

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

11 MARCH 1981
Vol. 11 (BUDGET)

WEDNESDAY THE 22ND APRIL, 1981

The House resumed at 8.30 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 and
Trade
The Hon M K Featherstone - Minister for Public Works
The Hon I Abecasis - Minister for Tourism and Postal
Services
The Hon H J Zammit - Minister for Housing and Sport
The Hon Major F J Dellipiani ED - Minister for Education
and Labour and Social Security
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, OBE - Financial and Development
Secretary

OPPOSITION:

The Hon P J Isola OBE - Leader of the Opposition
The Hon G T Restano
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

IN ATTENDANCE:

P A Garberino Esq, MSE, ED - Clerk of the House of Assembly

PRAYER

Mr Speaker recited the prayer.

HON P J ISOLA:

Mr Speaker, could the Chief Minister make a statement as to the need for the House to have met at 8.30 am rather than 10.30 am: could he tell the House if the Government has an industrial dispute with any of its staff and if so the circumstances of the dispute?

1.

MR SPEAKER:

No. Under no circumstances will I allow in this House, under the guise of finding out the reasons why the House is meeting at this particular time, a discussion or even mention the merits or the reasons why some particular section of our working force is on strike.

May I myself, once you have raised the matter, most certainly make the situation completely and utterly clear. I was informed through the Clerk that due to certain industrial action being taken by a section of the civil service, the Mansard crew could not be here other than at their normal working times. As both the Chief Minister and the Leader of the Opposition know I consulted both the Chief Minister and the Leader of the Opposition. I suggested that we should meet from 8.30 am to 12 pm and 1.30 pm to 5.00 pm, which was their working time, an agreement was arrived at between the Chief Minister and the Leader of the Opposition and that is the reason why we are meeting at this particular time.

If there are any representations as to whether we should meet at 8.30 am or whether we should meet later or earlier, of course, that is another matter which can be discussed in this House in consultation between the Chief Minister and the Leader of the Opposition. To that extent, I think the Leader of the Opposition is completely and utterly in order, but let us not go in public in this House into the reasons of the dispute or even whether we should pay lip service to what is happening.

HON P J ISOLA:

Mr Speaker, I am sorry but the thing is that this House resolved to meet at 10.30 am today on the adjournment, it is meeting at another time today, admittedly after a telephone conversation with you, Mr Speaker, but we cannot agree to meet at this time every day because we believe that the democratic process demands that the House should meet at reasonable hours. I am not going to suggest we should meet at 10.30 am, but what I am going to suggest is that we should not meet earlier than 9.30 am.

I think, Mr Speaker, with respect, that what is happening now, or what has happened now, is, I believe, quite an important interruption of, if I may call it, the democratic process of the House and my idea in asking the Chief Minister for a statement was not in any way to embarrass the Chief Minister but to have a statement made by the Government, against whom the action is being taken. As I understand the position, the action is not being taken exclusively against the House of Assembly or its staff, the action is being taken generally in the Government

2.

sector, and as a result of that decision the House of Assembly and its procedures are affected, and I think that when the House starts sitting at 8.30 in the morning, I think there should be something on the record from the Government on the matter. That is the reason for asking. But if I am ruled out of order and the public are not to know, Mr Speaker, well, so be it.

MR SPEAKER:

Mr Isola, with due respect to you I am not in the least interested in what public reaction we are going to have as a result of rulings by the Chair. I rule here exclusively on expediency and according to the principle and the Standing Orders of this House. I am not going to accept insinuations from anyone, from either side of the House in that respect. If you feel that you should have been given reasons by the Chief Minister, you should have taken action before we met here. Here in public I will not allow it to happen.

HON P. J. ISOLA:

Mr Speaker, the reason for asking is that I feel it should be made in public. I think it is perfectly simply for the Opposition to ask the Chief Minister.

Very well, Mr Speaker, I shall have to raise it during the course of the proceedings and perhaps then we will be told.

HON CHIEF MINISTER:

I don't want to shirk, under the guise of your ruling from answering any questions that may arise. I think it was the Leader of the Opposition who at the last meeting made a boast that he read every paper that was published in Gibraltar. Well, if he reads every paper that is published in Gibraltar, his question about why we are here early is ridiculous and hypocritical, because he should well know why we are here this morning, that is the first one.

One the second one, Mr Speaker, about the future sittings, it was agreed, as you have stated, that we should start at 8.30 am. I have received no representations from the Leader of the Opposition, who is often inclined to ask me and I accommodate as much as possible about dates of hearing, about the time given to the Honourable and Gallant Member in order to be here. All those things are arranged between us quite simply and if the Hon Member.....

HON P. J. ISOLA:

If the Hon the Chief Minister will give way. That is mutual

because we have agreed to adjournments and the House not sitting to suit the Hon the Chief Minister's convenience as well.

HON CHIEF MINISTER:

Yes, but I happen to be the Leader of the House and the Hon Members are in a minority and we run this House according to what the leader says, and the procedure of this House is settled by the leader of the House and not by the Opposition. If we can have consultations then of course we will always have them and I am very accommodating as Hon Members opposite know very well. What I am not prepared to do is that anything should be done behind my back and an attempt made to undermine decisions reached between the Speaker and the Leader of the Opposition and the Chief Minister. That I am not prepared to do. If the Hon Member had come to me and given reasons why 8.30 was not a good time then I might have been prepared to say, well, perhaps we can meet at 9.00. And if the Hon Member is prepared in Committee to dispense with the recordings of the proceedings I am prepared to sit after 5.00 pm until whatever time is necessary, but if they want to have every word recorded then, of course, we shall have to finish at 5.00 pm. And because we have to finish at 5.00, and because we have to do business, and because Members apart from having to be here have got their Ministerial duties, we are going to run this session bearing in mind the difficulties which we are finding in the most practicable way. That is why we are meeting at 8.30 am, as agreed.

I am quite prepared to meet at 9.00 am, sharp at 9.00 as we have done sharp today at 8.30, what I am not prepared is to come at 9.00 and not to be able to start at 9 am because, I am not saying this in disrespect, because Members are not present 10 minutes or 15 minutes after. That is the situation. As to the reasons why we are at 8.30 here, I think, everybody knows why.

HON P. J. ISOLA:

I have had no explanation but the Chief Minister has had an opportunity to make a political speech, and that apparently is in order.

MR SPEAKER:

No, no, Mr Isola, with due respect to you, the Chief Minister has not made a political speech. He has given reasons.....

HON P. J. ISOLA:

He has given no reason, Mr Speaker.

MR SPEAKER:

He has not given the explanations you were expecting, he has given an explanation as to why, what has transpired, and as to why the House is meeting at this particular time. He has also suggested that we might meet tomorrow and the following days at 9.00 am. Is that acceptable?

HON P J ISOLA:

Mr Speaker, I have said 9.30 am for the very simple reason that I think that is the right hour consistent with the democratic process of this House. If the Chief Minister is going to take the attitude that he governs the House and he decides, he may well find himself, when he starts the proceedings, that he is talking to himself and to his colleagues. Unless there is a process of consultation, the democratic process is bound to break up. If that is the attitude of the Chief Minister.....

MR SPEAKER:

Order, order. With due respect to you, Mr Isola, there was a process of consultation and I personally consulted you and you personally told me that you agreed to meet at 8.30 am. Let there be no misunderstanding as to that.

HON P J ISOLA:

Today, Mr Speaker.

MR SPEAKER:

No, with due respect. With due respect, I informed you clearly on the telephone what was happening and asked whether you agreed to meet at 8.30 am and you said you would most certainly do so, and that was for every single day of these present proceedings. Subsequently, you came along to say that that was not acceptable to certain Members of the Opposition and could we meet at a later hour, and I am not going to proceed to state what was said at that particular time.

HON P J ISOLA:

Mr Speaker, I am sorry that perhaps I have misunderstood you or you have misunderstood me, but I remember specifically stating: alright, for the first day because of the situation. Mr Speaker, you may have misunderstood me or I may have misunderstood you but certainly I cannot in conscience say that I agree to sit at 8.30 throughout the proceedings.

MR SPEAKER:

Mr Isola, with due respect to you; and I do not wish to be pushed into saying more than what we have said, when I first spoke to you, you agreed without any doubt whatsoever to meet at 8.30 am. Subsequently, you said you did not wish to meet at 8.30 and you made to me the point that since we had adjourned to 10.30, it was out of order not to meet at 10.30. I then said to you, Mr Isola, if you insist on playing the game exclusively by the rules I will bow to your decision but the subsequent meetings of the House, after the first day will be at 8.00. I don't wish to go any further. It is then that you said, right, let's meet at 8.30 for the first day and we will discuss the matter subsequently. Let there be no misunderstanding as to what was agreed in the first instance.

HON P J ISOLA:

Mr Speaker, then all I can say is that I withdraw any agreement that I made on that occasion for 8.30. If it has to be put that way it will have to be put that way.

MR SPEAKER:

Most certainly, yes. Now what we are discussing is whether you are prepared to meet at 9.00 am.

HON P J ISOLA:

Mr Speaker, I have gone through the process of consultation on my side of the House. We look forward to the day when the Hon Member who has just spoken will show his great qualities of leadership. Mr Speaker, as far as this side of the House is concerned what we have agreed that the Chair should be asked, and the Government should be asked, is that we should meet at 9.30 am. If now we are being asked to meet at 9.00 we shall have to have consultations.

MR SPEAKER:

Right. In that case, perhaps the Hon the Minister for Housing and Sport would wish to speak now.

DOCUMENTS LAID

HON H J ZAMMITT:

Mr Speaker, Sir, I beg leave to move under Standing Order 7(3) to enable several Members on this side of the House to lay papers out of the order of business.

Sir, I wish to lay the following documents.....

MR SPEAKER:

Let us have a vote on the motion for the suspension of Standing Order 7(3), which is the Standing Order that regulates the order of business so as to lay papers on the table.

This was agreed to.

The Hon the Minister for Housing and Sport laid on the table the Hotel Occupancy and Air Traffic Surveys Report, 1980.

Ordered to lie.

The Hon the Minister for Education and Labour and Social Security laid on the table the Biennial Report of the Department of Education for the period September, 1978 to August, 1980.

Ordered to lie.

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

- (1) The Accounts of the Government of Gibraltar for the year ended 31st March, 1980, together with the Report of the Principal Auditor thereon.
- (2) Draft Estimates of Revenue and Expenditure for 1981/82.
- (3) Agreement between the Government of Gibraltar and Lloyds Bank International Limited.

Ordered to lie.

SUSPENSION OF STANDING ORDERS

The Hon the Financial and Development Secretary moved the suspension of Standing Orders Nos 29 and 30 in respect of the 1981/82 Appropriation Ordinance, 1981.

This was agreed to.

BILLS

FIRST AND SECOND READINGS.

THE APPROPRIATION (1981/82) ORDINANCE, 1981.

The Hon the Financial and Development Secretary moved that a Bill for an Ordinance to appropriate an amount not exceeding £50,775,942 to the service of the year ending

with the 31st day of March, 1982, be read a first time.

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

The Bill was read a first time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

Last year I referred to the ominous prospects for the world economy in 1980. Regrettably the forecast was correct; worse still, the extent of the problems, particularly in the UK, were more severe than expected. The aggregated indicators for the OECD countries reveal a depressing testimony - a fall in industrial production, marginal GDP growth, large balance of payments deficits, rising unemployment and double figure inflation.

A major underlying cause of the world-wide recession was the continuing sharp rise in oil prices. Despite a drop in demand, average OPEC oil prices rose by some 70% in 1980, following a 45% increase in 1979. In real terms, the increase in the price of oil during 1978-80 have been as large as that experienced in 1973-74. The net effect has been a massive transfer of purchasing power to the oil-producing countries and an equivalent enforced reduction in sales and output for the oil-importing industrialised countries. Although recovery is unlikely to be rapid, the first signs of improvement in the world economy can now either be seen or expected. Inflation is slowing down and output rising in most of the major industrialised countries.

World trade is expected to accelerate albeit gradually. It is generally agreed moreover that the current recession has a shallower profile than that experienced in 1974-75, mainly because the impact of trade imbalance have been better distributed among industrialised countries. The largest deficits, for example, have been borne by Japan and West Germany which are financially stronger and have relatively lower inflation and unemployment rates. Whereas a slow world recovery is forecast for 1981, there are conflicting views on the medium-term prospects for the UK economy, but there is wide consensus that the prospects give no rise for optimism.

In 1980 the UK economy experienced its most drastic fall in economic activity since the 1930's. Real GDP fell by 4.1% during the year. A major factor causing the UK recession to be deeper and more prolonged than elsewhere has been the nature and severity of HMG's fiscal and monetary

policies. High interest rates substantially raised the cost of borrowing. They also contributed to the high exchange rate. The combined effect of this has meant that the biggest impact of the recession has been upon industry, particularly the manufacturing sector, causing a fall in output and a rise in unemployment unprecedented in the post-war period. Manufacturing output fell by 9% in 1980 and unemployment reached a level close to 2.5 million people. The UK's self-sufficiency in oil contributed to the strength of sterling and partly compounded the effects of world recessionary and competitive pressures on United Kingdom exports. The rising exchange rate was moreover accompanied by faster growth in United Kingdom costs and prices and hence to an unprecedentedly large loss of competitiveness. Despite the fall in economic activity, earnings increased by 18% during the year, while retail prices rose by 15%. However, real disposable incomes rose marginally and as personal savings continued to increase, personal consumption remained close to the previous year's level.

The deflationary impact of the restrictive fiscal and monetary stance maintained throughout the year severely constrained domestic demand. The higher cost of borrowing, with the minimum lending rate at 17% in the early part of 1980, affected the retail and distributive trades which reacted by running down stocks, thus creating a slack in demand from manufacturers. The more rapid decline in imports than exports, although contributing to the recent improvement in the balance of payments' current account, confirmed that the recession in economic activity in the United Kingdom was sharper than elsewhere. The UK Government has recently emphasised that further progress towards lower inflation and lower interest rates hinges on the overriding need to restrain public spending. The growth of public expenditure continued to grow at a faster rate than that of the private sector. Public borrowing rose steeply exceeding budgetary targets. As part of Her Majesty's Government's medium-term financial strategy, further substantial reductions in public expenditure are planned. In this context, areas of particular note for Gibraltar are the targetted reductions in the defence and overseas aid budgets up to 1984 and the 1981 7% public service pay offer.

Most forecasts for 1981 are not particularly hopeful that the UK economy will emerge from the "trough" in the recession cycle strong enough to reverse the downward paths of output and employment. While GDP is expected to stop falling and inflation likely to stabilize at around 10%, the increase in unemployment is expected to continue towards the three million mark. The recent United Kingdom budget has in real terms increased the burden of both direct and indirect taxation in the personal sector. It has been termed as an attempt to redress the balance of the economy in

favour of business and industry by cutting interest rates and so improve the prospects for employment.

Whatever the outcome, the performance of the UK economy and the direction of public expenditure policy could significantly effect the economy of Gibraltar.

Despite its open economy, Gibraltar has so far been largely insulated from the effects of the world recession in terms of unemployment and investment but less so for trade. The main areas affected have been the tourist industry, notably hotels, the construction industry and the retail and distributive trades. I will deal with these aspects in more specific terms later on.

I have already mentioned the dominant inflationary effect of oil price increases on world economic activity. In Gibraltar, the effect on the Government's budget can best be seen in terms of the percentage increase in the cost of fuel and fuel sundries purchased by the Electricity Generating Station. Since April 1979 the increase has been in the order of 70%.

In the wider context, changes in non-oil commodity prices are also reflected in the cost of the goods we import. Prices of industrial materials and equipment are likely to remain depressed until world industrial activity picks up. Food prices tend to fluctuate but if harvests are below average, particularly in the agricultural sector, shortages will inevitably bring higher prices. Although around 65% of our imports originate from the United Kingdom, there is a fairly wide range of goods imported from other countries, the price of these is in part determined by fluctuations in the sterling exchange rate. The appreciation of sterling against most major currencies during 1980 was an important reason for the slow-down in consumer price inflation in Gibraltar last year.

Other reasons were the continued moderate increase of just under 9% in food prices and the modest inflationary impact of the 1980 budget measures. In 1980, retail prices in Gibraltar rose by 8.5% - well below the average order of increase of some 15% experienced since 1973. Inflation in Gibraltar last fell below 10% a year in 1972. The recent trend was similar in the UK, although the rate of inflation there remains higher. In 1979, UK retail prices rose by 18.4% falling to 13% by the end of 1980.

The correlation between the Gibraltar and the United Kingdom rate of inflation has always been close because of our heavy import dependence on the United Kingdom. The recent wide disparity was largely accounted for by the

significant increases in the prices of UK domestic goods and services since 1979. These price increases, mainly internal to the UK economy and only marginally reflected in export costs, stemmed from the rise in VAT, gas, electricity, petrol, together with the effect of higher interest rates on the cost of mortgages.

In real terms, the effects of price inflation on local household budgets have been cushioned by increased incomes arising from pay settlements in 1980 which averaged between 15% to 20%, in both the official and private sectors.

In the year October 1979 to October 1980, average weekly earnings for full-time adult men rose by 33% to around £98. This however reflects the third stage of the 1979 pay award which was effective from April 1980, together with the July settlement for 1980 as a whole. It is estimated that the level of real disposable incomes for an average Gibraltarian family rose in 1980 by around 5%. Average earnings in the official sector continued to be ahead of those in the private sector. The differential between the two sectors in October 1980 for weekly-paid employees was 15%, whilst that for monthly-paid employees widened during the year to between 30% and 40%.

The October 1980 Employment Survey shows that there has been no appreciable change in the level of employment in either the official or private sectors. The Government continues to contain the total numbers employed within the level set in 1978. During the course of the year there has been some structural unemployment mainly among immigrant workers in the construction industry. This is caused by two main factors, - the PSA/DOE's moratorium on non-essential maintenance work and the trough in building activity generally. This occurs in the interim period as certain development projects near completion and others begin. The Government is conscious of this facet of the Development Programme and plans accordingly. This unfortunate but temporary situation in the industry should improve with the start on new public and private sector projects. Projects approved in the former sector include the new Power Station, the Air Terminal extension and housing projects, for example the modernisation phase of Castle Ramp/Road to the Lines. Applications for Development Aid Licences indicate renewed activity in the private sector; in 1980 applications totalling £1.5 million were approved. Youth unemployment does not constitute a major problem although the Government is conscious of the need to create further opportunities particularly for female school-leavers.

The relative buoyancy of the economy was reflected in Gibraltar's import figures for 1980 which at £63 million

reflect an increase of some 21% in the import of commodities other than fuel and indicate a real increase in demand. Imports in 1980 rose in value by £7.62m. Non-fuel imports rose in value by £8.02m over the previous year indicating an increase in volume terms. Part of this increase reflects the import of 1933 motor vehicles, a rise of 652 vehicles or 51% over the previous year. Other major increases were clothing (46%), footwear (80%) and durable household goods (40%).

The decline in the consumption of food as a proportion of total consumption, continued in 1980; the 1980 figure is 25% compared with 29% in 1979 and 31% in 1978.

The changing pattern in Gibraltar's imports has been confirmed by the result of last year's Family Expenditure Survey which showed a shift in household expenditure towards durable goods and motor vehicles in line with rising incomes and improved living standards. The overall increase in Gibraltar's 1980 import bill however reflects heavy overstocking by the trade in expectation of the lifting of frontier restrictions following the Lisbon Agreement. This has coincided with a period of high interest rates and the overall effect has been to exacerbate recessionary pressures in the sector.

The total exports figure for 1980 stood at £16.99m compared with £19.45m in 1979 - a fall of 13%. The main reason for this fall is the 15% drop in the volume of fuel products; in value terms a fall of 2 million. This fall in oil and petroleum exports reflects the worldwide fall in bunkers of some 17%. Last year the number of ships calling for bunkers fell by just over 10%. The value of exports, excluding petroleum products, was £4.19m. This is a decrease of 11% over the 1979 figure, and is notably in the re-export of watches and clocks which were down by over 1 million in 1980.

The overall balance of visible trade in 1980 was a deficit of £46.1m (£36.1m in 1979, £27.6m in 1978), an adverse change of 28%. The deficit in the visible balance of all commodities excluding petroleum products stood at £42.9m (imports £47.1m, exports £4.2m) compared with £33.4m in 1979. It is estimated however that invisible earnings, mainly expenditure generated by defence expenditure, tourism, the Port and capital aid flows, exceeded the visible trade gap, leaving a modest balance of payments surplus.

There has been some decline in tourism compared with 1979, but on average the figures are less disappointing when

looked at against those for the past five years. The total number of arrivals rose from 148,000 in 1979, to 154,000 in 1980 (a rise of around 4%). Whilst air arrivals fell by 6% arrivals by sea rose by 9%. Indeed, arrivals by sea stood at nearly 103,000, the highest since the closure of the frontier in 1969. The main area of concern for the industry was the fall in hotel arrivals. Arrivals at hotels fell by 7% compared with 1979; on the other hand they were higher than in 1976, 1977 and 1978.

Sleeper occupancy rates fell by some 14%. Despite the drop in both air and hotel arrivals, tourist expenditure in Gibraltar is estimated at around £10.5m for 1980 compared with £9.4m in 1979. This is a marginal increase in real terms. Expenditure did not drop significantly in real terms largely because visitors arriving by sea, mainly excursionist and yachting traffic, are the highest per capita spenders and account for the greater part of tourist expenditure in Gibraltar. Yacht arrivals continued to increase steadily rising in 1980 by 24% compared with 1979.

Load factors on scheduled and chartered flights arriving from the UK were unchanged between 1979 and 1980 at an average of 80%. A drop of 16% in the number of seats offered by the scheduled airlines was offset by an increase of 24% in seats on charter flights. The depressed outlook for the hotel industry reflects the economic recession in the UK. This is compounded by the strength of the pound sterling which inevitably decreases our price competitiveness although as I have mentioned earlier it has had a stabilising effect on consumer prices generally. The advent of cheap transatlantic fares, particularly to the USA has diverted potential tourist traffic. The Government recognises the importance of improving Gibraltar's image as a tourist resort. Measures to assist the industry, particularly to encourage an improvement in standards, have been considered by the Government and will be specified in the course of the Budget.

1980 was not a wholly satisfactory year for the Port. The number of ships arriving at Gibraltar totalled 2838 compared with 2651 in 1979, a rise of 7%, but the total tonnage entering the Port fell by 3.72 million tons to 19.21 million tons, a fall of 16%. In addition, calls by deep-sea vessels fell by 11% to 1568 in 1980.

The loading and discharge of containers at the Port continued under increasing difficulties, moreso with the increase in the number of containers landed. These rose from 1,154 in 1977 to 2,107 in 1978, 2,536 in 1979, and 3,447 in 1980 - an increase of 36% over the year. However, the Reclamation Project between Jetties 2 and 3 has now been completed. The project has provided additional working

space of 7,000 square metres and container operations should run more smoothly and efficiently than in the past. Moreover, better rationalisation of space should prove possible. Solutions to the problems posed by traffic restrictions on the Viaduct bridge are now being considered in the light of recommendations made in the Port Feasibility Study. Government is considering a number of recommended projects in the Port area as part of the next Development Programme, including the construction of a causeway with additional land reclamation to replace the Viaduct bridge. Further reclamation in the Port area might be necessary in the future, bearing in mind the essential contribution the Port makes to the economy of Gibraltar.

The development of Gibraltar as a finance centre is one area of economic activity which I feel I should highlight this year. The Government continues to encourage the development of Gibraltar as a finance centre. Investment in the new telephone international direct-dialling project is an important measure aimed at providing the necessary facilities for the further promotion of this activity.

Banking activities in Gibraltar continue to prosper. Commercial bank deposits continued to rise during the year. Time deposits increased by around 30% and demand deposits by 5%. During the same period loans and advances by the commercial banks increased by £6.8m or 31% compared with 1979. Loans and advances to the personal sector rose from an annual increase of 19% in 1979 to 22% in 1980; reflecting the increased amount of credit. On the other hand deposits held in the Post Office Savings Bank continued to fall in real terms. The total amount held at the end of March 1979 was £1.8m. This was unchanged at the end of March 1980 and fell to £1.7m by the end of March 1981. On the other hand the Government's 5 year 10% Tax free debenture was fully subscribed mainly by local investors.

Last year I highlighted the importance of the Input-Output Study of the Economy of Gibraltar. I had hoped to have announced the publication of the report during the course of this Budget speech. Regrettably, late responses from a number of areas in the private sector delayed the completion of the project and the final tabulations and report was not completed on schedule. It is expected that the report will be published during the course of the next few months.

Last year Mr Speaker I expressed confidence in the resilience and resourcefulness of the people of Gibraltar to face and overcome the difficulties inherent in the world recession. Events have shown that this confidence

was well founded the more so because the community must meet the costs of providing a wide range of services from a narrow tax base and without the benefit of economies of scale.

I shall now review the Government's finances beginning with a brief comment on the out-turn for 1979-80.

Actual revenue for 1979-80 exceeded the revised estimate by £178,240. Actual recurrent expenditure fell short of the revised figure by £649,895. Taken together these variations produced an improvement of £828,135, which was reduced by £53,278 through depreciation and losses on Consolidated Fund Investments. In consequence the Consolidated Fund balance at 31 March 1980 was £4,398,780 instead of £3,623,923 which was the estimated balance at this time last year.

The shortfall in expenditure of £649,896 reflects in part poor expenditure projections by certain departments towards the close of the financial year when final revised estimates are called for. I have reminded Controlling Officers that it is essential to produce accurate revised estimates and that they must personally ensure that all figures submitted to the Treasury are as accurate as possible. As a result, the initial revised recurrent expenditure figure for 1980-81 in the first draft of the Estimates has been reduced in the present draft by some £370,000. It is impossible to give a firm assurance that there will be no significant variation on the revised figures for expenditure. I can however assure Honourable Members that the Treasury has taken all possible steps to ensure that the figures now presented are the best possible Estimates.

