Spaniards what the people of Gibraltar feel and the leaders of the people of Gibraltar are

the ones best qualified to tell the Spaniards rather than the British. We have had periods in various negotiations from time to time in the days of the Lopez Bravo and Sir Alec Douglas Home talking together and in fact occasionally you get some organs of the press that mention that the British Government used the people of Gibraltar. As recently as two weeks ago we heard that from Sr Lopez Rodo in another context. He is out of touch with the situation, and he is still harkering after the Franco era in which he was a Minister. That can no longer be the position of a democratic Government in Spain which accepts the condition that the people of Gibraltar must be present at any talks. Whether we are a third party or not we are with the British Delegation, part of the approach of the British Government's attitude to Spain in respect of the question of Gibraltar.

As I say it is very difficult to differ from the sentiments expressed by the Honourable Member, but unfortunately the way he has put the motion, as he says, seeks to amend something to which the British Government is bound and would be really a non-event in the sense that it would not have any practical effect and I think that this House loses strength and loses influence if it passes resolutions which it cannot see implemented. In addition, it would make it blatently impossible for us to be present at these talks if this solution were to be passed in the form in which it has been drafted.

For this reason I regret that I have to propose an amendment, not because our views are ir spirit any different from those held by the Honourable Mr Bossano, or indeed by every single individual in Cibraltar, but because it is most important that this spirit should be expressed in a verbal framework which will accord with the constitutional relationship between Britain and Gibraltar.

The Hon Member said that he thought that this was the only case in which there was any question of a third party being involved in the decolonisation of any territory. I would remind him of the fact that there are a number of such cases, and we need only concern ourselves with those in which Britain has been involved. and there is Belize where there is a resolution of the UN by supported by all the countries other than Guatemala and one or two of the other right-wingers to the effect that independence should be given to Belize. They have the territory, they have the whole set-up there, but it is impossible to give independence to Bolize bocause Britain will not undertake its defencé and its sovereignty as the people want, if she withdraws on independence because Pelize is so small that it could be easily , swallowed up by Guatemala. There again, on the opposite side. the resolution of the United Nations calling for its independence has not been observed precisely because independence will lead them to be swallowed up by Guatemala, and that is what the people do not want, and the British Government continues to undertake onerous defence duties. It is well known that when there are movements in Guatemala they also reinforce the British presence there, not because it is going to be a war between Britain and Guatemala in the continent, but because the presence of British troops there is a detriment to Guatemala to pursue its intentions to invade the territory.

The other problem that Britain has as a relic of the old empire is the question of the Falkland Islands. There there is a conflict with Argentina, and there again even though there was about 5 or 6 years' ago an agreement which went much further than this one, in that Britain and Argentina agreed to talk about the sovereignty of the Falkland Islands, five years of fruitless talks have led to nowhere, because the people of the Falkland Islands, small as they may be, and what is wrong with being small - still stand by their determination to stand with Britian.

As I say, we must put the motion that expresses the wishes and the sentiments of the people of Gibraltar in a verbal framework which will accord with the constitutional position. That is the constitutional relationship between Britain and Gibraltar. I feel that in that way our views will be listened to with greater respect and they will have greater force in Britain and elsewhere. Whilst no less firm, clear and consistent, they are stated in the context of and in compliance with the formal relationship between Britain and curselves. Conversely I believe that there is some danger of our being taken somewhat less seriously, in a very serious matter, if our views are stated in a manner which ignores that relationship, ignores that situation.

The essence of our position is a simple one. It is our desire that sovereignty over Gibraltar should be British, and that British so ereignty should not be negotiated. The most formal statements of these two views are of course, the 1967 Referendum and the resolution proposed by the Honourable Mover in November 1977 and adopted unanimously by this House. Therefore, I think that it is essential and most valuable that in any restatement of our basic position we should make specific reference to the verdict of the Feferendum and to the 1977 Resolution, and I propose, when I produce my draft amendment, that this will be covered. And if I may say so, having regard to the comment of the Hon Member himself that the Referendum was rejected by the United Nations, it is the more necessary to incorporate it into an amendment now in order that we reiterate the result of this Referendum. A lot of people say that it is already about 13 or 14 years' old and ask what would the position be now? And I say well, instead of 44 it might be 23 or 62, but it makes no difference basically to the result of the Referendum if another one were held now.

I think it is also necessary that we should express our firm confidence in Her Majesty's Government and I propose to include a reference to that in my amendment. Britain is responsible for our foreign affairs and this is explicit if nowhere else in the terms of the choice of the Referendum which I propose to quote in my amendment. We must allow the British Government to use an element of judgement as to how they are conducted. It Speaker, it is for this reason and, as I say, in no way belittling the efforts of the Honourable Member, watering down the sentiment of the Honourable Members feelings, that after

considerable thought I propose an amendment which I have discussed with the Leader of the Opposition and which I think covers all the points that the Hon Kember has put; makes it possible to pursue the matter further and makes it also possible for us to be present - and it is no easy matter to be present in these circumstances I can a sure you but the more necessary for that.

Mr Speaker, I beg to move that the Motion be amended by the deletion of all the words after "this House" and the aubstitution therefore of the following:

- (1) Reiterates the views of the people of Gibraltar, freely and democratically expressed in the 1967 Referendum, that they wished to retain their link with Britain, with democratic local institutions and with Britain retaining its present responsibilities;
- (2) Reiterates the unanimous view of this House, expressed in a Resolution adopted on the 8th November, 1977, that it is opposed to any negotiations on sovereignty; and
- (3) expresses its full confidence in the British Government's commitment, as most recently reiterated in the statement issued in Lisbon on 10 April, 1930, to honour the freely and democratically expressed wishes of the people of Gibraltar.

Mr Speaker, as I say, it is a matter of approach and nothing else, and it is also a matter that will carry and give a stronger position, a stronger situation, if we pass a resolution, which we can fight for and which in no way attempts to inhibit the British Government in carrying out these responsibilities to the people of Gibraltar while at the same time carrying out its responsibilities in the wider concept of the international community.

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

HON P J ISOLA:

Mr Speaker, you will have appreciated from the applause given from this side of the House that we are in agreement with the amendment to the motion proposed by the Honourable the Chief Minister, on which we have had consultation following, of course, the communiques that were issued after the Lisbon Agreement of trying to obtain a united stand on the future of Gibraltar among the elected members of the House.