The approved Estimates for 1980-81 projected a net working surplus of £1,937,500 after allowing for budgetary contributions amounting to £1,575,000 to the Electricity Undertaking, the Potable Water Service, and the Housing Fund. Despite an increase of £769,700 in the level of these contributions the net surplus for the year is now estimated at £4,121,500. In consequence the projected Consolidated Fund balance at 31 March 1981 is estimated at £3,520,280. This is a significant improvement and arises from a number of factors in the recurrent revenue position on which I shall comment briefly.

The revised revenue Estimate is £40,603,500; compared with the original Estimate of £35,976,500. In round figures the increase is £4.6m.

The largest single increase is from Income Tax where

collections are expected to reach £16.2m or approximately £3m more than estimated. This substantial increase arises from an increase of about £1.5m from Company Tax and the self employed mainly due to a number of windfall receipts and the improved collection of arrears. Tax receipts from pay settlements in the private sector for which, as stated in my Budget speech last year, no provision was made in the original estimate have yielded about £0.9m. Finally there was the higher level of pay settlements and linked allowances in the public sector which were higher than expected and produced an additional £0.6m.

Apart from revenues from Government property, the Revised Estimates show significant increases over the original figures. Import duties are up by £0.36m. Revenue from departmental earnings is some £0.74m higher than projected. Under this head Philatelic sales are expected to produce some £0.7m, that is £0.25m more than estimated. Other significant increases within this head are berthing charges, the estimated surplus from the Post Office Savings Bank, the Currency Note Income Account and issue of commemorative coins, which in total account for an increase of £0.36m.

Revised estimated expenditure for 1980-81 is £36.48m compared to an approved Estimate of £34.04m, an increase of £2.44m or 7.18%. The Revised Estimates of departmental expenditure now reflect the cost of the 1980 pay settlement for which collective provision was made under Head 27 - 1980 Pay Settlement. The amount provided for this settlement was £1.0m; based on an increase of 12½% for nine months. The settlement was some 18% and the revised estimated cost is £2.25m. The largest increase in expenditure during the year was the cost of maintenance of Government housing which rose by £607,000 and accounts for some 25% of the increase in expenditure. Other important increases include the following.

The exceptionally dry winter necessitated increased imports of potable water costing an additional £201,600. A further £131,700 was required to meet the retrospective cost of the 1979 pay settlement for Nurses and Environmental Health Officers. £143,400 was required under Special Expenditure, Electricity Undertaking to meet the hire and installation charges of temporary generating plant. The Department of Labour and Social Security required a further £87,000 for the payment of Family Allowances arising from a 25% increase in the rate of these allowances effective from July 1980 under the provisions of the 1980 Finance Ordinance. The introduction of an interim Supplementary Benefits award last year and an increase in the number of persons qualifying for these benefits led to an increase in cost of £60,000. It was also necessary to increase the

budgetary contributions last Financial Year to the Funded Services to meet higher deficits than were originally projected. The additional contributions were: Housing Fund - £552,000; Potable Water Service Fund - £158,400; Electricity Undertaking Fund - £59,300 - that is in total £769,700.

A buoyant Consolidated Fund balance enabled the Government to defer taking up new loans under the Loans Empowering (1980-83) Ordinance, 1980, at a time of high interest rates. By so doing estimated expenditure on public debt servicing costs from Consolidated Fund Charges has been reduced by some £378,000. The effects of this policy can be seen at the bottom of page 5 of the draft Estimates where an estimated deficit balance in the Improvement and Development Fund of some £1.2m is projected at 31 March 1981. This deficit is, in effect, covered by the Consolidated Fund pending commercial borrowing during the course of the current Financial Year.

The financial operations of the Funded Services are summarised at appendices, A, B, C and D of the Draft Estimates. Before I comment briefly on the position of each of these funds, I would like to explain certain amendments which are to be made to the relevant regulations to give wider discretion to the Treasury on the method of assessing capital charges. The original regulations providing for the Electricity Undertaking, Potable Water and Telephone Service Funds gave the Financial and Development Secretary powers to determine the period of amortisation and interest rates for expenditure incurred under the Improvement and Development Fund, but gave no discretion as to when such charges should commence. It was mandatory for the expenditure to be debited to each fund in the year in which it was incurred by the Improvement and Development Fund. It has become increasingly evident that a more realistic approach was necessary. In commercial or statutory undertakings it would be the normal practice to capitalise interest charges during the period of the construction and for payment on the amortisation of the capital cost to begin once the flow of services had started. Unless this method is adopted consumers are required to meet charges for benefits from a service which they are not yet receiving, and which when introduced may reduce recurrent costs because of technological changes. In these circumstances, the Government has agreed that the regulations should be amended to empower the Financial and Development Secretary to direct the date from which capital and interest charges on new projects should be charged to the funds, provided that such date should not be more than 12 months after the new project came into operation and was producing a service from which the fund would draw revenue. The amended regulations for the Housing Fund will provide that in future capital charges should be

amortised over a period of 60 years at a rate of interest that would recover capital cost and interest of any borrowing whilst taking account of the likely value of property at the end of the 60 year period. On present borrowing terms an interest rate of 3% would achieve this objective in terms of net present value. The new method will also give a better indication of a fair rent for new property and indicate the amount of the Government subsidy, if any, on properties built from loan funds. Previously, the interest charges payable on outstanding loans were charged to the fund in the year they arose.

The Electricity Undertaking Fund brought forward a surplus of £217,449 from 1979-80; this was some £116,000 more than estimated and arose mainly from an increase in the value of bills issued. Notwithstanding the higher surplus brought forward from 1979-80 it was necessary to provide an additional budgetary contribution of £59,300 in 1980-81 to avoid a deficit balance on 31 March 1981. Revised estimated expenditure for 1980-81 is about £60,000 more than estimated. Although it became necessary to acquire temporary additional generating plant at a cost of £143,400 and there was a greater reliance on the inter-services generating station for the supply of electricity leading to additional expenditure of some £94,900, there were savings of about £137,000 in the cost of fuel and of £97,300 on capital charges. A fall of £117,000 in the value of bills issued was covered by the increase in the surplus brought forward from 1979-80.

In the current financial year the fund is expected to show a deficit of £665,200. The projected increase of £228,000 in the value of bills issued is clearly inadequate to keep pace with the increasing costs of running the service. It will be necessary to review the electricity tariff structure when the net costs of the new power development can be more closely quantified. By net costs I refer to amortisation charges less savings on fuel, temporary generating capacity, spares and down-time.

The Potable Water Service Fund continues to be in deficit. It received a budgetary contribution of £356,300 in 1979-80 and carried forward a small deficit of £87,412 into 1980-81. This is a welcome improvement over the figures projected at this time last year when the estimated deficit on 31 March 1980 was put at £338,700. The saving of some £250,000 has offset in part additional expenditure of £390,000 debited to the fund in 1980-81. This additional expenditure arose from the increased importation of water, following the exceptionally dry winter, (£202,000) and the additional cost of operating the distillers (£150,000). The budgetary contribution for the year has been increased by £158,400 to balance the fund on the 31 March 1981. The

Estimated operating deficit for 1981-82 is £650,100.

In 1979-80 the Telephone Service Fund produced a small surplus of £39,730. Rising costs, particularly the combined effects of higher salaries and wages, will produce a reduced surplus on 31 March 1981 of £12,900. It is estimated that by 31 March 1982 the fund will show a deficit of £172,100.

To achieve a balance in the Housing Fund on 31 March 1981, it was necessary to increase the budgetary contribution by £552,000 to £1,252,000. The reason was a much higher rate of expenditure on maintenance. The original estimate of £426,800 was based on the expectation that the cost of maintenance could be significantly reduced. In the event, this was not so and the revised cost has risen to £1,033,200. The draft Estimates for 1981-82 show a deficit of some £1.5m, after allowing for additional income of around £250,000. This arises mainly from the increase in rates payable by tenants from April 1981.

However, once the re-roofing of the Varyl Begg Estate is completed and full rent increases can be applied to that Estate and existing voids filled; and when housing currently under construction is completed, there will be a significant accrual to the rent roll.

We move into 1981-82 with a Consolidated Fund Balance of £8.52m; a considerable improvement over the revised estimated position at this time last year. This projected balance may at first sight appear excessive but it is important to view it in the context of the size of the Consolidated Fund Balance at the beginning of each Financial Year as a proportion of projected expenditure.

Since 1971-72 the projected Consolidated Fund Balance at the beginning of each Financial Year has ranged between 17% and 32% of projected expenditure for the year, except in 1978-79 and 1979-80 when it was some 6%. In considering the optimum size of the Consolidated Fund Balance account must be taken of the fact that at any one time the amount available in the Consolidated Fund Balance to meet any unforeseen shortfall in revenue or increases in expenditure is reduced by outstanding bills for the funded services. The total of such outstanding bills can form a significant proportion of the Consolidated Fund Balance at any one time as will be seen from the following figures:-

Year ending 31st March	CFB £M	Amount of bills outstanding on Fund Accounts £M	Net balance in CFB £M
1979	0.9	1.5	- 0.6 (this deficit was covered by excess of deposits over advances in the Government accounts)
1980	4.40	2.4	2.0

A further consideration is the relationship between the Consolidated Fund Balance and the Public Debt and Public Debt Servicing Charges. It is estimated that by the end of the new Financial Year the Public Debt will be some £24m - this figure includes provision for both commercial borrowing and supplier finance for the first phase of the new Generating Station and the International Direct Dialling system. In the Draft Estimates now before the House, provision is included for Public Debt Charges of some £2.4m. On current borrowing requirements to complete the 1978-81 Development Programme, together with the costs of the two new major projects which I have just mentioned, that is Power and International Direct Dialling, Public Debt servicing charges are projected to rise to some £4m in the Financial Year 1984-85 and £5.5m in 1986-87 when they reach their peak. I must emphasize that these figures are projections based on current trends in interest rates on commercial borrowing. These servicing charges take no account of the amount of commercial loans and supplier finance which the Government will require to negotiate to meet the local costs element of the 1981-86 Development Programme. It is not possible to quantify these requirements until the Government has completed the forthcoming Development Aid talks with Her Majesty's Government.

Against this background a Consolidated Fund Balance of £8.5m which would represent some 21% of projected recurrent expenditure in 1981-82 is not excessive. From this amount one should deduct the value of bills outstanding on fund accounts and temporary borrowing by the Improvement and Development Fund which would leave a net balance at any one time of some £5m. This latter figure represents only one and a half month's expenditure or 12½% of projected expenditure for the year.

Recurrent revenue for 1981-82 is £45.15m, it exceeds recurrent expenditure, at £40m, by £5.15m. This is the estimated operating surplus for the year but there are substantial uncovered deficits totalling £3.03m in the funded services. The true estimated net surplus for the year is therefore £2.12m bringing the projected Consolidated Fund Balance on 31 March 1982 to an estimated £10.64m. This is the position as summarised at page 5 of the Draft Estimates. The Honourable and Learned Chief Minister, during the course of this debate, will inform the House of the Government's proposals on the level of subsidies for the funded services and indicate broadly proposed changes in direct and indirect taxation.

I will now deal with the more important items of revenue.

The estimated yield from Income Tax is £18.5m representing slightly more than 40% of recurrent revenue. The estimate is based on current yields and takes account of the 1981 pay settlement in the public sector. Unlike previous years, it also takes account of commensurate pay settlements in the private sector. It is important that the House should understand that an estimate of this nature must be accepted as subject to variations depending on numerous factors outside the Government's control. The final figures could therefore vary considerably.

The estimated yield from indirect taxation of £6.58m is based on current yield and allows for inflation. Possible variations on import trends in 1980-81 have been taken into account.

The estimate for departmental earnings is based on current receipts. It is £785,600 more than the original estimate for 1980-81 but close to the revised estimate for the year. Revenue credited to this Head derives from numerous sources. Of special note, more so because it reflects the largest single increase, is the income from the Philatelic Bureau. This is expected to produce £650,000 in 1981-82. The Post Office Savings Bank surplus and the Currency Note Income Account are estimated to yield £200,000 and £820,000 respectively.

Head B - Reimbursements, shows an increase of £1,785,200 over the original estimate for 1980-81 because of the higher expenditure incurred by the Funded Services which is credited to the Consolidated Fund through this Head. An item of note under this Head is the drop of £700,000

in the Admiralty share of the Police Force. This follows the decision by the Ministry of Defence to employ their own Security Police from the 2nd June 1980. The £150,000 included for 1981-82 reflects the Ministry of Defence's share of the cost of pensions awarded to Police Officers who had already rendered pensionable service before the introduction of the new arrangement.

Estimated expenditure for 1981-82 is £40m; £3.52m more than the revised Estimate for 1980-81. The latter estimate includes £2.34m for contributions to the Funded Services. If this figure is excluded from the Revised 1980-81 Estimates the projected increase in expenditure is in the order of 17% whereas the projected increase in revenue is some 11%.

The increases over the original Estimates for 1980-81 reflect the full cost of the 1980 pay settlement. Other points of note are Housing which shows a net decrease of £97,400. This follows a decision to discontinue the practice of providing for the full cost of maintenance of Government housing units under this vote. In practice the Housing Manager has had no real control over the work carried out by the Public Works Department or its cost. Responsibility for accounting for these funds must lie with the Director of Public Works. Provision for maintenance has accordingly been made under the Public Works Annually Recurrent Head. The Housing Manager retains £47,300 for work undertaken by personnel under his direct management.

Expenditure from Consolidated Fund Charges is expected to rise by £0.93m. Two factors account for the increase. First, there is the higher cost of pensions and gratuities; the former are index linked and the latter move in line with increases in salaries and wages. Second, provision is made for the servicing of new loans to be raised in 1981-82 for the completion of the 1978-81 Development Programme and to meet the initial costs of the new Power Station.

There is provision of £1.5m for the estimated cost of the 1981 pay settlement. This figure, as I explained last year in my budget speech, is a tentative estimate without prejudice to the likely outcome of pay settlements in the public sector in the United Kingdom.

The Revised Estimates of receipts and expenditure for 1980-81 in the Improvement and Development Fund should both be reduced by £1,007,061 which is the amount of the 15% down payment on the cost of the new Power Station project. A letter of acceptance by the Government of the

Hawker Siddelay Power Engineering tender was signed at the end of February and the initial 15% payment on the total cost of the project should have been made by 27 March. A delay arose over the form of guarantee which Hawker Siddelay Power Engineering would provide for the Government in exchange for the advance payment. In the event, the payment of this amount and the draw down on a commercial loan from Lloyds Bank International Limited was delayed until 3 April so that this expenditure and the receipt of the loan fell into the current Financial Year. The items are self-balancing so that the deficit on the Fund for 1980-81 and the estimated deficit balance at 31 March 1981 remain unchanged. The Estimates for 1981-82 will, during the course of the year, be amended to take account of this late payment. In effect, the Government will seek supplementary appropriation to cover additional expenditure of £1,007,061 on the power project.

Essentially, estimated expenditure from the Fund in 1981-82 of £15.6m covers the completion of the 1978-81 Development Programme, together with the major part of expenditure on the International Direct Dialling Exchange and the Power Station. The only substantial balances to complete in 1982-83 will be some £1.48m on Housing; £0.49m on schools and £0.4m on Telephone Services.

Although the Government has agreed in principle its priorities and projects for the 1981-86 Development Programme, no provision has been made for any new projects in the Draft Estimates. The Government considers that the proposed programme should be fully discussed with Her Majesty's Government and the extent of Her Majesty's Government's development aid contribution known before any projects are included in the Estimates.

There is only one change in the Revised Estimates for 1980-81 which I wish to bring to the attention of the House. After the Draft Estimates were ready for distribution, an unexpected payment of some £110,000 was received by the Commissioner of Income Tax. This receipt raises the Revised Estimate for taxes on income for 1980-81 to £16.34m and the projected Consolidated Fund Balance on 31 March 1981 to £8.66m. This is a relatively minor amendment and for that reason I do not propose to circulate a revised page 5 to the Draft Estimates until after the introduction of the Finance Bill when revised financial projections on the basis of changes proposed in that bill will be circulated.

I take this occasion, Mr Speaker, to thank all the members of my staff, Ministers and Heads of Departments

and all those who have been involved for the unstinting help they have given in the preparation of the Estimates now before the House. I am deeply indebted to them all and I take this occasion to thank them publicly.

Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

In accordance with Standing Orders, I now call on the Chief Minister to make his statement.

HON CHIEF MINISTER:

In rising to address the House on the Estimates of Expenditure for 1981/82 I do so with considerable satisfaction, a satisfaction which derives from the success of the Government's consistent and realistic financial policies.

This year's budget must be seen primarily against the background, in particular, of the financial situation as it was in March 1979 and of the manner in which the Government dealt with that situation and the policies pursued since then.

It will be recalled that, at that time, the end of year reserve had fallen to an estimated £300,000 and the estimated figure at the end of March 1980 was a deficit of £890,000. I identified the main causes of that situation as being the gradual growth in Government spending generally, the working of excessive overtime and low productivity.

We took immediate corrective action. We set up an Expenditure Committee and an Overtime Committee and intensified our efforts to increase productivity throughout all Government departments. A number of revenue-raising measures were adopted. Our aim was to achieve, by the end of March 1980, the very modest balance of £1.2m. I ended my statement that year by saying that I had no doubt that, financially, we were at a cross-roads but that I had every confidence that we would take the right turning.

That we did so was shown by the projected results at the end of March 1980. We had aimed for a balance of £1.2m.

This was expected to rise to £3.5m. The projected estimated operating surplus at 31 March 1981 was £1.24m.

Our response to that situation was that, having achieved some improvement in the position, we considered that there was still a need for consolidating that position and for setting our finances on a firmer and far more stable foundation than had previously been possible. We accordingly introduced further revenue-raising measures, though not on the scale of the previous year, and set as our new aim for the end of March 1981 a Consolidated Fund Balance of between five and six million, which I described as "modest, prudent and necessary", bearing in mind in particular the need to establish the Government's credit-worthiness in the light of the requirement for substantial borrowing.

My statement on the Estimates of Expenditure last year was delivered eleven days after the announcement made in Lisbon that the Spanish Government had decided to remove the restrictions. I said that it would obviously have been premature, and wrong, to have attempted to recast the Estimates until the changing pattern of the economy, following a re-opening of the Frontier, could be more clearly discerned; if adjustments were subsequently seen to be necessary, we would come back to the House; in the meantime, the Government would proceed with the Estimates as drafted.

At that time, we had no doubts about the wisdom of this decision. As events have turned out, we were wiser than we knew. This year's budget has been framed without taking into account any possibility of the Spanish Government deciding to honour its commitment. I take particular satisfaction in being associated with a budget which reflects, against all the odds in a world recession, a prosperity in Gibraltar which could never have been foreseen when the United Nations were informed that Gibraltar could not live without Spain.

In a statement I submitted to the Foreign Affairs Committee of the House of Commons recently, I referred to the British Government's honourable and consistent policy towards Gibraltar and Spain. This comment was made particularly in a political context. In the financial context with which we are concerned today, it is also just and proper that I should acknowledge the way in which the British Government has honoured its pledge to support and sustain Gibraltar for as long as the restrictions continue.

It would be wrong also not to acknowledge to the steadiness and determination of the people of Gibraltar, as a whole and individually. A people less united, less rock-like in quality, might have succumbed to the psychological pressures and to the tensions of an unnatural situation, coupled with the blandishments of 'unprecedented prosperity' offered by Senor Castiella, as recorded particularly in Dr George Hills's book 'Rock of Contention'.

I am totally convinced that the political will of the people of Gibraltar transcends economic considerations. Nevertheless, to the outside world at least, a secure financial position highlights the failure of the Spanish economic blockade, while in no way detracting from the immorality of that blockade.

Our financial and economic policies for the future must therefore continue to be based on prudence and, if possible, on an even greater degree of consolidation. As I said at this time last year, if in fact Gibraltar's economic prospects improve as a result of the restoration of communications with Spain and of the consequent development of normal economic activity in the private sector, this will be a bonus. Experience in the last twelve months has shown us that we cannot count on this. Should that situation arise, I have no doubt that the resilience and resourcefulness of the people of Gibraltar, to which the Financial and Development Secretary has referred, will enable us to cope.

In the meantime, and as I have indicated, the Government is convinced that its policy for the next 12 months must be based on a determination further to consolidate the financial situation. The revised out-turn for 1980/81 reveals an improvement of some £3m in the estimated Consolidated Fund Balance at 31 March 1981.

The Financial and Development Secretary has outlined the main reasons for this improvement, that is, the main item, collections from Income Tax, together with increases over the Estimates in import duties and departmental earnings. I am particularly pleased to note that the various legislative measures introduced in the 1980 Finance Bill to reduce the avoidance of tax and to speed up the collection of tax from those paying other than under 'Pay As You Earn' appear to have been effective. We will continue to pursue this policy.

The estimated operating surplus for the next Financial Year is £2.12m after allowing for uncovered deficits on

the Funded Services totalling £3m.

In so far as the Funded Services are concerned, I stated the Government's policy, after the introduction of parity, in 1978. I made it clear that while substantial subsidies could be justified before parity, these could not be justified thereafter. With the introduction of parity it was generally accepted that charges had to increase. This is one of the main areas in which the consistency of Government policy is to be seen.

In April 1979 we introduced a 5% increase in Electricity charges, a 50% increase in Water charges, a 15% increase in Telephone Rentals and an increase in rents varying between 60p and £2.50 per week (though taking steps to avoid an automatic increase in rates the following year).

In April 1980 we pursued this policy and introduced increases which added an average of £2 per month to the consumer's electricity bill (15%) and some 75p per month to the bill for water (23%). Telephone Rentals again went up by 15%. There was no increase in rents although it was stated that the position would have to be reviewed in October 1980.

The Government, today, remains firmly committed to its aim to reduce the subsidies on the Funded Services and to make these services self-financing. I have explained the Government's reasons for this policy in previous years and there can surely be no real arguments against that policy. If the Government is expected, rightly, to be careful in its housekeeping, so too must the individual consumer be careful and, in overall social justice, be called upon to pay for what he consumes. The Public Utility Service to which this doctrine is perhaps most clearly applicable is the Telephone Service. It is therefore the Government's intention to make no budgetary provision at all this year to the Telephone Service Fund. As the Financial and Development Secretary has said, it is estimated that, by 31 March 1982, this Fund will show a deficit of about £172,000. Our intention is that this deficit should be carried forward into the Financial Year 1982-83 when, with the introduction of International Direct Dialling and the metering of local calls, it should eventually prove possible to recover the deficit.

In so far as the Water Fund is concerned, the projected deficit at 31 March next year is £650,000. This is partly due to the particularly dry winter that we have experienced and the need accordingly of more distilling and importation. We propose to increase the tariff by some 18% to give additional revenue of approximately £265,000 in a full year. For domestic consumers, this increase will add about £1 a month to the average water bill. The projected additional cost to hotels is some £50,000 and it is further proposed that this should be met by a special Government subsidy for a period of one year, as an earnest of the Government's intention to assist the industry during a difficult time - an intention which the Government hopes will be reciprocated, on the part of the hotel trade, by a real and substantial improvement in standards of service and by a sensible level of charges to the tourist, the two main factors which, in the long term, will lead to greater future demand.

The projected deficit in the Electricity Fund for 1981/82 will be met by a contribution from the Consolidated Fund. As I have already informed the House there will be an enquiry this year into the functions and efficiency of the Electricity Undertaking. This will include a review of existing Electricity tariffs. Pending the outcome of this enquiry and given the high cost of providing the existing service the decision not to increase charges is a realistic recognition of the present situation. As that situation improves, and it will do so within the next eighteen months, the policy of self-sufficiency will be applied.

The Estimate for 1981/82 does not include any provision for the amortisation of the new Generating Station which, on current borrowing terms, in a full year, is projected to cost some £750,000 gross, less expected savings on fuel, spare parts, hire charges and down time.

The Housing Fund will receive a budget contribution of £1,492,800. In arriving at this amount, the Government has taken into account the future accruals to the rent roll when current housing projects, including the pitched roofs and related repairs at Varyl Begg are completed.

To offset, for the future, this substantial budgetary contribution, rents will be increased by 20% from 1 July 1981, including the Varyl Begg Estate. The effect of this will be an average increase in rent of some 80p per week. The increase will depend on floor area and type of accommodation and will range, at the minimum, from 40p per week to a maximum, excluding the small number of large units of accommodation, of £2.50 per week. Action will once again be taken this year to prevent an automatic

increase in rates taking place next year as a result of the rent increases proposed. I am sure Veryl Segg Estate tenants will realise that as progress is made on the erection of pitched roofs it will be equitable that the rents at the Estate should be brought into line with comparable Government housing.

The Government intends also to introduce a fixed charge for internal repairs. This is seen as the most practical way of reducing maintenance costs and of avoiding the discretionary element in the decision as to which repairs are the responsibility of the landlord and which are not.

I wish to make reference here to a small but important matter of principle. The Ministry of Defence has recently given us notice that the charges for local children attending MCD schools have been very substantially increased as from 1st April 1980. From £366 to £880. These increases are reflected in the expenditure Estimates of the Education Department. Government does not consider it fair that the general body of taxpayers should bear any costs over and above the capitation rate for equivalent Gibraltar Government schools and the difference must therefore be borne by the parents of such children as from the new school year commencing September 1981.

In so far as direct taxation is concerned, the Government has previously committed itself to an in-depth study of all aspects of Income Tax legislation. This study has now been completed. Given the high incidence of direct taxation, now running roughly at 10% over the general level in the United Kingdom, as well as the scope afforded by the present overall satisfactory financial position, it is our intention to reduce somewhat the burden of personal Income Tax.

Earlier in this statement I acknowledged the general response of the people of Gibraltar to the severe pressures placed upon them in the last 17 years. That acknowledgement was just and well deserved. It would, however, be wrong to be complacent. It is still necessary to maintain a tight control on any expenditure over and above that approved by the House in the Estimates now before it. No less important is the need to keep a careful watch on non-essential overtime. Thirdly, and perhaps the most important single item of all, is the question of productivity. I have referred to this many times in this House. I have paid tribute to the many public servants who render a full day's work for a full

day's pay. But I have also referred to those who cheat their employer and their fellow tax-payers by not producing what they are paid to produce.

The Government is determined to put an end to such abuse where it arises. In attempting to do so it is faced with considerable difficulty but one major step the Government has taken in pursuing its aim is to institute a series of inquiries into the efficiency of Government departments. The report on the first of these inquiries is now being studied and action to implement its findings will be taken as soon as detailed comments by those concerned have been received and analysed. I should like, in this context, to thank the Chairman and the members of the Committee of Inquiry into the Public Works Department for the thoroughness and incisiveness of the work. The next department to be scrutinised and put under the microscope is the Electricity Department. The special difficulties of that department are perhaps underlined by the fact that three persons of high standing in the community have already been approached and have declined the offer to chair the Committee of Inquiry, although it must also be said that those persons already have their time fairly fully committed. A fourth offer is under consideration.

I do not underestimate the difficulties involved in securing an improvement in the productivity of those, I believe, the minority, who abuse their position and their pay. The Government is determined to do all it can to overcome this abuse.

Before I turn to performance on the capital side of the budget, I would like to refer to the Government's present and future borrowing commitments. The figures have already been explained by the Financial and Development Secretary. The current borrowing requirement has been met by internal and commercial borrowing. Internally we borrowed £1.25m from the Social Insurance Fund and raised £1m from the issue of the 10% tax-free debenture. Commercially, we have entered into loan agreements directly with banks and, on supplier credit terms, with contractors. The terms on which we have borrowed commercially will be tabled for the information of the House as and when agreements are concluded. At this stage, I would like to say that we have succeeded in borrowing on good competitive terms after negotiating offers with seven major clearing banks and two merchant banks. During the course of these discussions, it is satisfying to learn that the banks have referred to our good financial

standing. It is a standing which this Government intends to maintain by securing its existing strong financial base. Another important aspect on development relates to our forthcoming discussions with Her Majesty's Government on aid. The Financial and Development Secretary has already referred to the cuts in public expenditure in the United Kingdom. The Overseas Aid Programme has, I understand, been reduced by, some 14% up to 1984. This is clearly a factor which cannot be ignored during the forthcoming discussions.

The Revised Estimates for 1980-81 reveal that the rate of progress on the current programme has improved and expenditure has broadly been on target.

Expenditure for 1981-82 is estimated at £15.65m. This figure provides for the completion on the current programme and includes £5.6m in respect of certain projects which although forming part of the next Development Programme have already started. These are the new Power Station and the development of Telephone Services.

The Financial and Development Secretary has already explained, in detail, the reasons why, in the overall public interest, we should aim for as reasonably healthy a Consolidated Fund Balance as we are able to achieve. He has referred to unforeseen shortfalls in revenue or increases in expenditure; to the reduction in the amount available in the balance by outstanding bills for the Funded Services; and to the relationship between the Consolidated Fund Balance and the Public Debt and Public Debt Servicing Charges.

In commenting on a Consolidated Fund Balance of £8.66m I think I need draw attention only to two salient points - also mentioned by the Financial and Development Secretary. The first is that, except for the period between 1979 and 1980, the balance has ranged between 17% and 32%. The balance proposed for this year represents 21%, which is lower rather than higher in the scale. The second point is that, after taking account of the value of bills outstanding and of temporary funding for the Improvement and Development Fund, the net balance at any one time will be in the region of some £5m, representing only 5 weeks' expenditure. To suggest that this balance might reasonably be reduced would be mistaken and irresponsible.

Sir, we present this year's budget with confidence as to the future and, as I have said, with satisfaction at the success of our policies. A constructive and responsible opposition on the other side of the House will find it difficult not to endorse these policies, even if it actually falls short of congratulating us upon them.

MR SPEAKER:

Before I put the question to the House I would like to invite Members who wish to speak on the general principles and merits of the Bill. May I say that it is my intention to have a recess at 10.30 for approximately 10 minutes so that we can have coffee, but we have got 15 minutes perhaps when we can speak.

HON P J ISOLA:

Mr Speaker, I did mention to you before the proceedings that we would like a short recess to consider these lengthy statements of the Chief Minister and the Financial and Development Secretary which, I suppose, as the Chief Minister said, I don't know how he ended up, he said: "A constructive and responsible Opposition will find it difficult not to endorse these policies". Well, if we are going to find it difficult not to endorse these policies we would like a little opportunity to see what these policies are and examine them. I hope the Chief Minister doesn't expect us to just rubber stamp them and I would ask if you, Mr Speaker, are thinking of recessing for 15 minutes at 10.30, may I suggest we recess now for 30 minutes so that Ministers can have coffee and the Opposition can have an opportunity to look at these speeches.

MR SPEAKER:

I would like to say before even the Chief Minister replies, I would like to say that the procedure that we are now adopting for the Budget Meeting is as a result of the amendment to Standing Orders. We now do it through an Appropriation Bill and a Finance Bill. When the Standing Orders were amended it did provide for a recess after the Chief Minister had had an opportunity to speak on the general policies of the Appropriation Bill. It was basically at the instigation of the Opposition that those rules were further amended to enable the recess to be held after the Chief Minister's address on the Second Reading of the Finance Bill. Now I understand that the Opposition wish

not only to reverse this process but to have at least a recess on both occasions, the Appropriation and the Finance Bills. It is my duty to sound the feelings of the House before I recess, before it is intended to do so, so perhaps the Chief Minister might let us know what he feels.

HON CHIEF MINISTER:

First of all, Mr Speaker, this is the first indication I have had, because the Hon Leader of the Opposition did not mention it this morning that they wanted a recess after this. He may have mentioned it to you, Mr Speaker, but certainly not to me or in the House this morning.

MR SPEAKER:

He most certainly mentioned it to me.

HON CHIEF MINISTER:

Well, he didn't say so in the House this morning. Secondly, I am not agreeable to such procedure because in fact the speeches do not reflect policy. The policy is contained in the draft estimates which Hon Members have had for more than the two weeks statutory requirement. On this occasion because of the holidays we gave them I think about three weeks, nearly three weeks, and there is the policy of the Government. The statement by the Financial and Development Secretary and myself are the highlighting of items in that policy. That would set a precedent which has not been established before and I would certainly oppose that. If, in fact, Mr Speaker, the arrangements made could be advanced a little and instead of 10 minutes, because we have made this arrangement, we are going to adjourn not procedurally but practically, as you have intended because of the early start this morning, I wouldn't mind giving another ten minutes on that, but not on the basis of an adjournment for consideration of the statements. The statements only highlight what can be learned from the scrutiny of the draft estimates which Honourable Members have had in their possession before.

The next situation is, of course, completely different and we entirely agreed at the time of the regulations because they have to at least have time to react to revenue raising measures and amendments to the different regulations, but certainly not at this stage of the proceedings.

HON P J ISOLA:

I must say one thing on this. The question of changing Standing Orders is an evolving process. The Opposition agreed to the changing of Standing Orders which is now working against the Opposition under which the Chief Minister has two bites at the cherry, but it has been evolving. When those rules were changed and when we made provision for an adjournment on the Finance Bill on the budgetary measures was at the time when there was not a single hint given in the debate on the estimates as to what the budgetary measures were going to be. This has been changing in the last two years quite dramatically, because now we know in this House all the budget measures that Government is likely to give, not in detail, but we know the general principle certainly on the Funded Services. This is something that was not in previous procedures and this is why I am asking for this. It is a response to Government policies not disclosed in the Estimates, because the estimates disclose very big deficits in the Funded Services, for example, and the speeches show that they are not going to be made up by extra charges except in the case of water. These are major announcements of policy arising from the estimates. And as for the Chief Minister's statement that we have had the estimates for three weeks, first of all, I would like to say that I am very grateful to the Financial and Development Secretary for his cooperation with the Opposition in letting us have the estimates. I think it was about the.....

HON A J CANEPA:

And Ministers.....

HON P J ISOLA:

And Ministers, I will come to that in a minute. Having the financial estimates about the 4th or 5th of April. We do have four days of holiday, people do like to take a holiday, I suppose Ministers as well as Opposition. That is one comment. The second comment: I didn't get the same cooperation from the Chief Minister when I wrote to him and asked him for a copy of the Public Works Report.

MR SPEAKER:

Yes, but let us not....

HON P J ISOLA:

That is why I thank the Financial and Development Secretary but I have nothing to thank the Chief Minister for in that respect.

MR SPEAKER:

I entirely agree with what the Leader of the Opposition has said, that Standing Orders must be amended as a process of evolution, but I think that it is not at this particular moment for us to decide how they should evolve. I think that consultations should be held between the Leader of the Opposition and the Chief Minister so that perhaps next year we are prepared to deal with the budget session as circumstances require. In the meantime I entirely agree with the Leader of the Opposition and with the Chief Minister that if we are going to recess at 10.30, I think, on a pure matter of expediency there is no reason why we should not recess now and give ourselves the full time we intended and we will resume again at 10.45.

HON J BOSSANO:

Mr Speaker, I would like to say that I agree with what the Hon Leader of the Opposition has had to say about the indications of revenue raising measures which are included in this which are effectively not in my view an expansion of the expenditure side of the budget but of the revenue raising side of the budget, and consequently I think the Government, in present circumstances, as far as I am concerned, can expect no reaction at this stage, which is not to be taken as an endorsement, but simply as a need to await an explanation of all the revenue raising measures because one can't react to any of them. If some of them are mentioned and not others, then certainly, my contribution at this stage will be looking at the expenditure side and not at anything else.

HON CHIEF MINISTER:

Mr Speaker, I am quite happy, certainly next year I will certainly mention nothing in advance in the Funded Services, which is all I have done, because I think it follows the pattern of thinking on the matter and follows the exposition made about Funded Services. We have not mentioned any revenue raising measures at all. It is only the Funded Services, and of the four, I have given reasons why two will not be touched and about the other two

giving an indication of what they are. But if that is going to be a source of objection, then I will put them all in my second statement and they will then have even less time, even less than the two hours or whatever time they are given. I agree that the Standing Orders should be an evolutionary thing but that should be done in either Standing Rules Committee or by consultation, not by getting up and making requests of which one has not had notice.

HON P J ISOLA:

Mr Speaker, I thought that the question of recess was a question of discretion for the Chair. Now I understand that is in discretion of the Chief Minister.

MR SPEAKER:

No, Mr Isola, you are completely and utterly wrong. I think I have made myself completely and utterly clear on the question as to what adjournments and recesses are governed by. Adjournments are exclusively the prerogative of the House; recesses are completely and utterly at my discretion, but we do live in a democracy and I use my discretion in accordance with reigning circumstances and the feelings of the House, of the majority of the House. When I have to take a decision I take a decision bearing in mind those principles. It must not be misunderstood, the question of a recess is my prerogative.

HON P J ISOLA:

be

Mr Speaker, then I will perfectly right in approaching the Chair before the meeting to have a longer recess to enable the Opposition to look at the papers.

MR SPEAKER:

No, Mr Isola, but we will leave it at that. We will now recess until quarter to eleven.

The House recessed at 10.30 am.

The House resumed at 10.50 am.

HON CHIEF MINISTER:

I would like to clarify something otherwise the record goes uncorrected and the thing can be perpetuated again. I found that in my last year's statement I went much further into the proposals for the budget at this stage than I have done this year. In fact, I even mentioned the question of what was going to happen with income tax apart from dealing with detail on all the Funded Services.

HON P J ISOLA:

That is what I said, it is evolving.

MR SPEAKER:

I will remind the House that we are on the second reading of the Appropriation Bill and I have invited Members who wish to speak on the general principles and merits of the Bill.

HON G T RESTAND:

Mr Speaker, first of all I would like to congratulate the Honourable the Financial and Development Secretary on his detailed exposition of the accounts of Gibraltar and also on his overall and broader comments on the international situation as he sees it. On the Gibraltar accounts I cannot fail to comment on the extreme caution that he had last year in underestimating the accounts by £3m. I have a feeling that this year he is also being very cautious in his estimation. Of course, the £8.6m in the revised estimates Consolidated Fund Balance as at 31st March, 1981, was really very accurately predicted by my friend the Hon and Learned Leader of the Opposition last year, who I think predicted that this year the Government would be in a healthy position of having a balance of between £8m and £9m. So he predicted very correctly last year.

Of course, one of the reasons why the financial situation is very healthy - and it is very healthy indeed this year - is I think mainly because the people of Gibraltar have been over-taxed by this Government. Last year at budget time the Government increased personal allowances by £100 and the Opposition proposed that the increase should be doubled. The Government voted against but I

think it is absolutely borne out to be true particularly in the Chief Minister's statement this morning that, in fact, the people are being over-taxed in direct taxation when he says that given the high incidence of direct taxation now running roughly at 10% over the general level in the UK. And that also goes to a point where I said myself last year that if we had parity of wages we should also have parity of taxation and I think the way in which the Chief Minister has commented on the 10% difference between the Gibraltar taxation and the UK taxation shows that he is coming along to think roughly in the same way, at long last.

I was disappointed that the Chief Minister made no reference at all to the Elderly Persons Pensions. With such a large amount estimated for the Consolidated Fund Balance for next year of £10.6m, which I think is underestimated, I think it is mean if the Elderly Persons Pensions were not considerably increased. Of course, over and above the overtaxation of people, there is added insult to injury in the manner and fashion that the rates have gone up this month. I understand that the increases range between 25% and 100%. In some cases I have had elderly persons, who are now paying the same amount of rates per month as they are getting in pensions, and I think that is a ridiculous situation to be in. It is an unfair thing to levy such high rates on the elderly; and in fact such high rates on the whole of Gibraltar: another case of over-taxation.

On the revenue side, the Financial and Development Secretary said that there was a relatively buoyancy on trade in the economy with import figures increasing by 21%, but that is not reflected, Mr Speaker, in the import duties collected this year. The approved estimate for this year was £5.8m and the revised estimates of £5.2m. Now, that is only an increase between the approved and the revised estimates of 6.3% and certainly does not reflect the increase of 21% in the overall import figures, bearing in mind that the consumption of food has gone down from 29% to 25%. I am also worried because here I think there is gross underestimation in the import figures. The revised estimates for this year, as I have just said, is £5.2m and the estimates for 1981/82 is for £6.5m, which is only an increase of 4.8%. That does not even cover inflation and I would be very grateful if in his winding up the Financial and Development Secretary can give a slightly more detailed explanation of both those figures. I think the income tax is also under-estimated.

Once again, of course, there has been no mention by the Chief Minister of those levies on Insurance Company profits that we were going to hear so much about, I think, three or four years ago. Has he forgotten that again or has he discarded that suggestion?

Going on to departments, Mr Speaker, one area which concerns me particularly are departmental tenders. The normal tender procedures are for the tenders to be published in the Gazette but I think little by little departments are beginning to take advantage of the departmental tender procedure where no advertising is necessary, and I don't think that that is a good procedure at all. I think the fairness of a department in granting tenders has to be seen. One often gets vexed traders who have either not been asked to tender, or who haven't even got to know about the tender, because the tenders have not been published in the first place, and that I think is wrong.

On the Medical Department, Mr Speaker, this year will see the loss of two pillars, may I say, of the Medical Department Dr Giraldo and Dr. Cochrane, and I would like to take this opportunity, because this is the last budget whilst they will still be there, of praising them and thanking them for the long service that they have given to the community. I think it is very important that their replacements be monitored very carefully. One thing, particularly, in Medical Specialists which is important is experience as well as qualifications, naturally. And I think it is very, very important that whoever replaces the existing specialists should be men of high calibre, because after all the people have been accustomed to doctors of very high calibre over the years, and I think it should be borne very much in mind that their replacements should be men of very high calibre and with experience.

The following year, of course, will see the loss of the Director of Medical Services, and here again careful monitoring needs to be done. The Director of Medical and Health Services carries out two functions. First of all, that as Director and secondly, that of Surgeon. I hope that there will be consultation, broad consultations, as to how that particular post is to be replaced. I know that there are various options open: one could get a non-medical Director, one could get a Director with a speciality which is not very time-consuming, and all those alternatives need to be looked into very carefully. As I say, I hope that the Government, and the Minister particularly, will consult broadly and I hope that he will

consult this side of the House too.

One area of concern, which has concerned me for quite some time in the Medical Department is, the private practice of visiting consultants. We have raised this in the House on a number of occasions and I do not think that the effective monitoring again has been carried out by the Department so far. I think it is wrong where a patient - and I know that this has happened although it may have been denied by the Minister - where a patient is not referred to a visiting consultant through the normal channels because it is not considered by the person referring that he should be referred, and then seeing the consultant privately and that patients gets treatment. That I do not think is the correct procedure and I think that it is important that that practice should be looked into very, very carefully. Another aspect which should be looked into very very carefully is the introduction of either and/or a psychiatrist or a clinical psychologist to work under the present head of the KGV Hospital. I think in most Hospitals of this nature in the UK a psychiatrist would have a clinical psychologist working under him, and that clinical psychologist can in cases do a lot of good for patients with mental diseases without having recourse to medicines. Of course, when medicines are required he would refer those patients to the psychiatrist, but a clinical psychologist is, I am convinced, a very necessary post to have in a Hospital like the KGV.

The Health Centre, which I visited yesterday, I am glad to see, is working very efficiently. I am told of the enormous improvement seen since the introduction of an appointment system there. I am glad that at long last the Government did decide to take that particular measure. I remember I suggested that three years ago, Mr Speaker. I am not trying to take any credit for it, the credit must be taken by whoever implemented it, but certainly I must say that it could well have been introduced a long time ago.

One of the aspects which I was disappointed to see both in the Health Centre and in the estimates is that no provision is being made this year for a seventh doctor for the Group Practice Medical Scheme and I think this is one of the typical areas of AACR administration. The Minister himself told the House that he had made a decision, that he considered that a seventh doctor was necessary for the Health Centre and that he was waiting to take the matter to Council of Ministers. That I think was about six or nine months ago. Well, if a decision is taken by the Minister presumably, unless he has been overruled by Council of Ministers, why hasn't a seventh doctor been introduced in the establishment of the Medical and Health Services? Last year, Mr Speaker, I suggested that in the Medical Department the highest

individual items, of course, are drugs, dressings and pharmaceutical sundries, and we have heard on many occasions Members of the Government getting up and saying that in Gibraltar there are many more scripts, or many more items per scripts, than, for example, in the Channel Islands and even in the UK, and that it would be desirable, possibly, to have a reduction in the number of items on the scripts. In the UK there is, and I said this last year and I don't know whether the Minister has taken this suggestion up at all, there is a forum in Newcastle, I believe, where all scripts of the National Health are sent and are monitored by a Committee of doctors. If any one particular doctor is over prescribing he is asked to give an explanation and I wonder whether either we could have some sort of monitoring service here in Gibraltar ourselves or if not make arrangements with this Committee in Newcastle to have the scripts sent there to be monitored.

Mr Speaker, I think that of all the Departments of the Government the one with the worst record this year certainly has been the Electricity Department. A terrible and chaotic situation has developed over the year. We all know the amount of power cuts there have been. From July to November no less than 536 hours throughout the districts, and the Government must take full responsibility. It must take full responsibility because the reasons for the power cuts have been the lack of planning over the years by the AACR Government. Other than the skid-mounted generators which were brought in as a desperate measure, there has been no development in the Electricity Department since 1972, which is when the largest and last engine was brought into Gibraltar, and it is a complete lack of planning for nine years to pass without a single item of development in the Department. Let us not forget the Preece, Cardew and Rider Report of 1976, which we understand proposed to the Government the removal of all the engines in King's Bastion South and the purchase of a new 5 megawatt engine, which is what should have been done then, what was required then and which would have obviated the power cuts that we have all suffered this year and last year and the year before that too. Let us not forget the secrecy in which the Government treated the Preece, Cardew and Rider Report. Nobody outside an intimate circle in the Government was allowed to see what these consultants - for which, in fact, the whole of Gibraltar had paid and paid quite dearly - nobody was allowed to see what they had to say about the proposed power development running into the year 2000. And let us not forget the cynical euphoria of the Government when it announced the Hawker Siddeley contract as if they had done a marvellous thing. Of course, it is a marvellous thing but they should

have done that years ago. And let us not forget also the Chief Minister's announcement in an amendment motion where out of a hat he brought out a statement saying that we would be getting a 5 megawatt engine by April 1981, by this month, and I don't see any 5 megawatt engine in Gibraltar this year, this month. Let us not forget too the skid-mounted generators. First of all, how much it has cost us and how much it will cost us, and here I am convinced that the hiring at the end of the day will cost more than if we had purchased them outright. Time will tell.

During the past year, of course, I moved a motion in this House asking for a Commission of Inquiry to look into the past, the present, the medium term, the long term future of power development in Gibraltar. I asked for this Commission to be a public Commission of Inquiry so that everyone who wanted could find out exactly what the position was but, of course, the Government refused. The Government instead proposed another sort of inquiry, a secret inquiry where nobody can see and nobody can hear what is going on in there. Why so much secrecy? Is there so much to hide? Of course, there wasn't even a commitment that the report of that secret inquiry would be made public.

Lately, of course, we have had the Foreign Affairs Committee who came out to Gibraltar and one local newspaper carried out a campaign, I think quite rightly so, when it was announced that those proceedings in Gibraltar would be secret, and they succeeded and in fact the proceedings of those Committees were made public. I wonder why it is that that newspaper had nothing to say on the privacy and the secrecy of these reports. Is it because the Gibraltar Post is the organ and mouth-piece of the Government?

The old Station, Mr Speaker, King's Bastion South, is being virtually closed down. I think there are just 3 engines there now producing very little indeed. Before the new Generating Station comes into being and is in operation, I wonder how much the engines in King's Bastion North are going to be overrun. I wonder how long they will now last. Without any additional source from King's Bastion South the onus is now completely on the five engines in the North Station, plus the skid-mounted generators, and I wonder how much, for example, how much longer engine No 9, which is now 20 years old, is going to hold out for: the same applies to No. 10 and No. 11 which is still non-functional. I wonder whether they will last out. I hope so because otherwise the people of Gibraltar are going to be in for a very rough time indeed. But even if they do last, I wonder how much in-service rating they will then have when the new Station comes in, and I have a feeling that the two 5 megawatt engines plus the possibility of a 7 megawatt engine,

may well not be sufficient for the needs of Gibraltar if the engines that we have at the moment become obsolete. I hope the Minister in his reply will answer these queries that I have put to him. I hope he will answer them sincerely and I hope that he won't just be reading out what has been written for him.

The Fire Service, I think, has given excellent service to Gibraltar and I cannot say anything else but congratulate all the men who work there for their efficiency and their good attention to people generally.

The Telephone Department though, of course, is another matter altogether in Municipal Services. The Telephone Department is, I think, costing us too much for what we are getting. I don't think that there is sufficient replacement of cables, I don't think that that service is being done enough, and I see that reflected in the estimates this year. I notice that the revised estimates for 1980/81 was £258,000 but that the expected expenditure for 1981/82 is £22,000 less. I don't think that that is good enough. I think that it is taking people a long time to have their telephones fitted, I think it is taking a long time too to get telephones repaired and I would like to have an explanation for that, Mr Speaker.

On the Audit Department I notice the Principal Auditor's Report - I just want to make one reference to it, Mr Speaker, I'm not going into it at all, but one is the establishment of the Audit Department which the Principal Auditor highlights in his Report. He considers that his Department cannot carry out proper audits to his satisfaction with the staff that he has at the moment. It is a very, very essential service that an Audit Department gives to any Government and it should be realised by the Government that if audits are not done correctly a lot of inefficiency, shall we say, may well not be brought to light. And I think it is very important, and I hope the Government looks into it very carefully, that that Department's establishment should be increased.

So, Mr Speaker, to sum up I would say generally that Gibraltar is unhealthily overtaxed; I think that the tax concessions should be realistic ones; I think that pensions for the Elderly Persons, the EPP, should be considerably increased; I think that there should be a revision of the rates increases that have come into force recently; and I wish that there were more accurate estimations in the revenue side of Government. On the Medical Department I will sum up by saying that monitoring is the important thing, monitoring the replacements to our consultants, who should have experience; monitoring the replacement of the Director; and monitoring private practice as well as the seventh doctor for the Health Centre; and the prescription. On

electricity I think the Government needs to be reminded for what has happened, and I would urge the Government, no more secrecy. On the Fire Service I would say, well done and continue the fine work. On the Telephone Department, let us see more results. Finally, on the Audit, more staff, Sir.

HON J B PEREZ:

Mr Speaker, before I deal with my Department's estimates of expenditure for the on-coming year, 1981/82, I would like to answer some of the points which have been raised by the Hon Mr Restano in connection with the Medical Department. The first point I think he made was the question of replacements for both the retiring consultants, namely, Dr Giraldi and Dr Cochrane. The first point I have to mention for the benefit of the Honourable Member is that, in fact, the Minister does not decide on appointments, that appointments are, in fact, made by the Public Service Commission, and I am sure there is no need for the Honourable Mr Restano to tell the Public Service Commission to look for experience and qualifications because I have no doubt that this is in fact done by the Public Service Commission as has been quite clearly seen throughout many years of life in Gibraltar. In connection with the retirement of the Director, my answer to Mr Restano is, yes, I am prepared to discuss the successor of the Director of Medical and Health Services with him. In fact, he will recall that earlier in this particular year I, in fact, discussed on a very broad lines the matter with him. But the answer is, yes, throughout this particular year I am willing to discuss the matter with him.