I am sure that the Honourable Mover will agree that the sentiments expressed in the proposed amendment gives the House an opportunity to unite under an amended motion which I think brings out the salient points on Gibraltar and on which there is unity among the people of Gibraltar, and I am really talking here on the decision of the people of Gibraltar that Gibraltar should stay British and that there should be British sovereignty over the Rock. I think, if one heard or one appreciated the concern that was expressed after the Lisbon announcement. it was the possibility that British sovereignty over the Rock was being or might be negotiated, not really the possibility that Gibraltar might never be granted independence or something like that. It was the issue of British sovereignty over the Rock that expressed concern and I think that the amendment can leave nobody in any doubt as to how the people of Gibraltar feel on this. as to how the elected members feel on this, and indeed how we will act ourselves, that is the leaders of Gibraltarian opinion, in any discussions or negotiations that take place.

Mr Speaker, the first object of my Party is to maintain the peorle and territory of Gibraltar as an inseparable entity according to their wishes, so naturally immediately after the Lisbon Agreement, we did come out with a press release on the 11 April 1980, in which we welcomed the statement by the British Government that it would maintain fully its commitment to honour the freely and democratically expressed wishes of the people of Gibraltar as set out in the preamble to the Gibraltar Constitution. And that whilst we maintained that the sovereignty of Gibraltar was not negotiable and, therefore, could not agree to negotiation but could include the negotiation of such sovereignty, the DPBG hevertheless reiterated its confidence in the British Government to maintain its commitment to the people of Gibraltar. We said that it would be the people of Gibraltar who would decide their future, and we appealed to all political parties represented in the House of Assembly to make a united stand in maintaining the wishes of the people as far as their future and the future of Gibraltar was concerned. We ended up: "that Gibraltar's vital interests must now have absolute priority over every other domestic issue and the DFBG is prepared to play its full part in maintaining a strong and united solid front of Gibraltar's status."

Mr Speaker, because of this statement we later joined in a joint press release with the Chief Minister, the governing party in which again the aims were set out of protecting and safeguarding our British sovereignty. It seems to me that the amendment to the motion presents a unique opportunity to bring unity amongst all secotrs of the House, and, therefore, amongst all sectors of the population of Gibraltar to be united on fundamental issues. I would certainly ask the Honourable Mover to look at the amendment in this light. As a genuine attempt by the two main political parties to bring a measure of unity to the people of Gibraltar.

Only 2 or 3 days ago the Honourable Mover was speaking on the economic situation of Gibraltar and the need to bring every possible brain working on it because the question of survival was at stake. Well, a fortiori, Mr Speaker, on this question

of the status of Gibraltar and of British sovereignty for Gibraltar, on which my Party is certainly not prepared to compromise nor is any other Party in Gibraltar represented in this House, it is essential that it should be put in a Motion of the whole House. I think that the real problems which the Honourable Mover has brought out in his opening statement are real problems and we recognise what he says. We always recognise the logic of what the Honourable Member says, but the question of saying frankly that there is no Gibraltar problem, there is a Spanish problem, is, I am afraid, to oversimplify the situation.

There is a Gibraltar problem because the Spanish Government and people do not recognise British sover eighty over the Rock. That is our problem. But if the Spanish Government and the Spanish people recognised the right of the people of Gibraltar to self-determination, then there would not be a Gibraltar problem as such, but there is one precisely because our neighbours do not recognise our right to self-determination. And when you are talking of decolonisation, Mr Speaker, you are talking of a right to self-determination. The problem is. Es I see it for the people of Gibraltar at the moment and I hope this will change in time. that the word "decolonisation" is really a United Nations word, it is contained in the United Nations Charter and it spelt out there: independence, integration or free association, and the United Nations, for measons best known to themselves, have brought out resolutions from time to time saving that the right to self-determination does not apply to territories which really form part of another territory, in their view. Therefore, you cannot break up the territorial integrity of a state in order to give self-determination. These are the problems that we have been faced with because the United Nations seem to have agreed. I think for reasons entirely outside the Gibraltar issues. mainly because of anti-British feeling in the United Nations, and I think the Rhodesia UDI had a lot to do with this, because the United Nations expected the British Government to move troops into Rhodesia and settle Mr Smith within 12 months of him declaring independence. Those sort of problems, and the problems that at that time: there were problems of other British Colonial territories, it was all that sort of problem that militated against us in Gioraltar. There is no question about it.

The Honourable Mover is quite right, there was a resolution passed in the United Nations rejecting the Referendum. This is true. And there was a resolution passed suggesting that Gibraltar should be decolonised on 1 October 1969 by incorporation with Spain. That is also true. But that is the international body dealing with decolonisation. And that international body said, wrongly in movel, that the question of decolonisation is not a matter between Gibraltar and Britain, it is a matter between Gibraltar, Britain and Spain. And this has been our struggle and it will continue to be our struggle.

Fortunately for us the British Government, where decolonisation of any of her territories is concerned has stood by the fundamental principle of the right of people to self-determination however small they may be. Obviously British relations would

be much better if they were to do what Spain did, for example, with the Sahara, to hand it over. It would be much easier for Britain's international relations if they did that with Gibraltar, if they did it with the Falkland Islands, or they did it with Belize. But that is not the history of Britain as a colonial power, and the commitment, our biggest guarantee in Gibraltar, is and will continue to be the British Government's record in respecting the rights of a people to decide their future, and the British Government's record in upholding through thick and thin. And, of course, the most recent example was Rhodesia. where Britain lost enormously as a country in economic terms and so on. to maintain the principle of sell'-determination for the Rhodesian people, almost against their own people, because a lot of people in Rhodesia had fought in the war for Britain, were actually Englishmen who had emigrated to Rhodesia, and they stood by that principle until it was achieved.

Therefore, Mr Speaker, for our Party, the British commitment to Gibraltar is above every other consideration, and we accordingly place great reliance on that because unfortunately other countries do not seem to interpret the rights of people to self-determination in the same way as Britain does. When the Honourable Mover said that if Spain were to recignise the right of the people of Gibraltar to self-determination all would be well, I agreed entirely, and I think that the struggle of the people of Gibraltar vis-a-vis Spain is to get precisely that, to get them to recognise that.

Mr Speaker. I do not think for one mement that the Honourable the Chief Minister or myself are going to be able to persuade the Spanish Government to recognise us. Who knows we might. eventually, I think the people of Gibreltan might eventually as Spain becomes more and more democratic, but it is very much an uphill task. At least if we can get them to recognise that they cannot expect a change in the status of Gibraltar without the consent of the people of Gibraltar. in a sort of negative way, perhaps that would be going some way. But I think, and l am not saying that we did not fall over the Lisbon communique as a wonderful thing, we did not, but I think that the acceptance by Spain of a re-statement of the British Government's position in that communique was a very important qualification to the agreement to enter into negotiation. Because Spain recognised as from that minute that the British Government intended in any negotiations to honour their commitment to the people of Gibraltar.

That is very important because I am not one of those people who think that the preamble to the Constitution can be interpreted in the way that it seems to have been interpreted by some people in Gibraltar, that that means that we can keep our nationality but the territory can pass to Spain. That is not what the preamble says. That is in my view entirely an incorrect interpretation of the preamble and it was a bit sad to me, Mr Speaker, on the morning we saw the Foreign Secretary in London to read English newspapers — I think it was the Guardian and the Telegraph — putting that interpretation over

as coming from Gibraltar. That the correspondents concerned had been given that interpretation in Gibraltar. I do not know who gave it, but I think it is wrong to give that interpretation. It is wrong for us to concede that our constitution allows for that possibility. Let the Spaniards argue that point if they wish, or let somebody else argue it, but for us to concede it - first of all I do not think it hears that interpretation, but even if it did, or even if there was a possibility of it, we are the last people who should proclaim it.

That preamble to the Constitution was obtained after a lot of argument and struggle, and let it be said that it was put in by the British Government of the day recause they said that it was their policy, this is what they had told us since 1963 when the restrictions started, these were their public pronouncements in Parliament and they had no hesitation in putting it in a formal way in our constitutional document. Following the announcement of the Lisbon Agreement I think that in the Houses of Parliament, if there could have been any possibility of misinterpreting what the preamble said on the part of the British Government, that the possibility of a wrong interpretation must have been completely expunsed by what Sir Ian Gilmour said, not just in the answers cited by the Honourable Mover, but later on when he said there was no suestion of any giving up of British sovereignty over Gibraltar. It could only take place after the freely and democratically expressed wishes of the people of Gibraltar has been stated; and then later on he said. "British sovereignty will not be altered without the expressly and democratically stated wishes of the Gibraltarians. Surely that is as clear as it can be." This is, to my mind, fundamental to the people of Gibraltar, because, let us not have any illusions about this, the question of Gibraltar staying British under British sovereignty can only occur if the British Government fulfills its commitment to the people of Gibraltar. We cannot of ourselves do anything to protect our position.

If the British Government were tomorrow to say, "selfdetermination, the United Nations have said time and again." which they have, so if the United Nations were to say selfdetermination means independence, here you are Gibraltar, here is your independence," and we got it, we know for a fact that that independence would be short-lived unless it was recognised and respected by Spain. Therefore, the British connection, apart from the fact that we want it, that connection and no other connection is, therefore, all-important to us, and that is why I hope that the Honourable Mover, recognising this sort of argument, will recognise the need of passing a motion in the House that expresses now people feel, and not a motion. which, with respect, although it also expresses what the people feel, nevertheless is a crticism of the British Government. I think shows a certain amount of lack of confidence in . the British Government, and, more important of all, is one that is ineffective because the British Government has made its decision. It has committed itself in its international relations with another country and, therefore, this will go

forward. And I think that the message that has to go from this House is a message of confidence in the British Government's commitment to the people of Gibraltar so far as the sovereignty of Gibraltar is concerned, reiterating our view that the Chief Minister and myself have no mandate either from the House or from the people of Gibraltar to negotiate the sovereignty of Gibraltar. I certainly will not, and I am sure the Chief Minister will not either. We are very conscious of that, and then expresses also the wish of the people of Gibraltar to retain their link with Britain and confidence in the British Government's commitment.

These are the matters that are important, that are of vital importance to the security of our people, of vital importance to getting them to go about their ordinary day's business with confidence and not with concern. We cannot take away concern from people because obviously when they are talking about one, one must be concerned, and one must be worried, but let them be calm and confident that we all know where we stand and that our stand will be respected.

I think that if we can agree to amtion in these terms, and the people know that this is something that all the parties in the House agree, tothen I think that will help enormously to obtain a climate of confidence among the people about their future, about their stability, and their security, which is all-important.

Mr Speaker, my Party certainly will vote in favour of the amendment.

HON MAJOR R J PELIZA:

I would like to say a few words on this amendment to the motion and also on the original one because I do not intend to speak again.

I feel duty-bound to say so because my sentiments are rell known and the strength of my views on this issue are also common knowledge in Gibraltar and I feel I should make a contribution to this debate perhaps starting by saying that I do intend to support the amendment. So whatever I say should not be misinterpreted in my way. I have given my support to the bipartisan approach of this House to this very important issue. I was also very pleased to see that by and large the two speakers share the spirit of my Honourable Friend, Mr Bossano, whilst at he same time not accepting the practical advantage of adopting his views, which to some extent is my feeling, perhaps a little more inclined to a strong approach rather than to the more diplomatic approach which I think the bi-partisan approach is taken. I say so because otherwise I would be a hypocrite.

I made it quite clear in 1976, when I stood for election as an Independent, that I felt that the House should pursue an aim of decolonising Gibraltar in relation with the United Kingdom and nothing else. A feeling that is generally accepted in this House except, again, that I think the two speakers expressed

in one way or another, or implied, that it might be an impossible task to do so. I think personally that we should set our aims sconer or later in which way we should proceed and that perhaps now it is not timely to do so, one of the reasons why I accept the amendment, perhaps this is not the time to pursue it in those lines, the aim should still be to try and do away with the status quo.

The rosition as I see it is that for reasons better known to Her Majesty's Government than to ourselves, over the years the British Covernment has had to give way on the public stand they took on the issue of Gibraltar. One was that there would be no talks under duress. Then regretfully Her Majesty's Government decided to talk under duress. Now, my way of seeing it, there is no doubt that whether they are going to negotiate or not publicly they have agreed to negotiate with Spain on sovereignty. This is my honest opinion and it is only fair that I should make it known here. Whether because of the presence of our elected members there, when the time comes, no progress will be made on that issue, that is a matter that we shall have to wait and see.

May I say that that is one of the reasons why I personally support it, that the Chief Minister and the Leader of the Opposition should participate in the so-called Strasburg process, because I felt that although nothing was said as to whether or not sovereignty was going to be discussed there, it was important that we should have our representatives there present to put a stop to it from Gibraltar's point of view, to express a point of view from Gibraltar, should the situation arise. As we know little or no progress was made in the Strasbourg Process, and now we have started again on a different one which, to my mind, is even more serious than before.

We can see from the interest that members of the House of Commons took on this issue by the number of questions that were asked, and certain replies that were given, that it is considered that we have now reached a crucial situation, which is perhaps in the long run and I hope it will be, if not in the short, better for Gibraltar than it has been in the past. We just do not know what the outcome of these long and protracted negotiations are going to be but whatever, in the short term it might be, we shall certainly have our two representative present there to express the Gibraltariaspoint of view if the need arises and perhaps to take any necessary action if the situation comes to the point where that should be taken, to make known that the position of the elected members is in relation to these talks.

We have seen in the answers given to questions in the House of Commons that the Chief Minister and the Leader of the Opposition, after having seen the Foreign Secretary and Sir Ian Gilmour, were quite satisfied with the position. Well, I hope that that is so and that at least the Chief Minister and the Leader of the Opposition are quite satisfied with the situation. That, I think, is a matter which is of great satisfaction to us, if that is the case and does away, to some extent, with the apprehension that people may have in this connection with regard to the coming negotiations.