In connection with the private practice of visiting consultants, Mr Restano has asked for effective monitoring. One thing that I must state, and I think I have said this on many occasions in this House, is that the Government's policy on visiting consultants, whether they are entitled to private practice, is that no private patient should be seen at the expense of a public patient. Let me put it another way: no private patient should be seen by a visiting consultant until all the patients that we have referred to him have been seen, and I have said this on many occasions before. If there is any particular case which has been brought to Mr Restano's notice in which a public patient has not been seen due to a private patient coming in before the public patient I would be extremely grateful if he would bring it to my notice and I will look into the matter for him, because I think it is not only for the benefit of the House but to the benefit of the whole of our Medical Services in Gibraltar. But let me repeat once more.....

MR SPEAKER:

I think in fairness to Mr Restano, I don't think he has complained of that. I think Mr Restano has complained on the fact that whilst the Health Department has refused to recommend a particular patient to be seen by the consultant, he has been able to see him as a private patient.

HON J B PEREZ:

I see, well, then my answer to that is very simple, and that is that if one of our doctors decides not to refer a particular patient to a visiting consultant, it must be due to the fact that he does not feel that that person requires to see a consultant. But let me just add that the Government's policy on the question of visiting consultants is that they must see all our public patients who have been referred by our own doctors before they can see a private patient.

HON G T RESTANO:

If the Hon Member will give way. The effective result of what happens there is that perhaps a doctor refuses to refer, the patient goes to the consultant privately and, in fact, is operated on. So, therefore, the need for operation was obviously there.

HON J B PEREZ:

I cannot agree with that, Mr Speaker. Let me just add that the patient would probably see a private doctor in Gibraltar who would then refer to the visiting consultant because consultants should see people on a referral basis.

Another point that the Hon Member has raised is the question of having a psychiatrist and/or a clinical psychologist. I would refer the Hon Mr Restano in this respect to my answer to question No. 23 and question No. 24 of 1981 in which I gave him the Government's policy on both the advisability of employing a psychiatrist: the answer I gave was that we already had a psychiatrist and that the Government was satisfied that we were providing suitable cover in the field of psychiatry in Gibraltar; and on the question of a clinical psychologist in answer to question No. 24, I again pointed out to the Hon Member that although it would be desirable to have a clinical psychologist that, nevertheless, after looking at the matter quite closely it was detected that the workload would only be for one day a week and therefore it was thought that it was not necessary or advisable to recruit a full-time clinical

psychologist in Gibraltar. The answer that I gave remains the answer that I am giving him today.

Another point that the Hon Mr Restano mentions is the fact that he says that he is satisfied that the Health Centre is working very efficiently since, he says, we have introduced the appointment system. I would agree with him that the Health Centre is working very efficiently, but I cannot agree with the second part of his statement when he said that the question of the appointments system had been his idea three years ago. For the information of Honourable Members of the House, Mr Speaker, it was in fact not Mr Restano's suggestion but, the suggestion of the Hospital Board of Management. So, therefore, if any credit has to be given I think the credit must go to the Board of Management and not to the Honourable Member sitting opposite. The fact that it has been introduced now, I think, has been because we have looked at the matter very carefully. There were certain things which we had to do like the installation of telephones: that has taken some time but nevertheless it has been done and I am pleased to say also that it is working well.

In connection with the recruiting of another doctor, which Mr Restano says it is very disappointing because he said that I had said about 6 or 9 months ago in this House that I had decided that we ought to have a seventh doctor. I think if one looks at Hansard one will find that I did not say that I thought that we should have a seventh doctor: what I did say, Mr Speaker, was that I had decided that we ought to look at the whole question of the six doctors and find out whether there was a need to employ a seventh, and I would add that it is no good just saying to employ a seventh doctor because it may well be that either we need to employ eight doctors instead of six or it may well be that the Health Centre could function with five. But let me inform the House that this is a matter which has already been looked at by the Management Services Unit, it is something that we are looking at very carefully and it is a matter which will have to take its time. We cannot monitor the number of patients which are seen by doctors merely over a period of one or two months, this must be monitored over a certain period of time and then we can establish once and for all whether the complement of six is enough or whether we shall need one more doctor, two more doctors or three more doctors, but it is no good just saying we will recruit a seventh doctor without looking at the matter very closely, which I think is in fact what is needed and in fact what is being done at the moment, Mr Speaker.

The other point mentioned by Mr Restano is the question of the forum which he says exists in Newcastle where all prescriptions are in fact monitored. In fact, he

emphasised the question of having a monitoring service. I accept that this is, in fact, done in Newcastle in UK, which corroborates all prescriptions throughout the country, but I would point out that in effect we do have a monitoring service in Gibraltar. This is done by the Head Pharmacist and by his staff, because if we didn't have that monitoring service: (a) we would not be able to pay the Chemists; and (b) we would not have been able to have taken the action that has already been taken this year, from information supplied by the Head Pharmacist in consultation with our doctors and our Chemists.

Mr Speaker, I propose to deal with my Department's estimates of expenditure for this particular year by, in fact, following the manner in which they appear in the estimates which are in possession of the Honourable Members. That is, dealing first with Personal Emoluments, then with Other Charges and Special Expenditure, and then I will turn to matters of general interest to my Department.

Mr Speaker, the estimated expenditure under Personal Emoluments is £2,565,500, that is for this year, 1981/82, and Members will see that the increases in salaries for this year are in fact in line with the normal increases for non-industrials throughout the year, and because of this increase we have a corresponding increase both in allowances and, in fact, in overtime. As far as overtime is concerned, here I must emphasise that all the overtime which is worked in my Department can be classified as essential, since although conditions of service are geared to a five day week, we in fact have to cover a seven-day week roster, and actually provide a 24-hours a day service throughout the year. Furthermore, certain grades have built-in overtime payments owing to rostered commitments. These include, Porters, Nurses, Pharmacists, Radiographers and all those who need to respond to emergency situations. Mr Speaker, this House, I feel, should be conscious and appreciative of the tremendous hard work performed by all employees of the Medical and Health Department, and I would not like this opportunity to pass by without placing this on record.

Under Other Charges, since Members will be able to ask questions and will no doubt do so at the Committee Stage, I will merely at this particular point outline the sub-heads which I feel have suffered large increases. The first one is sub-head 5 - Public Utility Costs. This, Mr Speaker, shows an increase of £24,000 which is solely due to the current rate of consumption and the costs prevailing at present. Under sub-head 6 - Provisions - the estimated expenditure of £121,000 shows an increase of £14,000 from the approved estimates

for the year 1980/81. Mr Speaker, this is entirely due to the fact that we go out to tender every year during the month of July and the costs invariably increase. In fact, the estimated expenditure for this year is based on July 1980 prices, since obviously we shall be going out to tender midway in 1981 and it would be very difficult to predict whether this particular sub-head will have to suffer another increase for the forthcoming year. Under sub-head 7 - Laundering Expenses - a similar situation arises in that although the tender is awarded for a period of three years, which in fact expires in June of this year, it nevertheless provides for renewals on a six months basis, namely, during the months of April and October, at which time representations are made by the contractors for increases based on increases in wages and materials. These representations are in fact examined by the Economic Planning and Statistics Unit who advise the Tender Board accordingly. This means that under this vote the estimated expenditure for the year 1981/82 is again based on current prices. Under sub-head 9, Mr Speaker, we show an increase of £65,000. This increase has arisen despite tremendous efforts made by my Department in particular the Administrator, the Director of Medical and Health Services, the doctors and the Pharmacist with a view to curtail or to at least keep under control this particular sub-head. I am pleased to inform the House that our efforts have to a point been successful in that the total number of prescriptions during the year 1980/81 have been kept to the same level as those for 1979/80. In fact, this is also true in respect of the number of items prescribed. Furthermore, arising from close scrutiny and from the monitoring service which I informed the House that we have, we have also been able to instruct the Chemists and the GPMS doctors to, in fact, prescribe generic names and not particular trade names, which is in fact the point which the Hon Mr Restano mentioned last year in his intervention and which unfortunately he didn't mention on this occasion. Perhaps this was due to the fact that he knows that we have done something in this respect throughout the year. And in certain cases if Chemists in fact dispense a particular trade name instead of the generic, what the Government is doing is that we are only paying the Chemists on the wholesale price of the generic and not the particular trade mark. So, in fact, we are moving, in fact, we are doing our best to try and control this particular sub-head. However, Mr Speaker, we must not forget that the basic ingredient cost has not stood still and the present increase is due entirely to the worldwide increase in the price of drugs for both the GPMS and the Hospital. In this connection I ought to point out that more and more sophisticated drugs come into the market to deal with serious illnesses which we term 'life-saving drugs' which are extremely expensive but which nevertheless we have to purchase in order, as

happens in most cases, to save lives. As Members will realise this is, in fact, an extremely difficult vote to control due to the above-mentioned considerations. Nevertheless, the expenditure under the GPMS is being looked at very closely and steps may well have to be taken in the very near future in order to achieve some element of constraint. But once again let me stress that I am satisfied that the matter of over-prescribing has been closely looked at and put right, not only by the means described but by the excellent cooperation that exists between the Health Centre doctors, our Head Pharmacist who is responsible for our monitoring service, and also with the local Chemists.

Mr Speaker, under sub-head 15 - Wages staff - we show an increase of £69,400 which again is in line with wage increases throughout the year for industrials. In fact, the total number of industrials employed has not varied this year. The total number is 107 out of which 88 work in our Hospitals, 5 in the Public Market and 14 in Disinfection and other services. I must also put on record the excellent work being performed by our industrials who are always most willing and cooperative.

Under sub-head 18 - Expenses of visiting consultants - it is estimated that the expenditure for the forthcoming year will be £24,000. Members of the House should realise that previously this sub-head was contained under sub-head 1 - Personal Emoluments, Temporary Assistance. These funds are needed for the payment of fees together with travelling and accommodation expenses payable to our visiting consultants. I am sure the House will agree with me that this money is extremely well-spent since the actual value of the work performed by our visiting consultants cannot be quantified bearing in mind the tremendous benefit that accrues to the population in general. And not only that but the great financial saving that this entails to the Gibraltar Government. Most of the visiting consultants come to Gibraltar either every three months or in some cases as and when required, and I think, Mr Speaker, if I may say so, it is about time that Hon Members opposite stopped criticising visiting consultants because let me say quite honestly and quite sincerely, Mr Speaker, that the work that they perform for our community is, in fact, tremendous, and I think that Members opposite should be a bit more thankful for the really tremendous hard work that these visiting consultants perform for the whole of our population.

Under sub-head 23, Mr Speaker, Specialised Treatment of Patients outside Government Hospitals, Members will see from their revised estimates figure for 1980/81 that we spent £23,300 in this vote. This expenditure is in connection with patients sent to the United Kingdom for

specialised treatment over and above our quota under the reciprocal agreement which we have with the UK and in fact very much depends on the incidents of cases. The fact that token provision is again made shows this Government's policy of sponsoring patients who are unable to receive full treatment in Gibraltar and that money is not in any way an impediment in the provision of treatment whenever it is required.

Under sub-head 80 - Special Expenditure, Mr Speaker, we have the figure of £45,000. I think I will not say anything else on this because I am sure that during the Committee Stage Hon Members opposite will in fact ask what equipment we intend to buy for this coming year. So I won't pre-empt the questions at Committee Stage. Under sub-head 81 - Special Expenditure - provision is being made this year for £5,000 for the renovation of the Hospital's Paging system. This, I feel, will be for the benefit of all our patients since it will provide for a more up-to-date internal paging system. In fact, the time factor in paging and reply with this equipment is reduced to a minimum with its consequent benefits to hospital requirements.

Before dealing with general matters affecting my Department, Mr Speaker, I think this would be a convenient time to say a few words about the Environmental Health Department which is in fact responsible for two sub-heads, namely, item 19 - Disinfection and Other Services and item 20 which is Maintenance and Running Expenses of Markets. This, in fact, comes under Other Charges.

The Environmental Health Department has maintained the momentum of the last few years in its campaign to protect public health and the environment and in approved standards in food, food premises and new developments. The monitoring of atmospheric and coastal pollutions continues as does the detection and prevention of nuisances. This last year saw the return of another fully qualified Environmental Health Officer and I am pleased to inform Honourable Members that this Department now has its full approved complement of qualified personnel. The first time it has been at full strength in the last twelve years. This welcome return for a fully-manned department has permitted the reorganisation of the food section which has been moved to the Public Market where the better food inspection facilities, its proximity to the quay and also to the main food and vegetable importers wholesalers premises, will result in a better service in our relentless efforts to improve and maintain standards in the food field. This expansion in such an important and essential field of public health has also been extended to meet the import trade where measures in keeping with new trends and EEC directives have been introduced and I am happy to say with the fullest of cooperation of the trade. Yet another

example of the sterling work being done by my department in being able to foster good relations and cooperation between the trade and official departments which despite being on opposite sides of the fence, come and do work together in their common aim of serving our community.

The Department has also been very active in the health education field where two Environmental Health Officers have been able to increase both the number of lectures given and the topics covered as well as the groups contacted. Courses currently have been conducted which include classes for school girls about to sit the 'A'/'O' levels GCE examinations in human biology; 'social sciences for the Boys' Comprehensive; hygiene as part of first aid courses; and of course the courses in food hygiene which are run in conjunction with the Royal Society of Health in London.

In the control of vermin and stray animals, I again am pleased to report good progress. The Rodent Section is also fully manned and continues to be supplied with a full range of the latest rodenticides which permits this small and relatively little-known section to persist in its behind the scenes control measures where it is successfully keeping vermin down despite their being on the alarming increase in other parts of the world. The stray animals section was supplied with a new vehicle to replace the old one which was well past its useful life. The dog and cat impounders now have their own transport and are therefore free to deal with the numerous complaints quicker and more effectively. The Public Markets also get a share of the improvements. The cooling chamber has now been installed at the Fish Market and is to be commissioned shortly. This will allow fresh fish to be stored under good and hygienic conditions thus ensuring that the fish supplied to our housewives is both clean and wholesome. With particular reference to item 19, namely, the sum of £10,400, Members will note that this vote has been increased by £3,500 over last year's estimates due to inflation and in fact the provision of new services. The main outlay is in the purchase of insecticides, disinfectants and rodenticides, but maximum saving is being effected by purchasing concentrates wherever possible and diluting them at our disinfection station. Thus we save in freight charges, storage space, etc and, in fact, it allows us to order larger quantities which in turn gives us more favourable prices.

The environmental monitoring programme will benefit this year with the acquisition of new sound level monitoring

equipment which in conjunction with that already held will broaden the scope and improve the efficiency of our monitoring of this invisible but very real pollutant. A new service, namely, the disposal of dangerous chemicals is now offered by the Environmental Health Department and requests for us to deal with such dangerous substances as cyanide, drugs and unsafe insecticides have already been received. The Health Education vote has this year been increased by 25% to further extend the anti-smoking campaign. Contacts with the trade have already been made with a view to cigarette packets and advertisements carrying health warnings in order to make the public more aware of the risk to health from smoking. In this same field the Environmental Health Department is launching a concerted campaign within the next fortnight to encourage people to dispose of unwanted medicines safely and to discourage self-medication. Collection points are being organised at different sites in Gibraltar and the full cooperation of the services is also being given. Yet again an indication of the importance attached to this safety measure.

Under item 20 - Maintenance and Running Expenses of Market - this vote remains exactly the same as last year. Such recurring expenses as are connected with the licensing of dogs, the humane destruction of strays, etc has been maintained at a minimum in keeping with our maintaining an efficient service. New planned improvements are the acquisition of new scales with dual markings for use in the fish market and the purchase of continuous action fly control equipment. The former will allow housewives to be able to read-off weight either in imperial or metric units and also should lead to fairer trading. The latter will be installed in the Meat Hall and is intended to control the number of flies normally attracted by meat and will reduce yet another risk to health.

Mr Speaker, I now come to deal with general matters affecting my Department. I think I would like to first of all inform the House on the progress which we have made in connection with the recognition of our locally trained nurses for state registration by the General Nursing Council. Members will recall that during my intervention on a motion proposed by the Honourable Mr Bossann in this House this year, I stated that I thought the position was unsatisfactory and that we would be doing our best to find both an instant solution and, of course, to aim for full recognition of our nurses by the General Nursing Council during this last year. A great deal of work behind the scenes has been carried out since then, I am glad to say with the cooperation of the Staff Associations involved, and I am now happy to inform the House that an instant solution

has been found in that the General Nursing Council are, in fact, accepting our nurses following a short period of assessment at the Royal Naval Hospital, whilst the remaining matter of full recognition is being sorted out. On this matter of full and automatic registration, we have now been advised that this will be forthcoming once our Principal Tutor has attended a specialised course which will be organised by the General Nursing Council for the purpose of up-dating our local syllabus and instructional material by the General Nursing Council. In fact, further changes may be required in connection with EEC directives which are in fact also at the implementation stage by the GNC. This has already been communicated to the Nurses' Union who continue to cooperate with Government in this venture to their mutual benefit.

Mr Speaker, on the medical side.....

MR SPEAKER:

I get the impression that you still have some time to go on.

HON J B PEREZ:

I have a little more to go.

MR SPEAKER:

Perhaps, since it is 11.55 am and you are going to deal with a new topic now, we might recess until 1.45 p.m.

HON P J ISOLA:

I would prefer to recess to 1.30 pm and start later in the morning.

MR SPEAKER:

Well, that will come. I think we agreed this morning that you were going to discuss the proposal of starting at 9.00 am tomorrow with members of your party and then when we deal with that perhaps we will decide on when to resume tomorrow. At this particular moment it was most certainly stated that we should perhaps resume at 1.30pm, so that perhaps that will give Members a quarter of an hour extra

for lunch. It is a question of whether you wish to resume at 1.30 or 1.45, whichever you prefer.

HON CHIEF MINISTER:

1. 45 p.m.

MR SPEAKER:

I think it would be adequate and I think it would be right to recess until 1.45 p.m.

The House recessed at 11.55 a.m.

The House resumed at 1.55 p.m.

HON J B PEREZ:

Before we recessed this morning I was dealing with general matters affecting my Department. I would like to say now that on the Medical side this year we will see the retirement of two very distinguished Medical Officers who have been in the service of the Government for a considerable number of years, and they are Dr James Giraldi and Dr John Cochran. Dr Giraldi, in fact, qualified as far back as 1929. He was in private practice in Gibraltar for a number of years before joining the service. This he did in 1940 and has in some capacity or other served the community of Gibraltar since then. During the early years of his work at the KGV Memorial Hospital, he dedicated himself to the task of treating a disease which was rampant at the time, namely, tuberculosis. Today Gibraltar is to all intents and purposes tuberculosis free and this is due, I think, in no small way to the great work done by Dr Giraldi in this particular field. I am happy to pay tribute to Dr Giraldi in this House since I am sure that the people of Gibraltar would wish me to do so. I am sure that although he may retire from Hospital work, Dr Giraldi will continue to practise medicine since this is the essence of life to him and no doubt the Hospital will not have seen the last of him. He is sure to visit us time and time again and I am sure he will be made most welcome. I wish him a long and happy retirement.

Dr John Cochrane returned to Gibraltar in 1945 to take up an appointment as a Medical Officer and has since that date specialised in anaesthetics. He has been up to now our Senior Consultant in this speciality. Prior to this Dr Cochrane spent many happy years in charge of our Maternity Department and a most encouraging and caring Obstetrician he was. He was always cheerful and had a kind word for patients and family alike in what can be a most delicate area of hospital work. His tact and cheerfulness was always a comfort to those in need. In fact, of late he has continued to be his great and cheerful self at the Operating Theatre and will no doubt be greatly missed when he retires. I also wish him a long and a happy retirement.

As I have previously mentioned in this House in reply to questions from Members opposite, we have already found replacements for both Dr Giraldi and Dr Cochrane. They are Dr Maskell and Dr Myers, respectively, and they will be taking up their appointments quite shortly within the year.

I am also pleased to inform the House that both Dr Borge and Dr Correa are doing extremely well in connection with their seeking membership of their respective Colleges: Dr Borge, the Royal College of Physicians and Dr Correa, in Anaesthetics. Members will recall that during my intervention on my estimates last year, I informed the House that it was this Government's policy to endeavour to localise the higher posts in our Hospitals and that in this connection both Dr Borge and Dr Correa have been appointed as supernumerary Registrars in order to give them all the possible help to make this a reality. In fact, only recently Dr Borge was successful in the first part of his membership. He will now continue with his studies leading to the final examination and in fact I am sure that he will succeed. On the point of localisation, perhaps, I should also mention that we now have a young Gibraltarian back in Gibraltar with us, namely, Dr Miles, who is one of our doctors at the Health Centre.

As far as our dental service is concerned we have now finally received all the equipment and have in fact set up another dental clinic at the Health Centre which I hope will be taken up very shortly by a Senior Dental Officer following selection by the Public Service Commission. This I feel should improve our present dental services to a very, very large extent.

During the forthcoming year we also intend to carry out a very heavy maintenance programme. It is not only intended to redecorate most of our Wards but it is also intended to paint the exterior of St Bernard's Hospital.

With reference to the redecoration of the interior of the Hospital, I would once again ask the general public to cooperate during their visits to the Hospital due to the extremely high costs involved in maintenance and redecoration.

Mr Speaker, I must not be remiss in not mentioning the work done, albeit in the background, in support of the medical and nursing staff. I am, in fact, very grateful for the dedication of the catering staff, the domestics and porters, the clerical and other support staff of the department. For their devotion and hard work the word of the spearhead of the department would indeed greatly be hampered.

Last but by no means least, my grateful thanks must go to all those voluntary organisations, too many to mention individually - and I feel I would also risk missing some worthy ones - who throughout the year continued to cater for the well-being of patients and staff at our Hospitals. There is a plethora of gifts that have been given to us over the years and we are eternally grateful to them for this generosity. Long may they continue to support us in this manner.

Mr Speaker, I have tried to be as explicit as I possibly can in presenting my estimates for this year, not only on the financial side, but I think I have also tried to outline elements of policy which I am trying to implement in the Hospital. I sincerely hope that following my contribution to this House that all Members will be able to support the estimates which are before them in connection with my Department.

MR SPEAKER:

I have to come to the conclusion that there is an impasse, I would like to stimulate the interest of any Member on either side to continue the debate on the second reading of the Appropriation Bill.

HON CHIEF MINISTER:

I think, Mr Speaker, that if this is going to be anything like a debate it is no use one side of the House speaking all the time and for others to wait until the end. I don't think that.....

MR SPEAKER:

I think in fairness to the Opposition they should be in a

position to reply and to have their information from Ministers but there are more Ministers than Members of the Opposition and that would give them a chance at least to be able to raise matters now in the general principles of the Bill which later on in Committee they will not be able to do. I am ruthless in that respect. In Committee they will only be able to touch on the items before them.

HON CHIEF MINISTER:

We can do that once, then the balance alters.

HON DR R G VALARINO:

There are two little points where I would like to take up the Hon Mr Restano, who in his intervention this morning was somewhat less than what I would have expected of him. He first of all talked about the fact that engines were overrunning and could be overrunning. If he could refer to the answer that I gave him to Question No. 31 of 1981, when I answered a specific question from him, I said that, and I quote from the Hansard: "Hence No 13 engine, as indeed any other engine, has not been overworked during the last 12 months". In fact we try in the Generating Station to stick to strict precautions on these matters and there is never any indication and we never do overrun an engine beyond its stated capabilities. Then he said he was rather disappointed by the lack of cable replacements with regard to the Telephone Department. Quoting from the Hansard of last year's budget I said: "I have been the first Minister in this department to introduce a system of cable replacement", and I go on to say that the faults had dropped from 1,000 in January to February 1979 to just over 300 in February 1980, and this is just the replacement of 5 new cables. In fact, I did explain at the time that the cable replacement programme would cover a period of about 5 years and we would be replacing cables as we go along. So in those two points I would like to clarify what the Honourable Member opposite said this morning.

I completely agree with him in one respect, with the City Fire Brigade. The City Fire Brigade has continued its excellent work throughout the year and this has been very obvious in Gibraltar. The total number of turnouts for the year was 761, of 203 were actual fires. I am pleased to say as well that two officers attended the Fire Service Technical College achieving excellent results. In fact, the overall standard is so high that the Brigade has been exempted from the preliminary courses in UK and officers who now go there start on Operational Commanders Courses. There are two other

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officers scheduled to attend courses in UK this year, one specifically on fire prevention. As the Opposition well knows, in-service training has continued and the Brigade has done excellent work including two rock rescues and one cave rescue from deep inside St Michael's Cave. Moreover, the fire prevention department has provided lectures and fire prevention instructions for ten outside establishments. In fact, all in all the City Fire Brigade has continued and will continue the progressive work it has done during this year.

With regards to the Generating Station, this has been a difficult year for the Electricity Department. Unprecedented major breakdowns, with a subsequent outage of plant, reduced the generating capacity of the Station considerably and increased demands were placed on the operational plant. Coupled with this, the Department had to undertake the major overhaul on No. 13 engine. After a complete review of the whole situation Government decided to rent four self-contained skid-mounted diesel generators in order to improve the situation. This was accomplished and the sets were eventually installed at Sir Herbert Miles Promenade. Not the preferred site but the originally envisaged straightforward installation on the hockey pitch was not possible and the alternative solution increased the costs substantially. Power cuts, however, were unavoidable whilst No. 13 was being overhauled, but once this was accomplished and the temporary sets were commissioned, the situation improved considerably. There are two other factors that have affected the output at King's Bastion. Firstly, that No. 11 engine was not available during the winter months due to factors already known in the House, and that No. 8 engine had to be withdrawn from service a week before Christmas when serious propagation of a crack which had been previously repaired was discovered. Further repairs by established methods will not give guaranteed results and the only solution is the complete replacement of the column. That has been the unfortunate part of the year with relation to the Electricity Department but I am happy to say, and as I said in my statement in this House during the first part of this meeting, Government awarded the contract of the new power station at No. 5 jetty to Hawker Siddeley Power Engineering. This was a tremendous step forward, and happily there were no delays in handing over No. 5 jetty to Hawker Siddeley thanks to the Captain of the Port and MCD. On a lesser note but still very important is the recently completed clubhouse at King's Bastion which I hope will bring all sections of the Station to a closer understanding of each other's problems and improve relationships both within the Station and outside this essential sector of our community.