However, I think, Mr Speaker, that it is the duty of this House, and the duty of every individual elected member to try and make sure that there is no erosion of the stand that Gibraltar has always taken on this matter. In that respect I will certainly try and play a part at the other end, and to be able to put a case which is clearly seen it is necessary in some instances to be absolutely blunt about the situation, as not "calling a spade a spade" can sometimes be misinterpreted and perhaps the full significance of the situation may not be apparent to people who for instance saw, with the opening of the frontier. - I certainly heard people congratulating us for the great victory. I do not believe it is a question of victory, I think the lifting of restrictions is a question of justice but they obviously did not see the other side of the coin which everybody in Gibraltar sees as a matter that one has to show a certain amount of concern and to be absolutely sure that in the process Gibraltar does not come out the loser. I am pleased to say that it seems to me that in that respect the House is fully united, and I would like to see my Hon Friend, Mr Bossano, accepting this amendment for what it is. One has to realise that in the present circumstances I do not believe, that whatever the resolution of this House may be, we are likely to change the posture of the British Government in this respect. It is obviously counter-productive to act in a manner which is going to be totally ignored, and indeed perhaps even dangerous for morale in Gibraltar if they were to see that the stand of Gibraltar is not, for reasons better known to the British Government, themselves, perhaps a matter of diplomatic approach to the situation, they could not go with us. One has to accept basically that whether we like it or not it is the British Government which is responsible for our foreign affairs.

I have always said before in this House that foreign affairs is a question of horse trading, and we have no horses to give away. Her Majesty's Government has got many and may not need Gibraltar at all, but there are many other parts they can play to bring about a solution to our problem without any concessions coming from Gibraltar if we know how to play our part of the game. And I believe that facing the British Government at this particular moment with an impossible situation is not going to be of our advantage. I would urge my Hon Friend Mr Joe Bossano, who is well aware of my sentiments, that perhaps he could drop his motion and agree with the amendment presented by the Chief Minister, and obviously fully supported by my Leader and by myself and by my Party. We should all go together on this one and present a united front on this occasion, as I think we have always done before. I believe it is because it can do no harm in the United Kingdom particularly to see how strongly the people feel on the question of sovereignty. That is something that I well understand, people responsible in the negotiations cannot say or do, people who are not themselves participating in the negotiations are quite free to act in the manner that they think is best for Gibraltar.

We have lots of friends in the United Kingdom. The Gibraltar Lobby is strong, and the reaction of the Gibraltar Lobby has been seen by the questions that were asked. It is possible, if

more support is wanted from them, that is available. I certainly, if my position in England, will be acting as a watchdog, and obviously my services in my humble way are available just as much to my Party as to the Government, or to any party in Gibraltar that feels I can be of any use. Of course I would be more than willing to see what I can do at the other end in support of any view that is the unanimous view of this House.

Mr. Speaker. having said all this. I feel that because of the strength of Gibraltar, the fear of erosion which is the only one that I believe exists, I am absolutely certain that the undertaking of the preamble of the Constitution will be fully honoured by Her Majesty's Government. I have no doubt about that. I have never had, but in the long process what will happen is that if this question of sovereignty is lying on the table, and is going to lie on the table there for ever more, the uncertainty in Gibraltar will be present as well. and it is because I believe that this uncertainty has got to be done away with once and for all if we are going to look to the future with absolute confidence. I believe that it is in the nature of things that we should pursue, perhaps in the long terms, a way of attaining what we call self-determination in some respects. But if it is not full self-determination because of other matters that may be affecting that final outcone. such as treaties that are compelling to Her Kajesty's Government, if that is not possible, then the wishes of the people of Gibraltar which in some way are being used in a negative way at present, should be used in a positive way in the sense that we should be able to establish a permanent indisputable relationship with Her Majesty's Government which is not for evermore open to any forms of vieissitudes in international affairs. of which I recognise we have little or no say.

It is in that respect that whilst fully supporting the motion I cannot but reserve my view, which I started by saying at the beginning, that it is vital that the Government of Gibraltar and all the Parties in Gibraltar should strive to get a permanent relationship with Her Majesty's Government which is imquestionable either internationally or with any other nation in the world.

HON J BOSSANO:

Mr Speaker, The Honourable and Learned the Chief Minister's amendment in fact does not amend my motion, it completely eliminates the motion and replaces it with a new one. It takes out everything after the word "House" away and substitutes a new motion. Therefore, I would ask merbers to bear in mind that my reactions to the new motion are bound to be the reactions of the time I have had to look at the new motion, because if what had happened was that an amendment had been placed on the second part of the motion, which was clearly what I was anticipating and what I indicated I was anticipating when I said that there were two parts to the motion; the first one was a statement of our views; the second one was an attempt to modify the Lispon Agreement by saying that in the light of our views on

the subject, the agreement in Lisbon should be limited by excluding from any negotiation with Spain the question of Gibraltar's future, which I said was in a way an extension or a re-phrasing of the November 1977 motion.

The new motion, in my view, reflects little or nothing of the original motion, which we are told expresses sentiments shared by all the members of the House. Let me say that of the three parts in the motion there is no difficulty, as far as I am concerned, in supporting the second part which states once again the unanimous view of the House expressed in the resolution of 8 November 1977, logically because I moved that motion on 8 November 1977. The third part as regards the full confidence in the British Government's commitment I can support without difficulty because the fact that I may be critical of a decision taken by the British Government is not and should not be interpreted as an indication that I think the British Government is about to sell us down the river. But because I believe that the essence of saying that we want our wishes to be respected must involve our right to express those wishes and not only the wishes that may be palatable to HMG. if we are going to condition our expression of our wishes to only those things that we know the British Government likes to hear, then their commitment to respect our wishes is really worth very little. Therefore, I feel free to express dissastisfaction without implying that that dissatisfaction carries lack of trust in the British Government. Furthermore, I think it is important and worthwhile to state, as the third part does, that we express confidence in the commitment stated in Lisbon to honour the freely-and democratically-expressed wishes of the people of Gibraltar and that there should be a full-stop there, because in the Lisbon Agreement there was not a full-stop, it went on to say, "as stated in the preamble to the Constitution", and although the Honourable and Learned Member, the Leader of the Opposition has made it clear today and on previous occasions that he did not share the view that the preamble to the Constitution was not as watertight as it should be, although he is of that view. the fact is that I certainly think it is worthwhile stating in the House that the interpretation we put on the agreement is that the commitment is to respect our wishes without qualification. Therefore, I am in full support of that as well.