In dealing with the last Department under my care, the Telephone Department, I would like to point out to the

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Honourable Member opposite that this year we have done better. During my intervention last year I said that five cables would be replaced. In fact, not five cables as envisaged were replaced during the course of the year but seven cables. These cables have greatly improved the services to the lower town area and an additional new cable to Laguna Estate is expected to alleviate the situation there where new applications have not been effected due to inadequate plant. Apart from the seven main cables a total of 13 branch and 8 distribution cables have also been set up and several cabinets modernised. The Line Section was responsible for the connection of 412 new telephones, an increase of about 25% on last year's figures, bringing the total number of telephone stations to 9,486. Moreover, there were 231 telephones removed from one address to another and another 228 miscellaneous works orders completed. So all in all a very good picture as far as this side of the Telephone Department is concerned.

The IDD contract was, as Members opposite will recall, awarded to GEC Telecommunications in September, 1980. Progress on this front is very satisfactory and the first shipment of equipment arrived last weekend. It is expected that the installation work will commence on schedule at the beginning of May, 1981. The International service has continued to expand and as I predicted last year traffic increased from 1.6m minutes to 1.9m, an increase of 18.75% over the previous year. In fact, if I remember rightly my idea was that we would get something like 15% and we have actually an 18.75% increase over the previous year.

Revenue was also increased after the Government negotiated new rates with Cable and Wireless. The opportunity was then taken to streamline charges and all countries were divided into tariff zones. These zones will eventually be used to determine IDD rates. The Department have made plans for the new financial year which will undoubtedly continue to improve the situation. Amongst the more important of these are: 1) the continuation of the main cable replacement programme. This is now our third time with plans for the improvement and expansion of cables to upper town, south district and Glacis areas; 2) the continuation of the special services division which will provide new and modern services to the business community; 3) the installation of the IDD project; 4) the recruitment of trainee technicians able to cope with the demands made on the department now and especially in the future; and lastly, the connection of another 25% more telephones than the previous year.

Although it is recognised that these programmes are ambitious, I have every reason to expect that the coming year will be as successful as this past year and that the

Department will continue the good work that it has done throughout the year.

In termination, Mr Speaker, I feel I have dealt with my three services, I think we are improving on all sections in the three services, and I look forward to the next financial year with great confidence. Thank you, Sir.

HON W F SCOTT:

Mr Speaker, in the first instance I would like to associate myself with the opening remarks made by my colleague, the Hon Mr Restono, with regard to the delivery and the details given by the Financial and Development Secretary in his contribution earlier this morning. Mr Speaker, there is no doubt whatever in our minds that once again Government have grossly underestimated its total revenue. We said this last year and we tried to provide or convince Government to provide some further relief to the tax-payer, to put back a little bit more into their pockets that they have taken mistakenly over the previous year, and we are glad to hear from the Chief Minister, in fact, that this might well be the case this year. There might be a turning over in the Government policy. My Honourable colleague also mentioned the Elderly Persons Pension, which is something that we on our side of the House have been pushing now for a substantial number of years. We do not see really an equivalence between this pension, which is a state pension, and the other two state pensions, the Old Age Pension and the Retirement Pension, through no fault of the recipients of the EPP, and we are glad to see that \$5,000 appears in the vote on Head 22 - Secretariat, sub-head 83, and we hope quite frankly that the terms of reference of that consultancy will include looking into the structure not only of the Social Insurance Scheme but also the people caught up in the circumstances of the EPP.

Coming back, Mr Speaker, again to the Labour and Social Security Head, we see that there is no change in sub-head 21 on Industrial Training - Head 11 - Construction Industry Training Centre, Industrial Training, where it hasn't even kept up with inflation. And this is surprising, very surprising too having regard to the amended motion passed in the November meeting of the House of Assembly and I am looking forward, in fact, to the Minister's contribution on what he has to say about that particular Head.

Mr Speaker, I wouldn't like this opportunity to go by without mentioning what to me is a very sad omission from the Improvement and Development Fund under Housing, Head 101, and that is obviously something which we would have expected Government not to have put in and in fact they haven't put

in, and that is the Woodford Cottage Scheme. We would have expected something to have appeared there.

HON A J CANEPA:

Government is not spending any money on that scheme!

HON W T SCOTT:

Precisely. We would have wanted Government to have spent money on it. That is a sad omission as far as we are concerned because we consider it should have done so on two accounts. The first is that that scheme is ill-conceived, the first count is the City Plan and the second is that there is absolutely nothing to raise the Government housing stock as far as we are concerned, it does not relieve the situation of the people, the thousands of applicants that there are in the Housing Waiting List. We have seen over the passage of the last two or three years, two attempts, this is the third, made by Government to introduce a Home Ownership Scheme and perhaps through its presentation, perhaps through its content, it is not for me to say, but the rejection by the people of Gibraltar on those two counts was total. Now we see the third scheme coming up and Government seems to be hell bent in trying to go ahead with this scheme. I do not know what reasons Government might have to go ahead with it other than the ones that have been mentioned in this House which to us are totally unconvincing unless, of course, there is some sinister reason why they should continue with this scheme. I think it was late last year that the Government said that there were certain restrictions on density within the scheme because of the City Plan. The way we feel is that the City Plan is designed primarily to cater for the needs of the people of Gibraltar and if the needs of the people of Gibraltar aren't catered by the City Plan, the City Plan should be changed precisely to cater for the needs of the people of Gibraltar. Another reason that was used, and I think it was by the Hon Minister for Public Works, were financial limitations at the end of last year, and yet we found in March, because of the poor response that Government had had to this scheme - the initial response, we do not know what the second attempt has revealed - that Government in fact were seriously contemplating building homes of their own, or quarters of their own, something which originally they said they couldn't manage to do because it was too costly. And in fact they compound the issue even further because the Minister on many occasions over the last few months on this House of Assembly dealing with modernisation has been telling us, telling this House, that Government

spends between 240,000 to 245,000 per unit, and even under those conditions it would be uneconomical, not uneconomical, Government did not have the money to build itself to alleviate the people on the housing list. Yet we find in March that the Minister says to this House that not only is he entertaining the idea of building two or three quarters up there, and not at 240,000/245,000 each but at 264,000 each. And judging by the state of the accounts this year, the reasons given at the time for Government not to have built itself seems to have eroded because the economy is in a buoyant state, Government has reserves.

We are not suggesting incidentally that Government should build a high rise building in the Woodford Cottage area because part of that area is just down the road, we have buildings of 5 or 6 storeys, a little bit further down old Naval Hospital, we have Sunnyside and Rabbit Court of 10 storeys.

Mr Speaker, the Hon Minister for Medical Services made a remark which I think was unfair, in fact, in reply to what my Hon Colleague Mr Restano said dealing with visiting consultants. We do not criticise the visiting consultants, what we criticise is the system whereby private patients are seen at the expense of subscribers to the GPMS, that is what we criticise.

HON J B PEREZ:

If the Honourable Member will give way. That is precisely why I said if you will recall that if there were any cases which came to the notice of Hon Members opposite that they should refer it to me and I would look into it because no case has in the past in a year and six months been brought to my notice.

HON W T SCOTT:

Perhaps, we might be able to do this in the near future, Mr Speaker. A further item on the Public Works, Mr Speaker. We are still awaiting the Sand Quarry to come up with some level of recovering sand to that which was originally envisaged. We recently, I think, voted a considerable amount of extra money, cash investment, on this plant with every likelihood, so the Government told us, of the project now being viable, and we again hear not a whisper. The water distillation figures. I think, it was the Chief Minister in his contribution this morning mentioned the amount, or the lack of rainfall, the dry winter we have had, but I have been looking at some water production figures, in fact, dating from February 1979, and I find in fact that even when there is rainfall on any particular month

it constitutes no more than 25% of the total water production of the total water that is consumed within Gibraltar. So we are looking at the figures of only 20%.

HON CHIEF MINISTER:

If the Hon Member will give way, I think this is erroneous because in fact with very low rainfall the potable water wells render considerably less and therefore it is two factors. It is not only the rain you lose but also the fact that what can be produced from the potable water wells is considerably reduced because of lack of rainfall and because the salinity of the water comes up very quickly. So the rains in Spain are helpful to us.

HON W T SCOTT:

I am grateful to the Chief Minister, Mr Speaker, but I also have the production figures month by month of the wells and in fact they vary very little. In fact, obviously when there is rainfall it takes presumably a long time for that water to filter down to that level.

Mr Speaker, an item of expenditure on a reallocation, in fact, that we had here last month: sick leave for workmen, where I think on a vibrant the figure of £83,000 was voted in last month I think we will all remember and yet I see here on Head 20, sub-head 16, where again this gross under-estimation from £70,000 approved last year to £313,000. This is a factor in excess of 300%. This year we are voting, or we are being asked to vote, £170,000 on this Head. I wonder what the Chief Minister in fact would say when in the early part of his contribution, and I am quoting: "I identified the main causes of that situation as being the gradual growth in Government spending generally, the working of excessive overtime and low productivity. We took immediate corrective action. We set up an Expenditure Committee and an Overtime Committee". It seems to me, Mr Speaker, that judging by the figures of this last year, Government fell short in a number of Committees it started. It should seriously consider initiating a Committee to look precisely into the details of sick leave because we are talking about a figure, even last year of over, 300% in excess of that originally voted for.

Talking of reports, Mr Speaker, there is one, in fact, which was promised to us by Government at the March meeting of the House and that is the report dealing with the Public Works Department. I think we were promised this,

in fact, by the Chief Minister himself, although in fairness to him he did not mention a time scale, he just said shortly. But in fact we have serious reservations on this, serious reservations insofar that I have had representations made to me by a number of substantial and traditional local suppliers to the Public Works Department who were not approached by the Committee to give evidence. And secondly, whilst my party gave some evidence at the outset to the Committee looking into the role of the Public Works Department, this was done in fact with only a few days notice and at the time that we gave this preliminary evidence, we did say, and it was agreed by the Committee, that on further deliberation at some stage in the future within the period of life of this Committee we would be going forward, we would be invited to go forward and give more detailed and considered evidence before this Committee. Now, certainly this never occurred and there is perhaps evidence that we could have given to that Committee that perhaps that Committee is not aware of.

HON CHIEF MINISTER:

If the Hon Member will give way. With regard to the first part of the matter, of course, I promised a report and he should know that I wrote to his leader just before the estimates to say that the report was not reflected in the estimates because it is still being considered. In fact, Ministers had not had it by the time I wrote the letter to the Leader of the Opposition because practically it has been sent only to the Public Works Minister and to the Department. So for that matter I did promise and it will be delivered because when I promise something here I normally try to comply with it.

With regard to the working of the Committee, of course, we are not answerable except insofar as we have spent money for it. If there is any criticism I would perhaps ask the Member to wait until he reads the report and finds out whether there are any lacunae there that might have been filled if they had been able to give evidence. That was an independent Committee led by a reasonably strong independent Chairman and the way in which he conducted the inquiry is a matter for him really, it is not a matter for the House, unless the thing was so blatantly misleading that it warranted the matter being severely criticised. At this stage really whether they gave evidence on their own, or other people didn't give evidence, there was a notice, as far as I remember, inviting people to come and give evidence, and I would have thought that having regard to the manner in which the Committee carried out its functions, that anybody who wanted to give evidence were given the opportunity. I am not defending the Committee

but I don't think it is fair that we should make general charges here, particularly by Members opposite until they have seen the report. Maybe they can find faults not in the report or in the recommendations which they may or may not agree, but in matters that had they been dealt with differently they might have been reflected in a different way, but really we appointed the Committee and the Committee is responsible for its own report. We are not answerable for the Committee here.

HON W T SCOTT:

I am grateful to the Chief Minister, Mr Speaker, but of course I am worried about this. I am worried and I will continue to be worried even before I see what the Committee reports which I haven't seen. We are worried, I think the expression I used, and Hansard will say, I said, I think: "I have serious reservations" because to our way of thinking it is not as complete as perhaps it could have been. And having relation to that the £15,000, I think, which we will be voting this year, or rather in these estimates, for a Committee to look into the Electricity Department

HON CHIEF MINISTER:

That is for the Committees generally.

HON W T SCOTT:

To delve into departmental structure and so forth. One would assume that part of it would be the second one which was the Electricity Department. And I feel that power generation, having had the historical background that it has had over the last few years, that no stone would be left unturned by that Committee as would appear in our estimation to have been the case of the PWD Committee. That was my point in bringing it up.

So generally, Mr Speaker, we are now looking really at a situation where we would be hoping that there would be substantial tax relief to taxpayers in Gibraltar more akin to the estimates and the reserves held by Government this year.

Thank you, Sir.

HON M K FEATHERSTONE:

Mr Speaker, the Hon Mr Restano apparently would like to

see taxation in Gibraltar on a par with the UK. At least that is the impression that I get from what he said. I wonder if he would like Old Age Pensions in Gibraltar to be taxable as they are in the United Kingdom, and I wonder if he would like Elderly Persons Pensions to be payable in Gibraltar as they are in the UK to people who are over the age of 80. So I wonder if that is the sort of parity that he wants. I would comment that we have a very different community in Gibraltar to the United Kingdom. We don't have any industries which can be taxed, we have a completely different community and we must of necessity have a different tax basis. And what the tax basis is and how it will be changed is something the Opposition will have to possess their souls in patience until we come to the Finance Bill. I would say that we cannot be slaves of parity, absolute parity is tantamount to integration, and we all know that integration is a dead duck and I still wonder why the Opposition keeps trying to resuscitate it, I really don't know. They call themselves the Democratic Party of British Gibraltar but they still come out at every opportunity that they can with the theory of integration even though they don't put it in their actual policy.

HON W T SCOTT:

If the Hon Member will give way just for a minute, just to clarify a point. I was never ever a member, even a party member, of the Integration With Britain Party, nor was Mr Restano, Mr Loder or Mr Haynes. So in fact, we are virtually 50/50 here.

HON M K FEATHERSTONE:

All the more reason why they shouldn't keep on pushing into our faces the integration policy. If they never subscribed to it why do they keep pushing it forward. Anyhow, that's as it may be. Let me go to the matter which I am here to speak on basically.

HON P J ISOLA:

May I just interrupt the Minister since he has talked about pensions and he has proposed the question of whether we would like to see pensions taxed. Can he say what his view is on the situation under which Elderly Persons Pensions are taxed but not the other two? Does he agree that they should all be or none of them should be taxed?

HON N K FEATHERSTONE:

I think that this matter has been discussed in this House to my knowledge on several occasions. I think you had a very concise and clear exposition by the then Minister for Labour and now the Minister for Economic Development, the Honourable Mr Canepa, and he has put forward the Government view-point to which I subscribe fully. If you want to know exactly how I feel, I suggest you get the Hansard and read what Mr Canepa said when you brought up the matter the last time before.

HON P J ISOLA:

You agree with taxing pensions?

HON N K FEATHERSTONE:

Of course, I agree with it, it is our policy. The whole question is as has been very clearly stated before. This is a pension which is completely divorced from the Social Security Schemes and cannot be taken under the same heading.

Anyuay, Sir, after that little spate of interruptions, it doesn't put me off, it doesn't worry me, I will now go to the matter with which I am entrusted in this House, and that is the PWD and the ancillary section of the I & D Fund which adheres to it. Sir, I am entrusted with spending about 33% of our total budget of £50m. £8m of this is the PWD Annually Recurrent which, of course, includes staff wages etc, and some £8.5m in the I & D Fund. I am very cognisant of the fact that this is a very large sum and it is a responsibility which I take most seriously.

I spend considerable time and effort with my accounting staff and with the Treasury, and I would say that they gave me every cooperation and assistance all the way through in making sure that our estimates are as realistic as possible. They cannot be 100% perfect but they are I think realistic, and I would even comment that I almost wore out all my colleagues in Council of Ministers when we were discussing the estimates ourselves and I was putting forward the Public Works view point. And I would thank them most sincerely with putting up with me. I was as they may say a little "pesao".

Sir, the first section of my estimated expenditure is Head 19 which is the Public Works Salaries and establishment.

Now Honourable Members are sure, especially on the other side, to pick up the points that there are 11 more members in the staff of the PWD. And I suppose in due course we will get it thrown at us: all these people in the PWD, what are they all doing? what are they producing, etc, and look at the little tiny bit of development they manage to do. In fact we had this two years ago, when there were 150 and they only produced £2.9 million or something like that. Well perhaps the figure this time may be a little bit better.

Now, Sir of these 11 extra staff 4 are clerical staff, Clerical Officers and Clerical Assistants, which are going into the accounting side, something that has been in great need of strengthening for many years and which is still not as comprehensive as we would like it to be. Perhaps when the report of the Public Works does come out, the Opposition will find that the accounting side is something that does need strengthening quite considerably. Four others are technicians who will be coming into the staff after they have finished their UK training. Now these people will in due course take over from expatriates and this is something that I think is a good thing. It is the policy of Gibraltarisation, it is a policy which we are pursuing in sending our youngsters away to get trained and to come back. And obviously when they do come back although they have been adequately trained in the UK that training has been in the main theoretical and before they can really take a responsible post here they must get some practical training. So we take them on our staff and we carry them for one or two years until they can really take over some substantive post. One of the other posts is a graduate engineer: it is another person similar to the technicians. He is a little bit higher up and he will be taking over one of the senior posts in due course; and the other two are two quantity surveyors who have been promoted from PTO II to PTO I after serving us for some three to four years.

Now most of the other items under Head 19 are mundane and need little comment. But I would single out item 6 which is the Unallocated Stores, and here by careful budgetting we have kept this account down and under strict control, and we should save some £30,000 on last year. As I have said before the whole question is that every year your purchases tend to get more expensive with inflation and therefore you need more money to pay for the same things. But if you can budget carefully, and if you ensure that you don't have excess of item in any one line you can keep it as much under control as possible. This is something which we have been doing. Two years ago I asked for £100,000, now, two years later with an inflation of some 30% I am only asking for £50,000 and I think the Stores Department

deserves a lot of credit for the effort and hard work they have been putting in.

The other subhead I think in this main heading that I would like to bring up is subhead 3 the Training of Apprentices. This year we have put all the costs of training apprentices into this subhead so that it can be seen immediately exactly what we are spending on apprentices and I think it can be seen we are doing a piece of good work in the further education of this section of our youths. This was the subject of a motion from the Honourable William Scott not too long ago. We are doing our utmost. And as can be seen some £306,000 on further education in this branch of our youths is a substantial sum of money.

Now there is one point which I must bring up about the apprentices. This year some 20 apprentices will become craftsmen, and if we are to take them into our labour force, and if we are to maintain a stable labour force and not gradually expand and expand, then 20 craftsmen that we have at the moment must of necessity disappear. Some of these of course will disappear by natural wastage and will not be replaced immediately but will be replaced in September by these apprentices. But it may be that we will have to dismiss some men if these apprentices are to be taken in. We would have to consider the dismissal of non-Sibraltar craftsmen because I think this House will agree that charity must begin at home. Also of course there may be craftsmen who are over the retiring age and who have been kept on and we shall have to look very carefully whether we will keep people on well over retiring age when we do have the youngsters coming out. I did say when we had the debate that I could not guarantee that there would be a job for them, for all apprentices we took in at the end of their indentures especially if we continue the policy of taking on more apprentices than natural wastage can normally justify. However, that will have to be seen in the future: in the meantime we are doing our best to carry on with this policy of giving further education as the motion requested and this year we hope to take some 15 new apprentices into the PWD set up. I trust the Opposition, and especially the Honourable Mr Scott, will appreciate our efforts in this and they will understand the situation that we cannot continually allow an apprentice to become a craftsman and have an inflating labour force without cutting at the top end in due course.

Now Sir, leaving Head 19 - I think that is all I need to say on that I will, of course be happy to explain any specific points when we come to the committee stage.....

HON W T SCOTT:

If the Honourable Member will give way on a point of clarification. In fact when I introduced the motion and subsequently in the debate I thought I made myself quite clear in so far that we were talking about industrial training, not employment post in industrial training. In other words not to restrict oneself to the vacancies four years from today in bringing apprentices in. I think I made myself quite clear at the time.

HON M K FEATHERSTONE:

Yes, you did indeed but what I am saying is that we are taking in 15, we do not really need 15, our wastage rates is about 8 or 9 per year, but we are taking 15 which is more than the wastage rate.

Now, Sir, to turn to Head 20 one of the big features in Head 20 as the Honourable the Financial Secretary has said, is that we are taking back into our estimate the cost of day to day housing maintenance and we have also included under this Head the cost of the backlog for heavy maintenance which last year appeared in the I & D Fund. This of course is one of the reasons why the total cost of the whole department has risen from some £4m last year to some £6m this year. I wouldn't like to be challenged but there is a 50% rise in cost in the PWD, per se.

Now the Chief Minister has intimated that one of the things we intend to look at and introduce this year is a fixed charge for each requisition. This charge will be a very moderate charge and not merely the economical figure I would comment that the current figure for a requisition is around £70, but we are not going to ask people to pay £70 or any way near that. So I don't think there need to be any great need to worry on that score. Members will note a sharp increase in leave and injury pay. Now this increase is due to there being 2 or 2½ extra days of leave given per year, this was one of the points negotiated in the wage award last July. That is the reason why leave and injury pay has gone up. And I would comment that a public holiday costs us some £13,000. So as I presume somebody is going to say sooner or later that July 29th is going to be a public holiday, well you know what the bill is going to be, £13,000!

The Honourable Mr Scott has mentioned the question of sick leave and I would like to speak a little on this point because it does look from the figures presented that there has been a 300% increase. The position was that last year in our effort to try and bring down the running costs of the PWD we put in a figure which was a little bit of a cock

shy for sick leave for workmen of some £70,000, but the previous year, in which both ordinary leave and sick leave were put together, they totalled £440,000. If you allow for the inflationary amount that should be added because of the wage award in July last year, that figure would have been some £520,000. So it might have been reasonable to put in £520,000 for leave and sick pay in last year's estimates. All we did put in was £400,000. So there was £120,000 less put in. In the event we came back and we asked for even more than that £120,000. Sick leave is an item that does worry us very considerably. Throughout the whole of 1980 we monitored it very carefully and I kept a graph and a chart all the way through the year: I kept what was called accumulative average of the days lost per man per week, and it was astonishing that from about the middle of the year to the end of the year, it kept almost a straight line graph at about .3 days per man per week. And this, I will be the first to agree, is not what we would like to see, it is far too high. We are doing our utmost to get this incidence down to a more acceptable level. We have already this year managed to get it down to an average of about .20, that is some 7% or 8% reduction. Not enough but it is an improvement. Most men have excellent records and they only take sick leave when it is really necessary, but sometimes it is better that they do get sick leave rather than come to work with the flu and infect everybody else. But there are exceptions and these exceptions must be weeded out and disciplined, or even if the circumstances so warranted dismissed. We are keeping a very watchful eye on this and we hope that with the figure put in this year we will not need to come back and ask for any supplementaries. Possibly, we hope, the whole of that amount may not be used up. We cannot under any circumstances afford to waste public money in dead or unproductive wood.

Now, Sir, item 16, the Purchase of Small Tools, that shows 100% increase but the reason for that is that we have negotiated an agreement with all our workers who need tools in the garage, in the pumping stations etc, that we will give them an initial supply of tools on loan which they will hand back when they leave our service, and which they will pay for should they lose anything. And it is that initial purchase of tools which is boosting this figure by an amount which makes it look as if we are spending double on the whole question.

The Maintenance of Highways: In this vote, Sir, one of the things that we will do in the course of the year is to finish off the walk-way between Catalan Bay and Sandy Bay. I did see a letter in the press not very long ago saying that this was an excellent walkway. I am very grateful to the writer that because of him PUD came in for a little praise for one of the schemes that they have done. I think when the walkway is completed it will be very successful. It will also give more space on the road so that cars can park and

not make it difficult for the pedestrian that wishes to walk along between Sandy Bay and Catalan Bay.

We are putting into the recurrent estimates Head 25, Car Parks, and this was previously put in the I & D Fund. We are putting it into the recurrent estimates and this year the car parks we intend to provide will be along Rosie Road which will finish off the pavement as far as we have put it and go right to the end of the road making car parks etc. We are also going to put a car park at Varyl Begg Estate, Winston Churchill Avenue and Moorish Castle.

Now, Sir, Head 39, the Collection of Refuse. As the House will remember I said at the last meeting, I think, that we had just negotiated a new pay deal with the refuse collectors under which they agreed to collect every day a further measure of trade refuse and bottles with their normal collection. Now we have a second collection service, a service which has basically been forced upon us by the public who really seem to be somewhat careless and somewhat unconcerned about the desire to keep Gibraltar tidy, and who put accumulations of rubbish at each and every street corners that they can possibly do so. This is very lamentable, Sir, and perhaps Public Works have been a little bit at fault by collecting all this rubbish because having collected it people say, ah this is a dumping area we can put our stuff down here and it will be collected. I feel that I cannot do more than deplore the irresponsible person who does not avail himself of the Public Works' telephone service but has to dump on the public highway his old mattress, his old bedstead, his old cooker, his old washing machine, etc. Now, that the workers in the service that we were giving have at the moment decided to take a measure of industrial action because they felt that they should get the same benefit as the refuse collectors, although Government does not feel that they are doing anything extra and that therefore those benefits should not be given. That is the reason why at the moment we see around Gibraltar accumulations of rubbish because these people are blacking the lorry service in the hope that we are going to accede to their requests. We hope that this will be solved soon but I would comment that I would like to see a greater measure of cooperation from the general public, not to throw rubbish and muck in the highway - I believe it is an offence though for some reason a lot of people do not seem to be taken to court about it - and there is the facility to ring the PUD and we will collect it from them. In the disposal of refuse, Sir, there is a substantial increase. This is because the amount of refuse is steadily rising. They say the amount of refuse that a city produces is a sign of the affluence of that society. Well, all I can say is that Gibraltar must be doing very well indeed because the amount of refuse has gone up from some 30 tons per day to something like 42 tons per day, and to be able to cope with this we are going to introduce a system of burning for longer hours and this will mean a double shift. It will mean employing extra men and that is one

of the main reasons why the cost in this Head has gone up. However, this will help us to attend to minor breakdowns in the plant more easily and will help to keep the plant in better conditions. We have just had a big overhaul, the first for seven years, and we now expect virtually untroubled service for the next few years.

Water supply throughout the last year has been I would say excellent. This is partly good work by the distillers, especially the VTE that worked for 184 days and produced 179,000 tons, an average over 71% efficiency. Once again I must praise my engineers who got this 71% efficiency when 3 or 4 years ago it was only working at about 35%. One of the features of the service, Sir, is that throughout the whole of the last year we have given shipping all they asked for. I think this is the first time this has ever happened. There was no rationing at all to shipping through the year.

I would like to bring to the Honourable Mr Scott's notice, since he is interested I think in these figures, that of our total water production for the whole year and our total production is estimated in the coming year of some 727,000 tons, rainfall is put down at 65,000 tons. This is less than 10%, I quite agree, but that is based on a rainfall of 24 inches. Now, Sir, this year we have only had some 8 or 9 inches of rainfall, 15 inches short, and since each inch produces about 2,000 tons, then we are some 30,000 tons short. That of course, apart from the extra water that we are not getting from the wells, is of course a shortfall of water which we have to cover by importation. Although the rainfall is only a small percentage it is a very welcome percentage especially as it costs very little. One thing that we did fail in the water section last year was to produce, as I say, sufficient rain, but though my colleagues don't know it. I put a token figure in next year's estimates for the provision of an African witch doctor who will come and do a rain dance if necessary! One thing, Sir, we don't know yet is the losses for the year, but the losses for the previous year was 16%, which is down from the 28% of two years ago, and I think this is a very respectable figure. We are checking at night on a very regular basis using sophisticated equipment and we are confident that we can keep it down for about this 16% figure. This compares very favourably with the Old City Council days when the system was only 1/3rd of the size and it compares extremely favourably with water supply systems in other parts of the world.

Now, Sir, turning to the I & D Fund I would like to read from the Honourable Mr Peter Isola's comments of two years ago and one year ago. Two years ago Sir the Honourable Mr Peter Isola had to say: "Can I be forgiven then, Mr Speaker, for expressing surprise at the Minister for Public Works when he tells us that he needs quantity surveyors, he needs draughtsmen. I don't know what all these people do because they only produce £2.9 millions."

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Well the year went by, Sir, and this time we had a great lot of talk from the Honourable Mr Peter Isola but he was commenting then that we had only spent £4.5 million. Well last year, Sir, we said in April that under my Heads of Expenditure we would spend £9m. And I am very happy to say that we have spent £8.45m or 94% of that. This is the best figures that we have ever had to date and in fact in all areas except the Comprehensive School we hit our target or surpassed it, and in housing which is something I know is very dear to the Honourable Mr Scott's heart, we improved over the estimate by some £700,000. I think, Sir, the whole of the PWD staff have to be congratulated especially those who have to deal with the Development Programme and perhaps we will get from the Honourable Mr Peter Isola that all these people have done something for their money after all.

Now this year, Sir, we plan to spend again some £8.5m in my section of the I & D Fund. I say my section because the electricity and telephones doesn't come under me and they will be spending some £6m or £7m. But of the £8.5m we had some £3.7m on Housing, some £3m on Schools and we have cut currently under construction or modernisation some 203 houses. This does not include anything of course for the new development programme which we hope to get from the United Kingdom later this year to cover the next 3 or 4 years. One specific feature I would like to point out in this is that we have put £100 token, Sir, for the renovation of the tower blocks. This is a scheme which will total about £1.5m and it is planned to make a start in the autumn of this year on a trial basis to see how it goes. And also this year we will see the majority of the new roofs being provided at Varyl Begg Estate. This will alleviate a number of the long suffering families there especially those in the upper floors who will no longer have to play with stalactites coming down from their ceiling and the inherent difficulties they have had with the water penetration.

Other features this year, Sir, which I will just mention briefly; the Air Terminal the tender for which will be awarded within the next month and work will start the month after that; investigations at Jayside School so that we can expand the school; the provision of PWD vehicles and plant because we are moving closer to the desired aim that plant and vehicles should be replaced when they have come to the end of their economical working life. I know there are one or two people in my garage who are very proud that they have a lorry on the road that is 22 years old but unfortunately it takes nine months work to get it on the road for 3 months. That is not economic and it is better to dispense with it.

This year Sir we hope to move to the new PWD stores which

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we are getting from the MOD. We are just on the point of handing over our cheque in payment for it and we should have the new stores available to us within the next few weeks.

Another item which we have put into the I & D Fund is a provision of £5,000 for a study of urban development. This will go hand in hand with the new City Plan. We are in contact with the Oxford Group of Urban Development and they will be coming out and giving us the benefit of their deliberations and ideas. The first areas which we wish to develop is the Cornwalls Lane, Sell Lane area, especially the old Command Education Centre area. Another item that we hope to do this year will be to put in comprehensive fire precautions at the St Bernard's Hospital.

So all in all, Sir, we hope to spend, and I not only say we hope to spend, I think I can say based on last year's efforts, that we will spend the £8.5m and we will keep up our I & D Programme and possibly expand it even as we did last year in coming for supplementaries when we were working faster than usual.

As I have already said Sir when the Committee Stage comes I shall be happy to give any details, any breakdown, that the Opposition may require of the specific needs. I know that I have said on two previous occasions, Sir, that the P&D is a department which serves Gibraltar and serves other departments: I think we give good service at least 99% of the time and that will continue throughout 1981-82, Sir.

HON W SCOTT:

If the Honourable Member will give way before he finishes.

HON M K FEATHERSTONE:

I will give way Sir.

HON W SCOTT:

It is because having asked him to give way twice throughout his speech I didn't want to do it a third time, I wanted him to continue without any further interruption. In fact it is really a point of clarification. If the Honourable Member will confirm in fact that the figures when he was talking about sick leave, the figures that he mentioned was .3 leading on to .28 but was it per day per man?

HON M K FEATHERSTONE:

Yes it is .28 of a day per man per week. In other words in every week's work a man takes .28 of a day's sick leave.

HON A J HAYNES:

Mr Speaker, if one examines the Estimates in the light of the three precepts of the economics as proposed by the Honourable Mr Bossano last year, one looks at the Estimates in the light of the targets for economic growth aimed for by Government, which target is to stimulate and create wealth; secondly one examines the fiscal policies of Government to raise revenue; and thirdly the social programme or Government policy for distribution of those monies. If I was looking for a target for economic growth in the policies of Government, then only one thing that springs to mind is that the only thing that gets bigger every year is Government. The Government machinery expands relentlessly. I think it would probably be fair to say, therefore, that Government is the major target for economic growth. And that is perhaps why the Chief Minister's statement this morning sounded rather like a tourist brochure. He was selling his Government, his marvellous success story to encourage people to come and spend money or support his Government. And not only do we know that the target is for economic growth i.e. Government, we also know what the target aim is, that is the £2. something or other million surplus in the Consolidated Fund which I understand from the far better predicting powers of my leader, is an understatement. An understatement which could well be dwarfed by the Consolidated Fund surplus at the end of next year. Then one must ask whether this surplus in the Consolidated Fund will stimulate and create economic wealth in Gibraltar. I see a Consolidated Fund of some buoyancy has advantages in that, one, it provides for political stability, a kind of bargaining power of strength which it is useful for any Government to have, and we have heard today of the undoubted benefit of a small surplus we had as used by the Chief Minister. But the Consolidated Fund surplus must be analysed in the circumstances in which it is raised. I think if one examines this surplus it can be seen to hold many dangers. If the surplus proclaims Gibraltar's wealth, we may be thought of as actually wealthy and as such this may well affect our Overseas Development Aid. England may well take the view that we are rich enough to support ourselves. I am sure that if we can do without this kind of fiscal support that is perfectly acceptable. And if one looks at pages 98 and 99 of the estimates, especially 99 one sees, housing, and the vast majority of the sum for the programmes originates from Development Aid Funds. With the exception of Veryl Begg and one other small project we are depending on those monies and

yet surely if this surplus puts the GDA money at risk then we will not be able to look to Her Majesty's Government for financial support, we will be depending on ourselves. So then one asks oneself, does the surplus really mean that we are wealthy. And in order to analyse this surplus one must examine the second precept, the fiscal policies to raise revenues. I think the primary fiscal policy is direct taxation. And this is where the DPSS take most umbrage from the Government. It is only fair to have direct taxation as the mainspring of an economy but this must not be abused, it cannot be the source of wealth, the addage of the goose that laid the golden egg springs to mind, the golden egg would be direct taxation but if you kill the goose you lose everything. If you abuse direct taxation you are not achieving wealth. And again as the last year I would refer the Chief Minister to his Ceremonial speech in February of last year in which at page 7 he said: "I have talked 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 monies which the public itself makes available through taxes. If more has to be spent then more has to be provided". The Chief Minister thus pays lip service to the origins of Government's wealth. But he does not pay genuine heed to the meaning of those words. I believe we have no right to enforce abuse in direct taxation. Harsh taxation is not going to produce wealth. And when we have severe direct taxation the tax payer feels that he is working for Government and this is not the way I believe one should raise a surplus. A surplus I believe should come about as a result of good husbandry: it should be the genuine surplus of wealth. And as such if we do create a surplus at the expense of the taxpayer, however many advantages the Government of the day may have as a result of this surplus, they may well regret the day they ever raised it. This of course is another aspect from that which people feel generally the antipathy they feel at not being able to spend their own money. If we are not the masters of our own earnings, if Government is the master then we must look to Government to see what we are actually getting for our money. And it is particularly important where we have a Government that continues to grow.

I am grateful to the Chief Minister also in his statement this morning in that he has informed us that we pay 10% more tax than the UK. So it would be fair to think, therefore, that we get 10% better service than the English taxpayer. I don't think that is true, and if one looks at just some of the services, if one looks at housing, can we say that the Gibraltarian is getting a better service than his counterpart in England. If one looks at expenditure for housing on page 37 of the Estimates, this does not of course

tell you how much money is being spent on housing it just tells you generally about the Housing Department. What I feel is that if this department as such can have a personal budget of £1.1m then surely it has enough money, has enough staff, to publish a housing list. I have already offered in this House to do my own research into the housing list. I believe that if Government, as the Chief Minister said, is using the money that belongs to the electorate, they should also provide the electorate with the housing list which will ensure that Government is seen to do justice. It is not good enough just to be fair in the allocation, one must be seen to be fair.

I don't see how the Minister will argue with any coherence that there isn't enough money and that there isn't enough staff to publish a list but I hope he will turn his attention to it. And if one looks at the actual housing projects in hand, again at page 98 and 99, we have an overall figure of £37m spent on housing, which is an increase, and, therefore, an improvement, but when a great deal of that money has been spent on the Varyl Segg roofs, on the Tower Blocks renovation, and the rest has been spent on projects, which though they will provide housing will not be of a major or substantial nature, one can continue to ask Government: is this enough? We would like to see on this side of the House a larger scale in the housing programme. It is not enough just to have modernisation, renovations and musical chairs. That is just trying to fit everybody into a car where they cannot fit. You have to provide more housing. And Government is forever being bogged down in small schemes. One good example of that is Woodford Cottage, where time money and effort seem to be of no avail.

So there is no point in just spending large sums of money, one has to spend money on projects which will actually provide a service, and where Gibraltar really needs Government's help today is in housing. But generally, by the same token as housing is not being catered for, one can look at other aspects of Government's work, and it is important to look at these other aspects because Government will always say that the housing problem in Gibraltar is unique. It is impossible to cater for; we are doing our best, but if in other areas where it is not an impossible task that they are facing, they still fall short, then one can question the validity of that argument that the Gibraltar housing problem is insoluble.

One looks at tourism. The Financial and Development Secretary like the last year remarks on the increase in arrivals at Waterport, arrival by sea. And last year on this side of the House we complained bitterly about the services offered to tourism, the facilities provided by the Waterport Arrivals Hall, and Government took heed. And

what did Government do, they just gave it a lick of the paint. They did one or two other things but they still have not provided an arrival hall of international status, nor one which is worthy of the tourism that comes this way. We are getting an increase in arrivals and they must not be put off by initial bad impressions. And the same way the Government were prepared to do something last year, I urge them to continue and to improve that area.

And this of course ties in with the Port generally where the cruise liners still have no facilities on arrival. And I think a small initial start would show Government that such monies spent on that area would be well conceived. And I find it alarming that the Port is not doing as well as it did last year when as the Financial and Development Secretary said the port is a very important feature of our economy. But I feel that I am unable at this stage to really discuss the target aims for the port without the benefit of the Port Study. That report I had hoped to see before the budget and I had rather banked making submissions on the strength of it. Unfortunately though we know the study is out we have not yet seen it, though I would say that since it has been ready for some time certain suggestions or recommendations on that report have filtered through to us, and in this particular sphere it is rather distressing to hear that one of the recommendations state that private businesses in the port should be moved out. We are not certain whether this is true or not, we do know, however, that enlargements of this nature once taken after the report had been commissioned and which in our opinion shows either a lack of confidence in the report, or

HON A J CANEPA:

If the Honourable Member will give way. No land, no sites, were given by the Government after the report had been commissioned. Not after the report had been commissioned. Undertakings had been made, commitments had been entered into, before the report was commissioned. The report was commissioned after I became Minister responsible for the Port and I have not given anybody, I have not asked the Government to give any sites, to give any accommodation in the Port to any private interests.

HON P J ISOLA:

Mr Speaker, I think the Minister, I cannot recall when, we did have some debate in this House on this particular aspect when we asked Government why were they giving land. It wasn't just at North Mole, it was somewhere else, if I

remember rightly, at the old Queens Stores when they were in fact asking us to vote monies. Is the Minister saying that they were commitments undertaken before.

HON A J CANEPA:

There were commitments that were undertaken by the Government before the report was commissioned.

HON A J HAYNES:

Be that as it may, Mr Speaker, it is nevertheless regretted by this side of the House that we are not in a position to comment on the Port with the benefit of that report.

To recap, Mr Speaker, I was directing myself at the kind of service which the taxpayer gets for his money. And if one is of the view, as we are on this side of the House, that we do not get a particularly good service, then we must ask ourselves the question: why? And I think here the obvious answer, one which I think would be accepted by the Government, is cost-efficiency. But it is on this same point the Government rather confuses me. In the first instance they are here asking for more money, but at the same time we have the Chief Minister's speech of this morning in which he measured his words in no uncertain manner and he has read the riot act to those civil servants who do not pull their weight. The implication is that there are civil servants who are not.....

MR SPEAKER:

Not civil servants, Government employees.

HON A J HAYNES:

Well, Government employees. Again another apparent admission of the lack of the cost effectiveness are the expenditure cuts of last year and for this year. These are implied admissions of previous inefficiency, previous inefficiency of this self same administration. And since we do belong to the same administration, they rather invite the question: does this inefficiency continue? Can we have confidence in this administration to ensure that all the cuts that can be made are being made? And again further in this sphere we have the enquiry into the Public Works Department and the intended enquiry into the Electricity Department. Again, as stated by my friend, we have to regret that we are not in a position to comment on the Public Works Department as fully as we would have wanted to since we do not have that report either. It is

unfortunate that this lack of information comes at such a critical stage in the political history of Gibraltar, which is at the budget session. But nevertheless without these reports as to efficiency we are asked to accept these increases in finance. And then one comes to the third precept, the social programme or Government policy for the distribution of the revenue raised.

On this side of the House we have campaigned or crusaded for a better view for the elderly pensioners. The pensioners are still not being treated in our opinion as well as they should be and we hope that one day we will succeed. Unfortunately of course there may not be those pensioners around whom we had in mind to benefit. On allowances generally, we would like to see more money going in that direction, but I am sure my leader will have more to say on that particular point.

As to the Port we would like to see that report, we would like to see that area being made a target for economic growth, as we would like to see tourism being made a target for economic growth. I think it is important to remember the revenue raised from yachts visiting Gibraltar as well as the revenue raised from tourists who come by sea from Africa. Those are not, it would appear, encouraged in our estimates. And of course as I stated earlier my particular concern for distribution is in housing.

We would like to see a lot more money going into housing or a lot more houses being built. And I will stress that there are a number of homeless people in Gibraltar. Perhaps under the legal or technical terms as stated by the Honourable Minister for Housing they are not homeless, but you tell people who are living on the streets that they are not homeless and they will laugh. The distress is particularly noticeable in the youth of Gibraltar, the young married couples, who unfortunately have the worst deal. It is our paradox that the older members of our society have the advantage of our rent restricted flats when they earn more money and the youth are on the whole not so fortunate as to have rent restricted flats, they do not even have Government flats, they are obliged in our society to live with their parents, their parents in law and this is not a natural way of life. I think the percentage, though I don't know the statistics, of married couples who live with other people must be higher in Gibraltar than anywhere else because the alternative to living with your mother-in-law is to live in what can best be described as a hovel. And on this particular sphere I would make a note of the Family Care Unit who give a good service but who are overworked, and that again is proof of the distress in our society. Where we need more people to research into the social complaints of the young married.

And so where does all this money go, what is the social programme for distribution of this Government? They seem to have all the right aim, education, housing, anything you say is needed or worthy they say we sort of support, but where does all the money go to? This is where Mr Bossano comes in: he says we always cribble about whether we would be more efficient than you but I find that there is that much of an ideological difference, how can there be, between us and the Government of the day when it comes to housing. Of course all parties will agree that housing is of great importance and the Government has a very onerous responsibility in that sphere. The difference is in who can do it better, cost-efficiency. But it is nevertheless. This is where Mr Bossano goes wrong. A target. I shall be delighted to hear what he has to say.

I think to sum up on the three points, or the precepts of the economic policies, of the target, the revenue raising measures and the distribution, one can say as a target: is Government revenue raising measures, is taxation and distribution, 10p for £1. The Honourable Minister for Public Works has said "charity begins at home" and he was only too right. Charity in Gibraltar begins with the taxpayer's pocket. You give out £1 and you get 10p back in services. And as a last point; and I make this point not to infuriate the Government Ministers, the last time they started in dismay and said various things, why do we have more investigation into alternative energy sources, and these are solar energy, gas, anything else. There are a number of potential sources which I think we would be foolish not to explore. I am not an expert in these spheres, but certainly last year I was not as the Honourable Member Mr Featherstone suggested when referring to gas or electricity, inviting him to go and cycle down at the Generating Station, as he suggested, I suggest this question of alternative energy, especially in the light of the Financial and Development Secretary's speech as to oil which is a recurrent theme in every budget, is something that must be enquired into.

And to finish off, Mr Speaker, I would ask the Financial and Development Secretary at a later stage to perhaps give some closer indication as to what Government has involved itself in with captive insurance companies and what will this mean to Gibraltar. Thank you, Mr Speaker.

HON MAJOR F J DELLIPIANI:

Mr Speaker, when the Honourable and Learned Mr Haynes

got up and started talking about finances I thought he was going to inspire us with real new methods of raising revenues and improving the financial situation of Gibraltar, but he has added nothing and has contributed very little to the financial side of the debate. He then got on to his hobby horse which is housing and which is the concern of everybody as he rightly said. Housing is the major problem of Gibraltar. I think the Government is fully aware of that, but the Government took a decision at the last Development Aid Programme that education should be given priority. Education took the biggest chunk because we have the situation of the Girls' Comprehensive School being sited in five different buildings and the girls deserve as good a school as the boys or even better now. That is the situation why the housing situation has not leapt forward as much as we would have liked to, because we spent something like £6m on Education and new buildings for our school. Housing still remains the major social problem in Gibraltar but I do not share the view that Mr Haynes shares that housing is solely the responsibility of Government, that Government will be the ultimate authority who will solve the housing problem. I think that housing has become so expensive in Gibraltar that it is only through a kind of partnership between Government and encouragement of private developers that we will be able to improve the housing situation in Gibraltar. And we are now getting into a position where, and I know I will be criticised, our young people who are married and both couples are working and are earning quite a considerable sum of money, can become, given the right mortgage facilities, can come into a situation where they can afford to pay for a house which they will eventually own themselves instead of paying the high rents that some of them are paying now. This can only be done between a partnership of encouragement between Government and private development. To pass the onus completely on Government is a very very very long term process indeed. If we want to make short cuts it must be a question for the private developers and Government. And we must in this connection encourage people in home-ownership, that is one of the first steps. However much Woodford Cottage has been criticised the fact remains that seven people are going to be housed. And we are not going to have to pay the maintenance costs of those houses. That is an important element because the biggest millstone that housing has in Gibraltar is the maintenance that is required, and the more you encourage private ownership the less that millstone will encumber the financial position of Gibraltar. That is the crux of the matter, it is the maintenance that our housing stock requires.

Talking now of the EPP, the Elderly Persons Pension

Scheme, which is the hobby horse of the Opposition: is a marvellous vote catcher, but it is a non-starter. Just because you are old it does not mean that you are poor! The Honourable Mr Restano quoted cases of the rates being so high now that it has eaten up their pension etc etc. If there are people that he knows that are paying too much for housing, and are suffering, then we have the means to subsidise those rates. Let him bring forward names and cases of people who are deserving of having their houses subsidised, and the Government will look into it, because we have that scheme to do that. But if he thinks that because you are old you are poor then he is wrong. I can tell you of many young people who are poorer than lots of the old people that he is talking about. Let me make it quite clear, the privilege of being old does not mean that you have got to be treated better than anybody else irrespective of whether you deserve it or not.

HON P J ISOLA:

If the Minister will give way. That is not the point. The Minister has heard debates here often enough. The complaint on this side of the House is that people in receipt of one state pension are being forced to pay taxes whereas recipients of two other state pensions don't, and they are not necessarily poor because they are in receipt of pensions, they can be rich as well. That is the point. Perhaps the Minister will direct his mind to answering that point of principle.

HON MAJOR F J DELLIPIANI:

The principle is that in the case of the other two, they have contributed. We have in fact made allowances for an increase in the Elderly Persons Pensions for next year in January, and this will be reflected in the Estimates. An increase in the order of 17%. But let me assure the Opposition that Government will not change its mind: it is a Government decision. It is up to them to carry on with their slogan and their campaign for the next three years.

The Honourable and Learned My Haynes mentioned the question of the Family Care Unit of Gibraltar. We are aware it is understaffed, we have made provision already to increase it but again it is something very similar to the apprentices. If you train an apprentice you have to have a craftsman to guide him. It is no good employing 10 or 15 trainee apprentice social workers and not have the persons to guide them initially. Because it is no use bringing the most

expert social workers from UK to Gibraltar because they do not know the conditions of Gibraltar and you will have to have an interpreter as they go round the districts of Gibraltar. So the question of welfare assistance, welfare care, we have improved the situation and we will monitor the situation and improve it and progress it slowly. My policy in all my departments is to move cautiously. It is better to achieve your target slowly and on sure grounds than to create monsters which because financial situations might change, like they have in England, and you have cuts left right and centre which cause great traumatic experiences like they are going through in the UK. The Government's policy is to go cautiously but surely in the direction of social justice. And we are achieving social justice and our social insurance pensions scheme is among the best in Europe.

On the question of energy which Mr Haynes keeps mentioning, bigger countries are spending millions and millions of pounds trying to solve this problem and they haven't solved it yet. We are dependent on diesel for our generators and it is a fact that at the moment it is the only reliable and cost-effective means of producing our energy. And when we talk about energy I am talking specifically of electricity because solar energy will not produce electricity at the moment. Wind energy, the latest costing to give you about 3 megawatts would be £5m and you would have to have a guarantee that you would have a steady wind of 30 knots. If the Honourable and Learned Mr Haynes can tell me when we have a condition of a guaranteed average wind of 30 knots every day then I am sure it might be worth spending £5m.

The other means of energy are still at very very very early stages and until you can produce electricity directly from solar energy our situation will remain the same. We have made provisions for the future - and I am talking of next year - which will be very stable indeed. We will have enough energy resources for any future development.

Talking generally on the social services and the accusations that the Honourable and Learned Mr Haynes has made about what do we give back in respect of social services, that we only give back 10p, well I don't think that he has looked at the Estimates. Forgetting about Public Works Department which seems to be the hobby horse of everybody, look at the question of the Medical and Health Services, look at the question of the Labour Department and look at the question of the Education Department and see at the back in Appendix G just how many of our youngsters are studying in UK, and I challenge anyone who can tell me of a little town of this size who can have that number of youngsters receiving higher education at the expense of the taxpayer - of the 10p!

I am sorry, Mr Speaker, but every time the Honourable and Learned Mr Haynes gets up I get the impression he is making his speech for the next general elections. The next general elections are three years ahead. I would have expected his contribution to be on what we are talking about - the Estimates of this year - and he hasn't contributed anything except criticism. I don't want criticism, what I want is concrete suggestions and I will gladly accept them.