As regards the first part there is one element in it which I think may not have been intended in the way that I interpret it, but that is my interpretation on the reading of it with the time I have had to think about what it means. And that is the sentence ending that first paragraph. Because the first part reiterates the view of the people of Gibraltar expressed in the 1967 Referendum, which I support fully, our wish to retain our link with the UK, which is the overwhelming view in Gibraltar, and then goes on to say "... with Britain retaining its present-responsibilities", which seems to imply that we wish to stay as a colony without any change of the responsibilities of Her Majesty's Government in Gibraltar at any point in time.

My Party 1s committed to Gibraltar's decolonisation. It stated so in the Manifesto, and in the 1976 Election the Gibraltar Democratic Kovement was clearly committed to the process of decolonisation which is defined in even stronger language as "an affront to the dignity of the people of Gibraltar". The colonial status being an affront to the dignity of the people of Gibralter was one of the things on which three other members of this House stood, beside myself, and, therefore. I would propose, in order to introduce into this new motion at least a reflection of the commitment to selfdetermination that was the essence of the spirit of my original motion, and in order to clear beyond doubt that. for example, the view expressed by Her Majesty's Government in the Hattersely Memorandum that it was not possible to alter our relationship with Britain in any direction, that we had to retain the status quo in perpetuity or until things change in Spain, which was unacceptable to most of us at the time, I would say that the way that we can have that reflected in the motion proposed by the Honourable and Learned the Chief Minister would be to add as an amendment to this amendment the words after "responsibilities at the end of para (1)311... any alteration of which is a matter to be exclusively decided between Her Majesty's Government and the people of Gibraltar".

With that proposal I am not saying that we are seeking an alteration, but I am saying that that alteration cannot be initiated by Spain. It has to be initiated by either ourselves or Her Majesty's Government, and that it is a matter for agreement between the two of us, which is essentially what the first part of my motion was stating. Because essentially for me if we are committed to the application of the principle of self-determination in full to the people and the territory of Gibraltar, and if we alk recornise that that is the fundamental stumbling block in our relations with Spain and in the approach to the Spanish Government, as the Honourable and Learned Leader of the Opposition has said, that if Spain recognised the right of selfdetermination then we would have no problem. and I accept that. The fact that Spain does not recognise it does not mean that we must not be constantly asserting it. It is important for us to assert it and it is important for us in the motions of this House that that should be there as our view. although I recognise the difficulty of the House of Assembly of Gibraltar deciding policy for Her Majesty's Government. But at least we can make clear to Her Majesty's Government what our views are, and to do so in a motion that ends by saying that we have full confidence in their commitment to respect our wishes to my mind. comes close enough to the spirit of the original rotion which I have been told we all share.

It would appear, Mr Speaker, that the spirit is willing but the flesh is weak as regards the original motion. Well, at least let us retain some of the spirit and give it some flesh in the proposed amendment.

MR SPEAKER:

Has the Hon Mr Bossano finished his intervention so that I can

propose the question?

HON J BOSSANO:

Yes, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, I wonder whether we could have a little time to look at this. I do not want to exercise my right of reply now, but there are one or two obvious things that I would like to say in any case. I would like to make one thing clear, and that is that what I did say was that I entirely agreed with all the sentiments expressed. I had various reservations about the terms of the motion.

MR SPEAKER:

The position now, is that I would have to propose the amendment to the amendment which would then open further debate on this particular issue exclusively and then he would have the right of reply on the amendment to the amendment and then the Hon the Chief Minister would have the right to reply on the amendment and ultimately, if we carry the thing to its logical conclusion, the Hon Mr Bossano would have the last word on the question, as amended, if it is carried to its logical conclusion, the Hon Mr Bossano will have the last word on the question as amended, if it is carried. So what I intend to do now is to propose the amendment to the amendment and then perhaps it would be time to recess.

HON CHIEF MINISTER:

Unfortunately, Mr Speaker, not thinking that it would take this long, I have an official commitment at 3.30 p.m. I do not know whether members would like to meet earlier and finish or ...

MR SPEAKER:

How long would this engagement take?

HON CHIEF MINISTER:

Not more than half an hour.

MR. SPEAKER:

Well, perhaps, anticipating, before I propose the question, once I propose the amendment to the amendment, we should recess until $4.00~\rm p.m.$

HON CHIEF MINISTER:

If it suits members opposite.

MR SPEAKER:

If we know the debate is not going to last more than one hour, there is no reason why we should not meet at 2.30 p.m. I am just now trying to gauge members' views in the matter.

HON J BOSSANO:

Mr Speaker, I understand the position that I have just produced an amendment which objoursly the Chief Minister and the Leader of the Opposition would want to give some thought to before they decide how they are going to react to it. But the Hon Members must understand that that is my own position earlier on.

HON CHIEF MINISTER:

I know, and if the Hon Member had asked for an adjournment, he would certainly have been justified. Mr Speaker proposed the question.

MR SPEAKER:

I have proposed the amendment to the amendment and we shall now recess until 4.00 p.m. when the amendment to the amendment will be considered.

The House recessed at 12.55 p.m.

The House resumed at 4.05 p.m.

MR SPEAKER:

Tiwill remind the House that when we recessed for lunch we were at the point when the Honourable Mr Bossano had moved an amendment to the amendment. And I had proposed the question, that words, as follows, should be added to the last word in the first paragraph of the first amendment: "Any alteration of which is a matter exclusively to be decided between Her Mejesty's Government and the people of Gibraltar." We are now open to debate on this particular amendment to the amendment.

HOW CHIEF MINISTER:

Mr Speaker, I think the luncheon adjournment has given us an opportunity of looking at this more carefully, whilst I agree that the Honourable Mover had not had much lime earlier on to look at our own amendments, I have also been in consultation with the Hon Leader of the Opposition.

First of all I would like to say that the purpose of phrasing the first part of my amendment was really and purely historical in order to reiterate the result of the Referendum and there was in itself any limitation for the future, it was a statement of fact. Perhaps the statement of fact could have stopped at expression of the 1967 Referedum. The reason why it is there is not because we hope to continue the same limitation but because

it was a complete statement of the result of the Referendum. Therefore, they do not in any way limit any future action that may be decided.

Secondly, I feel that if these words were to make any sense in the terms which the Honourable Mover proposes them they would have to come after the word "Britain" and the rest should be omitted But then we would be interfering with the statement of the fact as they have been put out already. I feel also that it dilutes the result of the Referendum by introducing in the same paragraph something which is alien to what was decided there and, thirdly, and the most difficult one is, that it reiterates exactly the terms of his original motion and introduces into it that element to which I referred this morning, made it impossible to accept, which meant that if that really was as much an intention, as he said in his own words this morning, to modify the Lisbon Agreement, it is as much a possibility of being considered as modifying the Lisbon Agreement as the rest of the motion.