Mr Speaker, in conclusion, and I have never talked so much in my life before as I have done now, I would like to mention that in Education this year we have improved in capitation, we have improved in the pupil to teacher ratio we have been improving on our Youth and Careers Office, we have made great strides with the adventure playground which has become a terrific boom and the amount of children that are taking an active part in the adventure playground is fantastic. I think what is important too is that we are slowly making progress on the question of nursery provision, because here is what I think to be an untouched source of income for Gibraltar, and that is to encourage our womenfolk to work, because if more of our own women who are married go to work that money will stay in Gibraltar, it will not go away to Casablanca or to Madrid or to Barcelona or to Lisbon. The money that is earned by Gibraltarians stays in Gibraltar and we are taking a small step in improving our nursery provisions in order to encourage more of our Gibraltarian wives to work for Gibraltar because we must become as much as possible self-sufficient in our own labour force. The less we are dependant on outside influence the better it is for Gibraltar. The more that our own people earn in Gibraltar the more prosperous Gibraltar will become because as we all know Gibraltarians are big spenders.

Thank you, Mr Speaker.

HON A T LODDO:

Mr Speaker, once again it is budget time and again I must look at this budget with the ordinary man's point of view. I cannot wait to hear the Honourable Mr Bossano make his contribution. It is always worth listening to as an economist that he is. But I again tackle it as an ordinary man. The budget for an ordinary man poses two questions. What is going up and what am I going to get in return? Well, what is going up at the moment we can only guess; what do we get in return? Well, if we look over last year we can see that we didn't get any return.

The question of telephones. The Honourable Dr Valarino is very happy with the Telephone Department. The Telephone Department from what I have seen in the draft estimates is third in the departments for overtime as a percentage of their salaries drawn. And yet one hears comments in town and they are never very complimentary, in fact the most complimentary is that our operators must be very very polite because they hardly ever answer back as anybody who tries to ring enquiries will find out!

On the electricity situation one is tempted to say, the least said the better. I am tempted to say that, but I feel I must say something. Again the ordinary man in the street was led to believe that the skid-mounted generators were going to be the panacea until such time as we had the new generating station operational. Well in fact that has been proved not to be the case. One sneeze from engine 13 and we are all in the dark.

Sometimes, when listening to Ministers I get the impression that they have lost touch with reality because the reality is that our telephone service leaves a lot to be desired, and our electricity department leaves a lot to be desired. And I think it is going to be longer than one year before we are in the happy position the Honourable and Gallant Major Dellipiani said we would be. I notice in the Estimates again that the repayment to MOD the electricity consumed is in cash. There was a time I believe when we used to repay in kind. But now we cannot produce enough even for our own demands let alone pay the MOD when we have to borrow from them.

I was glad to see in the Chief Minister's address at the beginning that the budget has been framed without any consideration to a possible opening of the frontier. I like that. I really do. I think we should always look to Gibraltar and try and see our problems here and how we can best handle them without outside forces or influences. And so I am surprised, that of the £1m which this House was asked to vote at panic station time last year after the Lisbon agreement, this £1m we were asked to vote for a possible opening of the frontier and the control of traffic, and the flow of traffic, that we have in fact used very little of it and that though traffic lights which were supposed to go up haven't gone up, they haven't even been ordered. Please let us get our traffic problem sorted out before we are driven to another panic station. Because I believe that the day the frontier opens, as it will one day, we are going to be given very short notice, and we will all go into a flap again. If I may make one little point: the Honourable Major Dellipiani is quite keen to call all we touch upon individually at our hobby horse. However, I would rather have a hobby horse than a

white elephant with which the Government seems to be saddled with two: one is the sand quarry and the other of course is Tank Ramp. The hills cannot be used by cars either up or down, we do not know when we are going to get that into use.

Education. I welcome something which is not shown in the Draft Estimates, but I welcome the apparent betterment of relationships between the GTA and the Government. There seems to have been a smoothing over and I am glad for everybody's sake and not least of all school children. However I hope that these good relations will not be soured over this little question of eligibility. And I also welcome the increase this year in the education vote. When I first got the estimates I was overjoyed then of course, then when reading through it I realised that the Honourable and Gallant Major Dellipiani, Minister for Education, in trying to reach his target slowly adopts the two steps forward one step backward system. In fact increases which we have been given this year are all but eroded by inflation. For the last two years the vote on equipment has remained static. No allowance has been made for inflation, so that now when we do get these increases we realise that in fact it is only to keep up with inflation. I wonder if in fact it has been forced upon the Government so that they can actually just keep up with buying the equipment and books that are absolutely essential. However, I would like to be fair and think that in fact it is a changed Government policy on the question of education, and if it is that I welcome it wholeheartedly.

There is something else I would like to congratulate the Government on. I imagine this may come as a surprise, but, yes, it is on the question of the adventure playground. I pass that area frequently and I can vouch for the fact that it is very well patronised. And I am sure that the Government now would like to thank us on the Opposition for having made them see the error of converting that into a bus park or a lorry park. They must be quite happy now that they paid heed.

Finally, Mr Speaker, I will touch briefly on sports, and here I notice that the expected revenue from the Stadium of £21,000 last year actually dwindled to a mere £4,000. Well, we all know why that happened, although I see again that the Minister for Sport is having another crack at it and hoping to get over £14,000 this year. What I notice again with a bit of apprehension is that the donations to the different sporting bodies is again left at £12,500. Again there is no provision for inflation. On the other hand, one could interpret this as being a rep over the knuckles for having been naughty boys, and not having conformed to the Sports Committee as envisaged by the

Minister. If that is the case then I am afraid that here the Government is being mean and childish.

I know that when one goes on you are told that you like the sound of your own voice. Funnily enough I do not like the sound of my own voice. And yet when one doesn't speak for any length of time one's intervention is called brief. Possibly this has been one of my longest interventions, Mr Speaker. I thank you and the House for listening so patiently and without interruptions.

HON A J CANEPA:

Mr Speaker, I am one of those persons who believes that Government does not have all the answers, but listening so far today to the contributions of members opposite I am even more convinced of the fact that the Opposition has even fewer answers. I wonder if they even know what the questions are let alone the answers. I am very disappointed, Mr Speaker, at the lack of any broad theme, the lack of development of any broad theme in the interventions of members of the Opposition who have spoken so far, and I would very much hope that one of the remaining three speakers on the Opposition benches will attempt. The Honourable Mr Bossano at the moment sits on the Opposition benches, in due course no doubt he will be making a contribution perhaps from this side of the House.

I am sure that year after year we convince him more so by our performance as to the right course which our political, financial and economic policy are taking. But I hope very seriously that some attempt will be made from the opposition benches to give this debate some direction, because I think it doesn't have any. I am particularly disappointed at the opening speaker, from the Opposition benches the Honourable Mr Restano, who is something akin to a financial adviser for the Opposition that he did not himself attempt to lay down a theme that others could speak to. I am doubtful about Major Peliza. I usually find myself during a budget debate speaking after him and having to answer for everything that he has said going back to 1969. On this occasion I have decided to leave that to my Honourable Friend Horace Zammit and I hope that he may have an opportunity to answer Major Peliza.

HON MAJOR R J PELIZA:

If the Hon Member will give way. Mr Horace Zammit being responsible for tourism and I being his shadow he would like to make his contribution first so that I can least answer his policies.

HON A J CANEPA:

This is why we find ourselves running out of Ministers.

HON MAJOR R J PELIZA:

You still have plenty more.

MR SPEAKER:

Order, order.

HON A J CANEPA:

But I do hope that someone will try to bring some order into what I would call apparent madness.

Last year I remember Mr Restano distinctly saying that he could find no justification: "I don't think that there is any justification for having such a high balance in the Consolidated Fund." That was last year. I am sure those remarks apply even more so this year. But there is justification. And justification is to be found in pages 19 and 20 of the excellent introductory statement of the Financial and Development Secretary. And I would remind him briefly of what that justification is. First of all that account has to be taken of outstanding bills which can form a significant proportion of the Consolidated Fund as is the case now. There are about £2.4m outstanding in spite of efforts to catch up on arrears, and I refuse to mention which is a sector of the private sector which is a very important defaulter in this respect but they are people who are clamouring for assistance. The other consideration is the relationship between the Consolidated Fund Balance, the Public Debt, and the Public Debt Service Charges. The public debt is going to be some £24m. It is a colossal

figure. And the only way that the Government can aspire to credit worthiness is if it is in a strong financial position. There is no other way that the banks are going to be lending money to the Government. So there is definitely justification. There is political justification, what is more, which I will come to in a moment in taking up a point made by Mr Haynes.

Mr Restano spoke expressing disappointment at the fact that last year the Government under pressure from the Opposition had not agreed to an increase in personal allowances as proposed by them of £200 and had only had £100. I have no doubt, Mr Speaker, that later on in these proceedings we are going to have the same bleat again. The Government will reveal its income tax package and the Opposition will be disappointed. If the Government is giving X they will say you should be giving X + X, at least X + X.

He also made the point regarding elderly persons whom he said are paying as much in rates as they get from their pensions. I am surprised that these people do not apply for rent relief if that is the case. But then of course it could well be the case that they have other substantial income which may put them above scale as far as rent relief is concerned. But if the Honourable Member has any concrete cases that he knows of he should advise these people and they may be entitled to rent relief, and they should go along to the Housing Department and apply for rent relief, because rent relief covers the element of rates as well.

Now, Mr Haynes said that with regard to having a very large surplus in the Consolidated Fund balance the British Government may well turn round and say: you are too well off, you don't need any economic, any development assistance from us. To score a debating point I would say to Great Britain that is only they tax themselves personally as heavily as we have been doing ourselves for some years, because personal direct taxation has been very high in Gibraltar and is very high at the moment, if only people in the UK suffered as much in direct taxation then the financial position of the British Government would be as good as ours if not better. But the fact is that they don't. The fact is that the Conservative Government has been reducing taxation except that this year they did not honour a commitment that they went into last year when allowances were going to be index related by law and then of course they do a U-turn and they pretend that they haven't done that. But that is an answer first of all. The second answer of course is that

we should never allow ourselves to be in a weak financial position because then we are subject to political pressures, political which may have something to do with the development programme but which might have something to do which is much more serious than any development programme and that is against the context of any future negotiations about the future of Gibraltar. That is a point we should never lose sight of. We have got to be strong financially, we have got to be strong economically if we are going to be strong politically. I think we have got an answer on the development programme. Distortions have been introduced into the economy of Gibraltar as a result of 11 years of economic siege. I think the British Government will accept that, and I am very hopeful that we are going to get very substantial development aid. We will have to take into account Britain's difficulties, we will have to take into account the cuts that they are having in Overseas Development Aid, but I think that we shall do pretty well. I am confident that we shall and we are in a position to supplement with our own efforts. We can say to Britain, look, we have been taxing ourselves, we are doing our bit now you help us to remove these distortions in the economy so that we can take advantage of the boom that is expected when the frontier opens and also so that we can carry on a substantial housing programme that will eradicate, that will put right, what the British Government failed to do in pre-war days. Because nothing was done about housing and that, is the legacy that successive Governments of Gibraltar have had.

My Haynes said that the Government has no right to tax. The Government has a right to tax. The Government has a duty to tax. Let me tell Mr Haynes that there are in fact constitutional safeguards in this respect, because if ever you had a Government that did not have the political will to raise taxes as they should be raised in a given situation, as we found ourselves two years ago when we only had, what - Mr Isola worked it out in his little computer - six days was it? five days of working capital? against that situation if you had an irresponsible Government that was faced with a general election and was not prepared to raise the necessary taxes, there are constitutional safeguards, and they are reserved powers in the Financial and Development Secretary and in the Governor to put that right. But in any case, in any case, I think the Government has the duty to raise taxation commensurate and to meet the social policy which it intends to implement and which it may in all probability have been implementing over the years.

We have been very progressive in the social services. Our medical services, our education, our social security, are second to none, and that has got to be paid for, and the way that it has to be paid is through income tax, because income tax is the fairest means of taxation. Those who have more pay more and that is how it should be.

That is what distribution of wealth is all about and this is something that we have entered into in electoral commitments and we do not shy away from it.

Mr Loddo said that he was rather pleased at the fact that the Chief Minister had said that no account had been taken in the framing of this budget of the opening of the frontier. If he will read over last year's Hansard he will find that his Honourable Colleague on his right, Mr Restano, that his Honourable Colleague on his left, Major Peliza, and his Honourable Colleague and Leader on his left, Mr Isola, criticised the Government last year when we came to the House eleven days after the signing of the Lisbon Agreement for not taking any note of the opening of the frontier in framing last year's budget! Now, what sort of consistency is that from a junior member of the Opposition benches.

HON P J ISOLA:

If the Honourable Member will give way. If he would cite that to me I will be very pleased to hear it, because that is a distortion that has been put on the Opposition stand on the budget last year by Government Ministers.

HON A J CANEPA:

The Chief Minister will have something to say about that. But I was reading yesterday afternoon. I read through the whole of the Hansard speeches of the Members that I have mentioned and that was the theme running throughout. But of course Mr Loddo may have forgotten about that.

HON A T LODDO:

Mr Speaker, I have not forgotten about it, but you see I took.....

HON A J CANEPA:

You disagree with them then.

HON A T LODDO:

I was being consistent, I didn't say that last year. I hold my own views possibly a bit more extreme on the question of our dependence on Spain.

HON A J CANEPA:

Now, Mr Speaker, I am glad that I am in a position where I have answered those who have spoken from the Opposition benches, because I am sure that if I had stayed behind to listen to other members I probably would have had many more notes taken down and many more points to bring up, and I am glad I am in a position where I can deal rather more positively with those matters which are my direct ministerial responsibilities.

It is just over a year ago, Mr Speaker, that I took over responsibility for Economic Development, for the Port, which is inextricably taken up more so these days with economic development, and responsibility for Trade. And in so far as the economic development is concerned this is very much for me an opportune moment to inform the House on the three major areas of development, firstly the progress which has been made on the 1978-81 Development Programme; secondly, the preparations for the next Development Programme, including the Government's development strategy for that period; and thirdly the Government's approach to development in the private sector.

It will be recalled, Sir, that the 1978-81 Development Programme envisaged expenditure of around £28m of which it was assumed that some £14m would be financed from local funds. The aid allocation of Her Majesty's Government for that period was £13m of capital aid together with £1m for technical assistance. The position today, Sir, is that whilst the ODA commitment remained at the ceiling figure of £13m the Gibraltar Government's contribution has now increased to some £20m. And in the past the relationship between actual and planned expenditure of aid funds in the Development Programme had been disappointing and slippage

had on average been around 35% of the original allocation. In so far as the ODA contribution is concerned the carry over figure for the current programme is in fact put at some £3.7m, or around 25% of the total allocation. This in fact represents the lowest ever figure of financial slippage on any Development Programme. Moreover if we take account of the fact that at the 1978 talks it was already anticipated, it was already well known, that there were going to be slippages on the major projects in the programme, namely the Girls' Comprehensive School, then the result overall is even more heartening and especially in respect of other projects. This improved spending programme confirms the Government's ability to cope more effectively with its development plans and I think that it augurs well for the future. I would like to refer now specifically to some of the more important areas of the current programme.

Insofar as Housing is concerned planned expenditure on Housing has been more satisfactory than in previous programmes, but I will admit that physical progress has still been disappointing. Expenditure on Housing under the current programme is around £9m, and this includes a carry-over of around £3.4m. Since 1978 a start has been made on a total of 323 houses of which 180 units have already been completed by March 1981 with a balance of about 140 units under construction.

HON MAJOR R J PELIZA:

Is this modernisation or new houses?

HON A J CANEPA:

Modernisation and new houses.

HON MAJOR R J PELIZA:

Could he say what number are modernisation and what number are new houses?

HON A J CANEPA:

No I haven't got those figures, perhaps in committee that information can be provided.

It must be recognised, Mr Speaker, that progress on the housing programme has been severely constrained by a variety of factors. In the first place the acute shortage of accommodation generally has meant that decanting has proved to be extremely difficult to implement. We were warned about this. I remember Mrs Judith Hart telling us about it three years ago in March 1978. She warned us about the difficulties that she was familiar with in Glasgow in respect of modernisation. But, nevertheless, I have no doubt, Mr Speaker, that this is something which if the Gibraltar that we all know was environmentally to be preserved it was something that we had to persevere with, and I think that the result already at Tank Ramp, at Lime Kiln Steps, earlier on at Flat Bastion Road, and in Castle Road and Road to the Lines. I think the results prove, environmentally at any rate, the good sense behind these policies. Also there have been other largely unavoidable physical problems such as site access, for instance at Lime Kiln Steps and Tank Ramp, site access is extremely difficult; sewer diversions; major structural alterations; difficulties with foundation works in Tank Ramp and so on. The delivery of building materials and specialised equipment from abroad has also been subject to serious delays particularly as a result of the effects of strikes, notably the steel strike in 1979, and we were fortunate really insofar as the reclamation project between Nos 2 and 3 jetties is concerned that in that instance the steel was ordered from Luxembourg which was cheaper and which arrived on time and that is why this project has been a great success.

The Public Works Department was not able to recruit the full complement of technical staff until the end of 1978 and this meant that there was a delay in the preparation of some working drawings and bills of quantity. At the same time there have been serious financial constraints, a major one has been the increasing cost of building, construction costs have practically doubled between 1978 and 1980, and this has meant that housing projects have been subject to reappraisal and inevitable delay. To give a few examples tenders of both St Jago's and St Joseph's housing projects were in fact double the originally estimated provision.

Education. The major project in the programme has been the Girls' Comprehensive School. Progress on this project has been affected by a number of factors including mobilisation, delivery of materials, the reprovisioning of the Public Works Garage. It is now expected that the school will be completed in April next year.

The Port. I have made reference to the reclamation project. This is one which is a cause of particular satisfaction because apart from it being completed on schedule there have also been possibly marginal savings of the overall estimated cost. I will be dealing later on with other aspects of the Port separately.

I think we should stress that the Gibraltar Government's financial commitments to ODA Funded Projects have risen sharply from an estimated £.9m to in fact £4.5m. This has been largely due to cost overruns and is composed of the 10% local contribution which was agreed to at the last aid discussions for new projects, plus supplementary finance made necessary once the full ODA allocation of £13m had been exhausted. In addition, Sir, the Government has a diverse collection of minor projects in the Improvement and Development Fund running at an average cost of some £3m-£4m. The outcome of all this is that the Government is already committed to a heavy borrowing requirement before any account is taken of any contribution to the next development programme. The Government's plans have also been adversely affected by the upward movement in interest rates. Since the 1978-81 programme was prepared the United Kingdom minimum lending rate has increased from 10% to 17% which means that the commercial borrowing has proved to be very expensive and despite recent cuts the Government is currently paying some 14% for its commercial borrowing. Overall progress has been considerably improved however by the close monitoring of projects by a committee which meets monthly under the chairmanship of the Chief Minister. The Government therefore feels that performance on the current programme has been satisfactory particularly compared to that of previous programmes and in the last year in particular progress has been extremely good. I remember Mr Isola last year, Mr Speaker, at page 245, remarking that it was very encouraging that £1m could be spent in one month and that this augured well for the future. The comment was somewhat sarcastic in effect. But let me tell Mr Isola that we haven't just spent £1m, in fact in the last month, March 81, we have spent £1.35m. And then remarking about our overall provision of £10m he thought that if the Government achieved the development target of £10m which they had set themselves this year they would be extremely happy. Well as he knows we have done that. We have achieved and met the target fully. Major Peliza.....

HON P J ISOLA:

If they spent the £10m they said they would spend they would still be left with £13m of the Development Programme. I must have said it somewhere else I suppose.

HON A. J CANEPA:

It goes over the page, page 250. Certainly nobody would be happier, Mr Speaker, than this side of the House if the Government achieves the development budget of £10m which they have set themselves to do. Well, you can see all the faces there exuding happiness. And Major Peliza in the context of the opening of the frontier said that if we did better this year, if the development programme was successful, he said in the context of the opening of the frontier, "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." Well the frontier didn't open, it wasn't easier to find labour, it wasn't easier to find the materials, but we did spend the ten something million pounds and that is something to be really proud of.

Turning now, Mr Speaker, to the next Development Programme. We have been very closely concerned with progress on the current programme, but we have been making early preparations for the next programme. With this in mind a Forward Planning Committee was set up towards the end of 1979. The Committee was charged with the responsibility of ensuring that all potential projects had been worked out in detail and costed in order that the momentum of the 79-81 Development Programme, particularly the good momentum that we now have, could be kept up. By November 1980 the Government had already completed its plans for the next programme, which as I have previously informed the House spans the five year period 1981-86. The broad objectives of the plan are: (a) to maintain and improve the standard of living of the people of Gibraltar; (b) to secure infrastructural self-dependance; (c) to diversify the economy; and (d) to promote a more equitable distribution of income and wealth. The Government's aid submission, together with its development proposals, were submitted to Her Majesty's Government early in February of this year. Aid talks on this next programme are expected within the next few months. But because we do not wish to prejudice

our position for these talks we have made no provision, as has been previously mentioned, for 1981-82 under the Improvement and Development Fund, at least for the majority of the projects which are planned under this next programme. The exceptions are, the only exceptions, the development of the power station, the telephone expansion and a number of housing projects. These will be financed from local funds. Nevertheless I can say that the next programme is aimed at investing substantially in the infrastructure including the Port and includes provision for the construction of new housing reflecting the importance and priority which we attach to the matter and for other areas of perhaps lesser but nevertheless important social interest. This Forward Planning Committee has proved to be a useful coordinating basis for the preparation and implementation of development projects, and I think that the effectiveness of the Committee is also perhaps a reflection of the lessons that we have learned in the past. We already have a number of housing projects which are ready to go out to tender, and the impetus on development planning has therefore been accelerated, and once we know the outcome of the Aid Talks the Government will be ready to go out to tender on a series of major projects. I should stress that the projects which have been lined up for the next development period do not only take account of Gibraltar's needs in the existing situation, for example by way of housing, but also have an element of contingencies in the event of an opening of the frontier. It is likely however that if the frontier were to open further substantial investment would be required.

I feel I should emphasise, Sir, that the Government's development strategy is closely linked to its budgetary planning. It is important that recurrent revenue should grow sufficiently and that the reserves are healthy enough to cover Gibraltar's borrowing requirements.

I wish to turn now, Mr Speaker, to development in the private sector, all the more so because this is also connected with my other responsibility as Minister for Trade. The Government underlying approach to the development of the private sector is one of creating the right condition for diversifications as opposed to providing direct assistance, although it may be necessary to intervene occasionally and temporarily to assist particular areas for industries in need as is being done this year with the subsidy on water to the hotel industry. As part of the income tax review Government has, therefore, given consideration to providing better incentives for investment through accelerated depreciation relief. The Development

Aid Ordinance is also being changed. The details of these measures will be revealed during the course of the Finance Bill to be laid before the House during this session. There may clearly be a need to refine, reform or introduce measures which will assist particular areas in the private sector further, but I must stress that if we are to enter a period of even greater consultation with representative bodies, not only the Chamber of Commerce and its allied associations, with whom I have held a number of meetings, but with the trade unions as well, then it is important that these associations should present specific proposals to the Government.

And now a word on the private sector development. The year's activity was highlighted by the completion and opening of a new Marina with first class facilities at Bayside. This has been a singular event of special significance at a time when competition in this sphere makes it all the more important that Gibraltar should be able to compete on even terms with our competitors. Mr Speaker, Bayside Marina sees the successful completion of a project of which Gibraltar can be truly proud. It is a magnificent monument to the zeal, decision and hard work of my predecessor Mr Abraham Serfaty, and I want to take this opportunity to publicly pay tribute to him. This new Marina complements Shephard's Marina whose pioneering efforts were the first to exploit Gibraltar's unique position as a focal point in the traffic lanes of Western Europe. I am also pleased to note Shephard's continuing interest in expanding and improving their present capacity and facilities. Negotiations are continuing on the terms under which such expansion is to be arranged. Further construction work is also proceeding at Marina Bay which will result in a substantial number of flats when the project is completed.

Other schemes in the pipeline are the erection of the block of 20 flats at Prince Edwards Road; residential development on the site of La Terrasse in Catalan Bay; a shopping arcade at the entrance of Main Street in addition to the similar type development already under way at the same end of our main shopping area; the rebuilding of the old Continental Hotel on modern lines; the construction of up to 17 terraced houses at Woodford Cottage; the provision of 9 superior dwellings on the site of Buena Vista Cottage; and the erection of a number of garages workshops and stores at North Front. All these provide or will provide work for the building industry and is therefore to be welcomed. Such schemes will also be of benefit to Gibraltar as a whole for a variety of reasons which I do not think I need elaborate. The above, Mr Speaker, is only a selective list of the many proposals which have been or are being considered by the

Development and Planning Commission who interpret such interests by private firms and individuals as a sign of faith in the future of Gibraltar as a striving and forward looking community.

HON MAJOR R J PELIZA:

Mr Speaker, what about Engineer House, did he mention this. There was once a project for Engineer House.

HON A J CANEPA:

No, I haven't mentioned Engineer House, Engineer House is earmarked as Government housing in the next development programme. There will be Government housing and some amenity area with some landscaping, the intention being to give people in that area of town a place where.....

HON MAJOR R J PELIZA:

There has been a change of plan....