HON J BOSSANO:

If the Honourable Member would give way. I would remind the Honourable and Learned the Chief Minister that what I said this morning, and what I repeated in the context of my amendment, was that my original motion as I saw it had two different elements: one element which was our own view on how Gibraltar's future should be decided and that there should be only two parties to taking that decision; and the second element was that in the light of this Her Majesty's Government should agree to exclude this question from the negotiations, and in sking Her Majesty's Government to agree to this in the second part we were effectively asking Her Majesty's Government to modify the agreement, since the agreement excludes nothing. So if we were asking that something should be excluded and the present agreement does not exclude anything then it is in the second part that we are seeking to modify the agreement.

Is far as I am concerned we certainly need to take a decision in this House and we certainly need to make it clear whether it is the view of all the members of this House that Gibraltar's future and its decolonisation is a matter exclusively for us and Britian, or whether it is a matter which we accept Spain has got a say in. That is fundamental and I do not think one should evade that issue, one should clearly state whether one supports that stand or does not support that stand.

HON CHIEF MINISTER:

I do not want to be unnecessarily controversial about something when we are trying to hidge the gap, but with the greatest of respect to the Honourable Member the first part of his motion was trying to put into it something that has not been decided by the people of Gibraltar. And that is because in fact in the 1976 Election the Honourable Member and his Party did not get a majority or a mandate on that, nor did he in the last election despite the personal support that he found. So really we are

trying to have a Referendum in this House on something that really has not been fully accepted in those terms, not because it dilutes the principle or the desire of the people to continue, and I know the Honourable Member's ability to be able to establish something that he has been fighting for for a long time, and on which I respect him, but he cannot carry as with

this matter on which he has not been able to carry a vast majority of the people. And whereas I entirely agree that it is primarity - I will put it that way for the purposes of answering the last point - a matter for the people of Gibraltar and the people of Britain, but when you put the word, "exclusively", you come up against the difficulties I explained this morning, why the terms of the original mation in that respect was unacceptable and why, despite the short time, the Honourable Member has had enough signs to realise that he was trying to repeat here what has been put aside for the sake of something else here.

For that reason, Mr Speaker, we are not able to support the amendment to the amendment.

HON P J ISOLA:

Mr Speaker, the amended motion - not the present amendment, the last amendment - in my view is the collective view of all opinion in this House on this matter, and was the collective view on the things that I think are of great importance.

What convinces me that we cannot to along with the latest amendment by the Honourable Kember, is, of course, the fact that it changes what was decided in the Referendum. I mean what peragraphidees a preitorate what was expressed by the people of Gibraltar in the 1967 Referendum and what was expressed is there. To talk of changing, or the possibility of changing, what was expressed there is to dilute the effect of the 1967 Referendum which, as far as the people of Gibraltar are concerned, was a decisive answer. Accordingly, to amend that proposition to my mind goes against what was democratically expressed by the people of Gibraltar at the time.

I am not going to repeat the arguments put forward from this side of the House this morning as to the reason why we felt that the proper motion to pass was the amended motion which, in my view, must reflect the wishes of the people of Gibraltan must reflect the stand of all the political parties in Cibraltan. It is my view that the amended motion puts forward the essentials to the Gibraltar position. Of sourse, Gibraltar teing a Crown Colony, it will be a matter for Gibraltar and London to decide any future constitutional status. That goes without saying. But what we are in fact putting forward here is a reiteration of the Referendum, a reiteration of what was the unanimous view of the House on the question of British sovereignty over Gibraltar, and an expression of full confidence in the British Government's commitment to honour the freely and democratically expressed wishes of the people of Gibraltar.

Those are the three vital factors in the equation, and, accordingly, this side of the Fouse cannot go along with an amendment that seeks to wittle down any of these three fundamental factors.

HON J BOSSANO:

Mr Speaker, it is absolute nonsense to say that the amendment seeks to wittle down anything. All that the amendments seeks to do, Mr Speaker, is to reintroduce the important element in the original motion, and in fact I have no difficulty in supporting the motion before the House now, all I am saying is that the motion that was brought before the House by me was a clear and categorical statement of the view that Gibraltar's future is a matter for us and Britain, and members of this House must have the courage of their convictions and either state clearly and categorically that they subscribe to that view or that they do not so that people know where they stand. It is no good trying to say that to reintroduce that element is to wittle down the result of the Referendum. If the Hon Member thinks I have made a mistake in drafting the amendment then I am quite happy to withdraw my amendment and have an addition . introduced into the new motion which specifically says what he has just said is obvious. It is obvious that Gibraltar is a Crown Colony and, therefore, it is for Gibraltar and London to decide its future. Well, if it is obvious will the Honourable Member subscribe and support a motion that says precisely that and nothing more than that? Just a motion that says that Gibraltar's future is a matter for London and Gibraltar and no one else: will he subscribe to that if it is obvious? And then he does not have to say that it is wittling down anything else. It is no good saying in an aside that one subscribes to that and not being willing to put it to the test by voting in this Fouse.

I recognised from the beginning, Mr Speaker, that that view might not be acceptable or palatable to Her Majesty's Government, and I said that I recognised that my Motion was trying to do two things: one was to state what the views of the members of this House on the matter were and; secondly, to ask Her Majesty's Government to modify the agreement with Spain in the light of the expression of such views. I accept that in trying to get the second I may be trying to carry with me other members of the House further than they are prepared to go, when it comes to actually having the audscity as a mere colony to suggest that we can tell Her Majesty's Government how they should conduct our aftairs, but I certainly did not anticipate that there would be any reluctance by any member of this House to subscribe without reservations to the view that the British Government and the people of Gibraltar are the only ones who can decide Gibraltar's future and its decolonisation. I think it is important that there should be a categorical statement either way. We are entitled to know in Gibraltar how the members of the House feel and that the issue should not be avoided.

. I understand that the Spanish Radio has said at lunchtime that in answer to the question by the radio, Mr Parsons has just

said on the other side of the frontier that Her Majesty's Government does not accept the view put forward by my Party that Gibraltar's decolonisation is a matter for us and Britain alone. That is a matter for Her Majesty's Government to say. but I am saying that we as representatives of the people of Gibraltar should take that stand. The Fonourable Member said earlier in his contribution in support of the Honourable and Learned the Chief Kinister's amendment, that it was a matter for Gibraltar. Britain and Spain. Well. I do not agree that it is a matter for Gibraltar, Britain and Spain and there are members who were elected to this House in 1976 who subscribed to the view that the constitutional development of Gibraltar. that Gibraltar's future status was a matter exclusively for Gibraltar and Britain. and if they have changed their mind they should stand up and say so, they should say that they no longer believe that. And I do not think it is right. Mr Speaker, to say that unity should be attained by avoiding issues or brushing things under the carpet. I believe it is important for all of us to be united in defence of Gibraltar's interest, but I cannot act against my conscience on this, and I do not think that if the point of unity is that one should act contrary to one's strongly-held belief and contrary to the public commitment one has entered into with the electorate, one should sacrifice those things for the sake of unity.

As I said, Mr Speaker I have no objection, I have no difficulty! in supporting the motion put forward by the Honourable Member because I do not think that the motion is in conflict with the one that I put. To state that we all accept the Referendum results isn't in conflict with the statement that any future decisions changing our relationship with the United Kingdom must be ours and the United Kingdom's alone. There is no conflict between that and the Referendum results. There is certainly no conflict between this and the motion to which everybody subscribes. that sovereignty was not a matter for Spain and Britain to negotiate. I would have thought, Mr. Speaker, that it was implicit in the commitment of every members of this House that Gibraltar's sovereignty should not be negotiated with Spain. It was implicit that Gibraltar's decolonisation should not be negotiated with Spain and Gibraltar's future should not be negotiated with Spain. Or perhaps some member in this House who professes to know more about this than I do can explain to me how one can discuss Gibraltar's decolonisation, and negotiate Gibraltar's decolonisation, negotiate Gibraltar's future status, and yet not negotiate sovereignty.

All that we have had so far, as a result of pressure from this House of Assembly is an acceptance from Spain that sovereignty is a sensitive issue and that it should be avoided. We must got further now, and we must as I said earlier, Mr Speaker, establish the strength of feeling that there is in Gibraltar of our right to self-determination, just like there is that sense of feeling in Spain, and I do not think that that requires that we should in any way appear to be anti-Spanish, or in any way be in conflict with them although we can be in profound disagreement with their approach, in profound disagreement with their attitude that Gibraltar is

Spanish soil and belongs to Spain.

If we consider that Gibraltar is a British Colony and should remain a British Colony until we and Britain decide otherwise, then let us put our name to that, let us subscribe to that philosophy, but let us do that quite clearly and categorically and not try and wash over the issue and pretend we are doing one thing when we are doing something else.

I commend the amendment to the House, Mr Speaker.

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

The Hon J Bossano

The following Hon Members voted against:

The Hon A J Canepa
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon A J Haynes
The Hon P J Isola
The Hon A T Loddo
The Hon Major R J Peliza
The Hon J B Perez
The Hon G T Restano
The Hon W T Scott
The Hon H J Zammitt

The following Hon Member abstained:

The Hon D Hull

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon Major F J Dellipiani
The Hon Dr R G Valarino
The Hon R J Wallace

The Hon J Bossano's amendment to the Hon the Chief Minister's amendment was accordingly defeated.

MR SPEAKER:

Well, gentlemen, we have before us how, the amendment moved by the Honourable the Chief Minister to the original motion to which the Chief Minister has already spoken in moving it and that the Hon Mr Isola and the Hon and Gallant Major Peliza have also spoken.

Anyone else who may wish to speak to the amendment may do so of course.

Since there is no other contribution, I shall call on the Chief Minister to reply to the amendment.

HON CHIEF MINISTER:

I am sorry, Mr Speaker, that it has not been possible to reach agreement in this matter, because it looks as if the fact that. we have not agreed on this matter on the positive side of the statement of the Mover on the amendment to the amendment, as if we are in favour of the opposite proposition which we are not. That is the difficulty, of putting something that is not acceptable in those terms and the question of accepting it in those terms it looks as if you agree to the opposite. We do not agree to the opposite. We do not subscribe - I am sure the Emmurable Member opposite does not subscribe - to the fact that there should be an interference on the part of Spain in deciding our future. but it is a fact of life that in the carrying out of the international responsibilities of Britain in respect of her membership of the United Nations and membership of Europe, that may be a fact. Whether it is desirable or not is another matter. That is why it is regrettable because if you do not mention anything you do not put to the matter to the test. You do it, and you don't agree, and it looks as if you agree to the opposite. I would say that where the political situation comes in is where you put in the word "exclusively", because for other reasons than for the purposes or Gibraltar, Britain cannot "exclusively" decide this without reference to her other obligations which need not in any way affect the basic principle which is set out in the Lisbon communique, which is that they will abide by the provisions of the preamble to the Constitution.

Self-determination was our main plank in Strasborg only two wre's ago. Of course we subscribe to the right of self-determination. With regards to that, to what has been described as that simplistic view of the Honourable Member's approach to the international matter, I would remind the Honourable Member that we had an election on the 6 February and that that was his plank and he did not carry Gibraltar with him on that at all. There was no opposite view and, therefore, whatever vote he had he can abscribe to whichever way he wants to, and he is free to do that. That is the freedom of our democracy that we can discuss this matter, but let there be no mistake that the failure to accept those words in that context in no way means that we subscribe to the opposite.

I comment my Notion and I hope that for the lesser of the evils the Honourable Member will be able to subscribe in voting in favour of the Motion as it now appears.

MR SPHAKER:

Now, I want to make clear to members so that they know what they are voting for. They are voting now on the amendment by the Honourable the Chief Minister to the original motion amended by the Honourable Mr Bossano.

Mr Speaker then 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 J Haynes
The Hon P J Isola
The Hon A T Loddo
The Hon Major R J Peliza
The Hon J B Perez
The Hon G T Restano
The Hon W T Scott
The Hon H J Zammitt

The following Hon Members abstained:

The Hon J Bossano
The Hon D Hull

·The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon Major F J Dellipiani
The Hon Dr R G Valarino
The Hon R J Wallace

The Hon the Chief Minister's amendment was accordingly passed.

HON J BOSSANO:

I am abstaining for the obvious reason that I do not want my Motion amended, and I want to make that quite clear, because I do not want anybody else saying afterwards that I do not respect the results of the Referendum, that I am against my own Motion of November 1977, or anything else. What I do not want is my Motion amended.

MR SPEAKER:

Again, since it is my duty, I will remind the House that what we have before us is the Motion as moved by the Hon Mr Bossano, as amended by the Honourable the Chief Minister and to this motion we have had contributions by the Mover, and from the Honourable the Chief Minister and that whoever wishes to speak to the motion as amended now is free to do so.

HON MAJOR R J PELIZA:

Mr Epeaker, I would like to say that for the same reasons I explained earlier, that I accepted the Motion as amended by the I on Chief Minister, I think that more or less the same points that I made apply to the amendment. In other words, if this were to be a matter that had to be put to the British Government today in the circumstances prevailing, perhaps I am inclined to believe that they could not go with that amendment. For the sake of making a proposition from this House that can be acceptable not only to the British Government but to public opinion in Britain and particularly to the House of

Parliament, all members of the House should vote in favour.

I am very pleased that notwithstanding his strong views on this matter - which I concede - but as I explained before one has to see it in the light of balance without at all giving away the point, which I do not think that by voting for the amendment of the honourable the Chief Minister one is giving away the point unless one stated so categorically, I certainly am not giving eway the point, and I do not believe that any member in this House to my knowledge is prepared to give away that point, but I think for the sake of being effective in the decision that this House is going to take as you saw I voted in favour of the amendment and I am very pleased, Mr Speaker, that my Hon Friend Mr Bossano saw the situation, and even if he could not vote in favour at least he did what I think was second best and that was to abstain.

MR SPEAKER:

Before I put the question to the House I will ask Mr Bossano thether he has anything further to say. He has the right to reply.

HON J BOSSANO:

I have got a lot more to say, but I will not say it all now, Mr Speaker.

Ar Speaker, I am now speaking effectively on what is a totally different motion from the one that I brough to the House. Let me say that I think that all that the motion before the House does now is to restate our well-known position on the matter, and that my motion was seeking to do more than just restate our well known position on the matter, because I think that the implications of the present situation are different from anything that we have ever faced before in all our dealings with Her Majesty's Government and in all the problem of the Spanish claim to Gibralter since its inception.

It is the first time that there are going to be officially recognised negotiations to resolve the Gibraltar problem and we all know, I am not telling members of the House anything they do not know themselves, we all know, as the Honourable and Learned Mr Isola said, that the fundamental thing on which we have to take a decision and if the House had not been prepared to take a decision, on this occasion I can assure the House that I shall make it my job to give them plenty of future opportunities to decide, the issue has been avoided, it my view, by the motion before the House not decided definitely one way on the other, because the Honourable and Learned the Chief Minister himself said that in rejecting support for this particular statement it did not imply support for the opposite view.

We cannot sit on the fence on this one, we cannot say: we are not saying that it is a matter just for us and Britian, nor are we saying that it is a matter for Spain, Britain and us. What are we saying then? We are saying nothing. We need to

say something. If we say nothing if we do not say that our stand is that Gibralter's future is a matter for us and Britain, then it will be a matter for Britain and Spain, because we are not objecting to that. And even if our objection is unacceptable to the British Government we must be prepared to put it. It is absolute nonsense, Mr Speaker, to make such a big song and dance about Her Majesty's Government's willingness to respect our wishes if every time we have to express our wish we have got first of all to clear it with them

HON CHIEF MINISTER:

Mr Speaker, if the Honourable Member will give way. What we want to make sure is that we are in a position to carry on getting the British Government to continue to support the people of Gibraltar. It is not a question of clearing things with them. We do say things that they may not like, but there are certain things for which they are responsible and for which we are responsible, and for as long as we can keep that parallel feeling we have the main safeguard which is their commitment to abide by our feelings.

HON J BOSSANO:

I accept, Mr Speaker, that this particular amendment, as the Honourable Member has put it, has not been cleared with the Foreign Office, but it seems to me that the approach and reaction of members has been conditioned and influenced at least by what they anticipate to be Her Majesty's Government's reaction to the sentiments expressed in the original motion. Are members saying that if Her Majesty's Government had been happy to accept a statement to the effect that Gibraltar's future and its decolonisation was a matter for us and them exclusively there would have been no problem in passing the motion in the House? Of course, there would have been no problem.

HON P J ISOLA:

Mr Speaker, if the Fon Member would give way. I do not know that the Honourable Member is trying to imply about the influence of Her Majesty's Government. Her Majesty's Government does have an influence, obviously, in our affairs, but the stand that certainly my Party has taken on this is to form a judgement on the situation, it has formed a judgement on what is best for Gibraltar, and the result of that judgement is that we come down overwhelmingly in passing a motion in the terms of the amendment of the Chief Minister. There is no question of getting clearance from anybody as far as my Farty is concerned on any motion. We have to keep in mind the first object of our party which is to keep the territory and the people of Gibraltar British as inseparable entities, and the judgement we have to make is: what is most likely to achieve this result? We do not have to ask anybody about that. I want the Honourable Member to be absolutely clear on this point because I would not like to be misquoted at all. We are not being influenced in any way by what anybody else may say.

HON J BOSSANO:

Mr Speaker, before I gave way to the Honourable and Learned Member I asked a rhetorical cuestion. Would any member of either party have had any difficulty in supporting this motion if it also enjoyed the support of Her Majesty's Government? And I do not think there is any doubt about that. So whether they have consulted the British Government - and I accept they have not - and whether they have been influenced or not in arriving at the judgement of what they think is best, one primary factor in exercising that judgement has been what they know to be Her Majesty's Government's attitude to this matter.

and that has been made absolutely clear, because in the House of Commons, as I said earlier on, there were some very clear-cut and very welcome statements about the commitment that the position of Gibraltar and the status of Gibraltar would not be altered against our wishes. But at the same time there was also a clear indication that nothing would be excluded from the negotiations. And yet we have got a notion in this House, to which we are all committed, that says that the negotiations should not include sovereignty.

I have attempted to do two things with my motion: one was to extend that commitment of this House which in itself is undoubtedly in conflict with the Lisbon Agreement. The Motion of November 1977 in itself is a modification of the Lisbon Agreement. Let there be no doubt at all about that, because we have said in our motion here that sovereighty is not a matter for discussion between Britain and Spain, and when asked that question by the Labour spokesman on Fore gn Affairs, Mr Peter Shore, the enswer was that nothing was excluded. And nothing means that not even sovereignty is excluded and we sought to have it excluded. My motion attempted to extend that to a more specific definition of the problems the definition of Gibralter's status and its decolonisation, but I thought that even if the second part would not be acceptable the first part of the motion was acceptable and was not in conflict with any of the fundamental policies advocated by any of the three parties during their Election campaign.

I was honesty convinced, Mr Speaker, that the first part of the motion, which was that Gibraltar's future was a matter for us and Britain alone, was something that was acceptable to every nember of the House, that was acceptable to the three political parties and that reflected the majority view in Gibraltar, I sincerely felt this was the case and I am certainly very surprised to find that even if the feeling is there, there seems to be some reluctance to express it.

Mr Speaker then 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 Joshus Fassan The Hon A J Haynes The Hon P J Isola
The Hon A T Loddo
The Hon Major R J Peliza
The Hon J B Perez
The Hon G T Restano
The Hon W T Scott
The Hon H J Zammitt

The following Hon Members abstained:

The Hon J Bossano The Hon D Hull

The following Hon Members were absent from the Chamber:

The Hon T Abecasis
The Hon Major F J Dellipiani
The Hon Dr R G Valarino
The Hon R J Wallace

The Hon J Postano's motion, as amended by the Hon the Chief Minister, vas accordingly passed.

ADJOURNMENT

The Hon the C ief Minister moved the adjournment of the House sine die.

Mr Speaker 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 4.45 pm on Monday the 28th April, 1980.