HON A J CANEPA:

No. I am not aware that there has been any change of plans. Turning now, Mr Speaker, to the Port, and here I would like to highlight the Port Feasibility Study. The House will recall that the Government appointed PEIDA, Planning Economic Industrial Development Advisers, in association with Wallis Evans and Partners as Consultants for the Port Feasibility Study. The Consultants were asked to make detailed recommendations for the phased development of the Port up to the year 2000. We received the interim report in October 1980; this was followed by a visit from the Consultants who held meetings with Government Ministers and officials with a view to clarifying queries and obtaining a directive on which options should be examined and costed in greater details. The final report, which is a very comprehensive document, was received towards the end of February and is being considered by the Government. I shall briefly outline the main recommendations and observations made in the report. It proposes a specific 10-year plan for the development of the Port. The main objectives can be summarised under two general headings: Management and reorganisation of the Port and physical development. In so

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far as management and reorganisation are concerned the consultants recommend an improvement in Port security by the erection of a new security perimeter fence and the establishment of a system of Port passes and control of entry. In addition they recommend that immediate action should be taken to clean up the Port. Provision is being made in the Estimates for this purpose. The Port Department will be purchasing a small truck which will be used for this. Relocation of non-port users is also recommended. At the same time I should like to mention that the Port Offices are to be moved to the Western end of the North Mole for which provision is also being made in this year's Estimates, and I very much look forward to being able to stand up and say at this time next year that the move has been finally undertaken. In so far as physical development is concerned the replacement of the Viaduct is not recommended since this would entail the full diversion of road traffic and pipelines, instead it is proposed that the pipelines and road should be diverted onto a causeway with the advantage it would add as a retaining bund for future land reclamation. It is recommended that the causeway should be to the North of the Viaduct and the estimated cost of this is in the region of £1.1m. Various reclamation schemes are examined and full reclamation at Waterport basin is recommended as a first step towards future reclamation. In addition three alternatives layouts for development of the reclaimed Waterport basin as a ferry terminal are considered. Each layout is designed to handle a mixture of passenger and freight roll-on-roll-off traffic with the provision of a passenger terminal building and vehicle inspection shed. The preferred scheme consists of a jetty offering a twin berth with two roll-on-roll-off ramps and a high level pedestrian walkway connected to a passenger terminal building. In more general terms the consultants also recommend an improvement of existing Marina facilities and the provision of better facilities for visitors arriving on cruise liners.

The Port consultants have indicated that the development most likely to be economically justified, given an open frontier situation, are those associated with the provision of improved ferry terminal facilities with car parking and marshalling areas and passenger handling facilities. The Gibraltar Government intends to proceed with a complete reclamation at Waterport Basin which together with the provisions of roll-on-roll-off berths and the rationalisation of existing port facilities account for an investment requirement of around £4m. These proposals are to be considered as part of the next development programme proposals. Meanwhile the Government has made

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provision for the construction of an unstuffing shed adjacent to the new container berth and there is provision in the Improvement and Development Fund 1981-82.

Sir, the report is complex, and due to the heavy preparatory work for Ministers in connection in fact with this budget session, it has not been possible for Ministers to discuss collectively the report as yet. The Forward Planning Committee will be meeting to discuss it and make recommendations to Council of Ministers immediately after this meeting of the House is over. The report is also of a sensitive nature so that I doubt whether Government will decide to publish it, but I do propose to keep in mind the position of and the interest of members opposite regarding this report. I wish to take this opportunity, Mr Speaker, also to publicly thank at this stage the staff of the Port Department for their good work over the year. The Port Department is perhaps one of the Cinderella silent public services but it is very efficient. There are good industrial and staff relations at the Port. The staff there are happy with their work, something which is perhaps rare in these days. It is a young staff and an able staff which I think Gibraltar can be truly and justly proud of.

And to conclude, Mr Speaker, I think we can say that we can look back over the year with satisfaction and look ahead to the future of economic development in Gibraltar with optimism and confidence, despite the uncertainties which an open frontier might pose. Thank you, Mr Speaker.

MR SPEAKER:

Well I think this will be an adequate time to recess until tomorrow. Mr Isola you were going to report back to the House with your views on the times of starting meetings.

HON P J ISOLA:

We would like to meet, as I have said, we did express the view of 9.30. Perhaps we could meet at 9.15. We would like to meet after 9 o'clock. And as regards to the fact that we were able to start at 2 o'clock instead of at 1.30 pm I think is not so much to ask for.

MR SPEAKER:

We started not at 2 o'clock but at about seven minutes to two due to my personal fault, once you reminded me of the fact but what are the Chief Minister's views on this?

HON CHIEF MINISTER:

Mr Speaker, 9.15 a.m. I don't mind but not 9.15 for 9.30. That is to say that we ought to be in the House at 9.15 sitting and not just people starting to arrive.

On that basis I don't mind.

MR SPEAKER:

Then perhaps for the good order of the House and so that members can make their own arrangements, I think I should say that for the remainder of this meeting the hours of meeting will be 9.15 a.m. to 12 midday 1.45 pm to 5 o'clock. We will therefore now recess until 9.15 tomorrow morning.

THE HOUSE RECESSED AT 5 P.M.

THURSDAY THE 23RD APRIL, 1981.

THE HOUSE RESUMED AT 9.20 A.M.

MR SPEAKER:

I will remind the House that we are still on the second reading of the Appropriation Bill. The floor is open to anyone who wants to contribute.

HON MAJOR R J PELIZA:

Good morning, Mr Speaker. I would quite honestly have liked the Minister for Housing and Sport who is now responsible for tourism to have spoken before me. I think it would probably have saved me a lot of trouble in that obviously I shall now literally have to put words into his mouth, as it were, quite unnecessarily. However, Mr Speaker, because it appears that the Minister would rather have the last word - possibly a sign of

weakness, I don't know, perhaps he is not very confident on how the question of tourism is doing under his guidance, I don't know. The fact remains, Mr Speaker, that I have had to stand up and start trying to find out how the Government is going to find its way ahead in the coming year and what has happened in the last year. Perhaps, Mr Speaker, the only way I can go about this to start with is to establish my position, why I am speaking now, then I shall go into the broader aspect of the budget, as I think the Minister responsible for Economic Development would have liked to hear more from this side of the House and I will try and do my best to please him in that respect, and then finally, Mr Speaker, I will come back to Tourism which is the thing I am responsible for.

Now it is rather interesting that the Minister has done a very sharp U-turn on the question of tourism already. And of course I am referring to the question of the subsidy of £50,000 on water to the hotel trade. Something that of course I welcome very much and something that if you remember, Mr Speaker, I tried to get the Government to do last year. Now having said this about water myself, and to establish it I must go back to the Hansard of last year, I said: "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 hotels should be closed, I think this is taking a very narrow view of the situation. Although the hotels may not be able to make such profits and they have to be subsidised the tourists who are coming to the hotels will be spending money in town which is generating wealth for Gibraltar. 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 this 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." Now I remember then that Mr Joe Bossano did not agree with that. He thought that there should be no subsidy at all on water to the hotels. So what do we hear the Minister say. First of all I think he criticised me very strongly and he said: "Mr Speaker, I would say that it has become customary over the years....."

HON H J ZAMMIT:

Mr Speaker, if the Honourable Member could tell us where is he reading from so that I could follow this.

HON MAJOR R J PELIZA:

Page 553 of the Hansard. Would you like me to quote the other page as well? It is page 538, the one that I refer to the water. So he then went on to say: "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," which he is of course going to do again today "and quite honestly, and I have said this before, "so he no doubt will say it again, "it surprises me that the gentleman who has been in the 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." and then, Mr Speaker, on the question of water he says: "But, Mr Speaker, to ask somebody who consumes six times the amount of water that the ordinary Gibraltarish uses, we are not asking them to pay the moon, and I am sure, Mr Speaker, that six times the water account of the Gibraltarish I think it is quite excessive, it is quite excessive, and the same should apply to anybody else. Why do we not subsidise bars who use water in cleaning up and supplying the tourists, why the hotels alone." And now, Mr Speaker, we find that he has agreed one year later of course to give £50,000 on water to the hotels. That is a U-turn, Mr Speaker. And this is not the only U-turn of the Government. There are many more which I shall point out as I go along with my contribution which I know the Minister doesn't like.

Now, Mr Speaker, to the substance of the budget. I think the Government should accept that we are not trying to make political capital out of the budget session, but there is a big difference of principle between them and us. That is a fact. And the whole thing hinges, Mr Speaker, on what we believe should be the reserves that the Government should hold in relation to the circumstances of Gibraltar at the time. That is a fact. They believe that they should have a huge reserve because they believe that that will make the Government credit-worthy: we believe that that is not the only thing that must be taken into consideration, that there are many other factors that have to be taken account of, and we believe that there are occasions when the reserves need not be all that high. That is a difference which I hope the Government will accept: this is a genuine

difference of approach. This is why, Mr Speaker, we are an alternative Government, because in that respect we do not think alike. They believe in taxing people because they believe that it is essential to have all this money. We believe that there are other ways of generating activity in our economy and of stabilising the position of Gibraltar in a very different way. I will try to explain that.

Now, first of all, Mr Speaker, one has to go back to the statement made by the Chief Minister, and the Chief Minister says that he is confident in the future and one has to refer to the end of the speeches Mr Speaker, which is para 36, where he says: "Sir, we present this year's budget with confidence as to the future." If he presents his budget with confidence as to the future surely his confidence is not based on a surplus of £10m, because if we realise it, what is that worth? Three months, Mr Speaker, three months of Gibraltar's financial requirements. Who, Mr Speaker, in Gibraltar as a family, forget now as a Government, can be confident in the future because he has in the bank enough to keep his family going for three months? The confidence, Mr Speaker, is not based on that small saving which is peanuts, the confidence is based, Mr Speaker, on whether you have the capacity or the resources to carry on existing not on that balance, Mr Speaker. In fact most of the nations have huge deficits. I believe Britain has got £52 deficit. I am just guessing but I believe that that is the case. Why? Where is that confidence, Mr Speaker? The confidence is obviously on the resources of the nation, and I hope that the Chief Minister's confidence is not based on the £10m because that, Mr Speaker, is nothing. It must be based on how we believe we are capable of sustaining ourselves in the future. That is what we must believe in. Therefore, I think that his confidence is wrongly placed if that is the way he feels. I hope he doesn't, I hope he thinks more than that.

Now, the Chief Minister, Mr Speaker, has always thought, wrongly, that we have been criticising the Government for the sake of criticising it. Only yesterday I think we heard the Honourable and Gallant Major Dellipiani attributing that sort of attitude to the Opposition. That is not so, Mr Speaker, as it has been proved in the Chief Minister's statement, his own statement, which I am going to refer to again. And now, Mr Speaker, we must go to para 2 of his statement, and there he says: "This year's budget must be seen primarily against the background, in particular, of the financial situation as it was in March 1979, and of the manner in which the Government dealt with that situation and the policies pursued since that time."

And then he goes on, Mr Speaker, to para 3: "It will be recalled that, at the time, the end of year reserve had fallen to an estimated £300,000, and the estimated figure at the end of March 1980 was a deficit of £890,000." Then he goes on to say, now he identifies it, "I identify the main causes of that situation as being the gradual growth of Government spending generally, the working of excessive overtime and low productivity." It seems as if somebody else who has done this. It was his own Government that had been doing this, Mr Speaker. And it was this side of the House that was drawing attention to this point right through the years Mr Speaker. Wasn't that an honest criticism, Mr Speaker? But it took him a few years to identify the problem. That Mr Speaker is the sort of mismanagement that we were talking about. Month after month, Mr Speaker. And now the Chief Minister admits it. Let us go on to the next paragraph, Mr Speaker. There is a wealth of information in the statement that the Chief Minister has made. "We took immediate corrective action. We set up an Expenditure Committee and an Overtime Committee and intensified our efforts to increase productivity throughout all Government departments. A number of revenue-raising measures were adopted. Our aim was to achieve, by the end of March 1980, the very modest balance of £1.2m". Mr Speaker, of course through all his mismanagement he had to tax the people. This is what happened. The cost of his mismanagement had accumulated, and now to put it right he had to start taxing people. And of course he discovered something else, that productivity was essential. Productivity, Mr Speaker, was the point that I made on my opening speech when we took over Government.

And then, Mr Speaker, there was laughter in the House - laughter. Productivity was almost a dirty word, Mr Speaker, in this House, at that time. But a few years later another U-turn Mr Speaker, another U-turn. Now productivity is very important. But you know, the reason they say the situation is getting better now is because of productivity, but he does not pinpoint as to where productivity is producing and the results. I wish he did I wish it came out with figures showing where the productivity have been really effective. This is what I would like to hear from the Chief Minister. Not all this rhetoric but facts and figures, Mr Speaker, which is what we are after. Facts and figures which are possible in reports that we cannot see because we are having a very close Government unfortunately, we are suffering from that disease at the moment in Gibraltar, Mr Speaker. A very close Government. There are a lot of committees of enquiry, lots of reports, but nothing, nothing is made public.

That I think is a disaster, Mr Speaker, a disaster for democracy and a disaster for good Government.

And so, Mr Speaker, we now go to paragraph 6, and there he says: "We accordingly introduced further revenue-raising measures, though not on the scale of the previous year". He admits now that the scale of previous years was pretty harsh "and set as our new aim for the end of March 1981 a Consolidated Fund Balance of between £5m and £6m only, which I describe as modest, prudent and necessary". Now, Mr Speaker, how would he describe the £10m. I would have thought extravagant excessive and unnecessary, Mr Speaker. That is what I would reply. I hope that now he understands why in this House we are so strongly against the idea of accumulating all this money when the money should be left in the hands of the people to spend in the way that they wish to spend it, and they would possibly spend it better than the Government. This is the great difference, Mr Speaker, and this is unfortunately what is not percolating to the people of Gibraltar. Because obviously if they keep electing this Government time and again they themselves are only to blame for what it is costing them. It is quite an expensive Government, Mr Speaker, this is what the people have still not quite understood. Well, I was going to go more into this, Mr Speaker. Literally. But I think I have made my point in that respect. What can I say. Keep going through what has happened in the past years, how electricity has gone up 5% telephones 15%, water 50% in 1979. Now again in April 1980 the consumer has had to pay a bill for 50% more for electricity when he wasn't getting it! How would the Government feel if this is instead of being a Government concern was a private concern? What would be the reaction of the Government to a concern which is charging you for a service which it is not giving to you Mr Speaker? What would be the reaction of the Government to a concern which is charging you for a service which it is not giving to you Mr Speaker? What would they think of that? Imagine that instead of being a Government concern it was a private concern? Goodness gracious me, what would happen with the Consumer Unit about this, Mr Speaker? But the point is that there is nothing the people can do. If his telephone doesn't work for three months he still has to foot the bill Mr Speaker. If the water comes out blue green or all sorts of colour and he has to throw away 20 gallons of water he still has to pay, Mr Speaker. Of if there is no water in the flushing cistern he still has to pay, Mr Speaker. What would happen if those services that the Government is supposed to provide were private services?

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Now, honestly: imagine that one of those gentlemen sitting on the other side, Mr Speaker, in his own house, instead of the services being Government they were private, what would he do? Pay those bills? Or would he say we will go to court and clear this matter up. Because if you cannot provide an efficient service there is no reason why they should force me to pay. Of course the citizen of Gibraltar is helpless in that respect. All they can do is come to us, and we come to say it here as I am saying it now.

HON A J CANEPA:

If the Honourable Member would give way. Would he clarify one point. Is he saying that if a consumer, even with power cuts consumes in a particular month say 500 units, and had there been no power cuts he might have consumed 600, is he suggesting that that consumer should not pay for the 500 units that he has consumed in spite of power cuts? Would he clarify that please.

HON MAJOR R J PELIZA:

Mr Speaker, of course he would have to pay.

HON A J CANEPA:

Is he telling consumers in Gibraltar that they should not pay for what they have consumed?

HON MAJOR R J PELIZA:

Mr Speaker, I am not saying that the consumers in Gibraltar should not pay what they have consumed, but I still believe, Mr Speaker, that in certain instances, for instance, if the water is thrown away then certainly they should not pay for it. If the telephone doesn't work, and more. If there is a disturbance of service I think it is only fair that since the Government was supposed, or the private firm was supposed to give a certain service, if it doesn't give it, there should be some compensation for not giving that service. You just don't pay exactly how much you pay for units but if that particular district for instance was suffering cuts

HON M K FEATHERSTONE:

Would the Honourable Member clarify what he means by the water that is thrown away?

HON MAJOR R J PELIZA:

Yes. I don't know, Mr Speaker, if he has had this experience. I have certainly had it very often in Penney House.

HON M K FEATHERSTONE:

Not very often.

HON MAJOR R J PELIZA:

Yes, very often, very often. At least about once a month. Very often, Mr Speaker.

MR SPEAKER:

Order, order.

HON MAJOR R J PELIZA:

You must admit, Mr Speaker, I do make the Government speak. You must admit that, Mr Speaker. I mean I have had a number of interruptions, which of course I welcome, because it shows, Mr Speaker, how effective I must be when I bring them to their feet. It must show that it is effective and in that respect I am glad because I can see that I am really not wasting my time.

HON CHIEF MINISTER:

That is only a sign that the others are very ineffective.

HON MAJOR R J PELIZA:

Well, I am not saying that the others are very ineffective, all I am saying is that I certainly am. I am certainly hitting the bullseye, Mr Speaker. Well, the question was - I am sorry !!

HON M K FEATHERSTONE:

Could the Honourable Member explain what he means by water thrown away.

HON MAJOR R J PELIZA:

I think what happens is that something is definitely wrong with the system because they keep making repairs and then when you turn on the tap the water comes out a sort of yellowish colour. You just cannot use that water, you have to throw it away. Well, I am surprised, Mr Speaker, I really am surprised that the Minister doesn't know that. I am really surprised that the Minister does not know that that happens. I think he should try and find out and then he might be able to put a stop to it. Now that he knows he might be able to stop it. And if he can do that it will be for the benefit of everybody.

So, Mr Speaker, that is mismanagement based on monopolistic power: that is what it is. It is a monopoly, there can be no competition and if the people who are governing have not got the ability to manage the concern in a proper way the problem arises and as we have seen it is here with us now. And of course the public has got to pay for it. Not only is it monopolistic, it is unfortunately an indispensable service that the public must have willy nilly, and if necessary they have to pay through their noses willy nilly.

Now, Mr Speaker, if we analyse the truth of the situation, of why Gibraltar is prosperous and why we can have confidence in the future, the truth is, Mr Speaker, parity. Parity is the reason why we are prosperous in Gibraltar. Parity is what the Government was going to have over our dead bodies, Mr Speaker. Parity only started when Frank Judd came to Gibraltar and more or less agreed and I think the Government got to the stage of almost resigning if the British Government gave us parity because parity was integration, Mr Speaker. That is what it was. It is the fundamental principle of integration - parity. And we have got it, Mr Speaker. We got it and because of that we have prosperity. And now Mr Speaker, the Government is 100% for parity, another U-turn Mr Speaker, another U-turn, a very sharp U-turn. And it is

parity, Mr Speaker, not productivity, Mr Speaker, not good management, it is parity. And on that I have my confidence. And I go further. The confidence is based not in parity itself, because that is a by-product, the confidence lies in whether our defence industry is going to carry on in Gibraltar or not. This is what we really have to understand. I have always said this, this is not new to me. I used to be shot down when I used to say this. I remember having said, don't bit the hand that feeds you, and I was horribly criticised to that. And this is so, Mr Speaker, this is the gold mine. But Mr Canepa still believes that it does not exist. And the budget has gone up from £3m to £40m, Mr Speaker, and there is no gold mine in Gibraltar.

I am very grateful for the analyses that the Financial Secretary has made of world finance and British finance, and I have no doubt that we shall hear something similar from my Honourable Friend Mr Bossano when he speaks later. I am sure that I will listen most attentively to what he has to say. But all that being said, that affects us only marginally. What affects us, Mr Speaker, is whether in the Budget of Great Britain Gibraltar remains a Base and if the Dockyard is needed. There is the answer to our financial situation, - there is our faith in the future, there is in the Chief Minister's words, - his confidence. And this is what I would have liked to have heard from the financial Secretary and from the Chief Minister. What is the position of the Base in Gibraltar. I would like to hear that at every budget session, at every budget session. Because that is our key to the future. Now, happily, happily I think the situation at the moment is very good, from what I gather. I do not know, I do not have any inside information. It is what I read. First of all we had the debate on the adjournment by our friends in Parliament, Michael Latham, who brought this out, and there the Minister for Foreign Affairs Mr Luce stressed the importance of Gibraltar as a Base. I haven't got copies of the Hansard here but it is really good reading and that gives me a lot of confidence.

Secondly, Mr Speaker, we have the Defence establishment in the United Kingdom, presenting a memorandum to the Foreign Affairs Committee, which I had the pleasure of hearing in the House of Commons, and there again they emphasised the importance of the Base of Gibraltar, for Britain's defence and for NATO. And now I have looked at the White Paper which has just come out and there luckily again they mention Hong Kong, they mention Cyprus, they mention

Belize, there were changes last year, a few more changes this year, but Gibraltar remains untouched. So it lacks to me as if at present and in the foreseeable future we can be confident because it so happens that Britain wants the Base and the Gibraltarians are in total agreement with the defence of the Western World and the freedom that we enjoy. In that I think we are together. There is absolute trust between us. This is great, because here as a population we are just not mercenaries, we are just not getting money out of this, we are also contributing, contributing in our own defence and in defence of Great Britain and in the defence of the free world. I would certainly like Mr Joe Bossano to say something about the Dockyard. He must obviously be very well versed on what is happening there as certainly I think is the Financial Secretary and the Chief Minister and I suppose if they do speak separately the Chief Minister will have the last word and perhaps he could say something. This would be the most reassuring matter in this budget. But of course there are other industries on which we depend.

There is the question of tourism which I think is the second largest industry in Gibraltar, on which I shall have something to say, the Port. Tourism can be divided into two, tourists coming from the UK, London, Manchester, then we have the day visitors and others coming from Morocco which I think is a market that needs exploiting and as I have said before should be exploited, and I do not believe, I do not believe, but I will have to say more about this, we are getting the best out of that. The Marina, which I think is coming out fine and may I say, just for the record, that it was my Government who gave the approval for the Marina in the Town Plan. That is on record. And I should say now we shall praise the courage and confidence the developer, I think it is Mr Peter White, showed for the Marina. He is the man who put his money where his mouth was. All of us were just talking about it but the real courage comes from the man who puts his money into it and he did. In my time he didn't ask for a penny of subsidy. Not one penny. And he did the same thing with Holiday Inn. So that man I think should certainly receive the congratulations and thanks from this House.

Before I come to the question of Tourism and Port I would like to answer a few of the points that were made by other Ministers. Now I think Mr Featherstone, who always had a go at integration although he chooses what is good about it, parity, spoke about taxation. Taxation, the fact that is, and I have been saying it for a long time, we were paying more. The Government never accepted that, now they do. Now they accept that we are paying 10% more than in the United

Kingdom by and large. Another U-turn, Mr Speaker. No doubt we shall see changes there, no doubt in the personal allowances. We made that point very strongly last year. We said it could be done and I am sure we are going to get that, I can predict it. Another U-turn, Mr Speaker. I must say that we do not have an effective Government, we have an effective Opposition, Mr Speaker. That is what we have at the moment, an effective Opposition. By hook or by crook, and it can take us a little time, but we normally get the Government there.

And so we have then, coming back now to his department, where he admits the proportion of the budget is about 33%. An unwieldy department, Mr Speaker. The reason why it is costing so much money, the reason why the Chief Minister has realised that an enquiry had to be carried out into the department, was that it is too large, it is out of control. Personally I think there was no reason for an inquiry. What there was a need for was to break it down. Break it down so that there was more direct responsibility with the grass-roots, that was the solution. I do not know what the solution is going to be. Again it is another feature. God knows when we shall hear about it. Eventually I suppose it will come up, normally you hear about it on the grapevine, not always the exact and true story but you do get to know things which is bad in fact because it would be much better to hear things from the horse's mouth so that we know how we know how we stand, but, no, no information yet.

I am very pleased about the apprentices. Again I think our friend here, Mr Willie Scott, did a lot for that. Another U-turn, Mr Speaker, because I think that at the beginning when the motion was presented - taboo, impossible. Even Mr Joe Bossano thought it was impossible, and then eventually we managed to get them down. Another U-turn, Mr Speaker. Now to show again, Mr Speaker, the cost of the department he says that a requisition for a small repair in a house costs £70!

HON M K FEATHERSTONE:

If the Honourable Member will give way. He did not say for a small repair, he said that on average it works out to £70. Some are quite big repairs.

HON MAJOR R J PELIZA:

Well, Mr Speaker, I wish he were a bit more specific because really because he had said nothing then. We know nothing about what a requisition costs. I don't know any more. I can only go by what he says, £70. But he says, we will just make a token charge: a waste of money then, Mr Speaker, a waste of time. The administration of that is going to cost more than the money you are going to collect, and yet you hear the Housing Minister - this is why the right hand does not know what the left hand is doing in the Government. The Housing Minister said he cannot keep a list of the people on the waiting list because that is going to cost more money. Mr Speaker, if the Minister had spoken before he would not have had to say rubbish now.

MR SPEAKER:

My objection is that I do not mind him saying it afterwards but not whilst you are speaking.

HON MAJOR R J PELIZA:

Yes, Sir, I am sure he will.

I might as well touch on this now because I think the question of the housing list is an important point. I know the Minister does not like anybody talking about that because it is a very sore point with him. It is a very sore point with the 1,750 people who are on the waiting list, Mr Speaker, that is what the sore point is and I think that they deserve more consideration than they are getting, Mr Speaker. It is very likely that the people who are on the waiting list, who have got no hope of ever getting a house at the rate of building that is going up - because we hear from the Hon Mr Canepa who is now in charge of development that altogether we are going to have 323 houses of which a number of them, I do not know how many, he doesn't know, possibly half, are going to be modernised. So you divide 323 by two and you have about 160, and we have a waiting list, Mr Speaker, of 1,750. The Minister says no, not 1,750, maybe 1,751, 1,752. . . .

HON A J CANEPA:

The Honourable Minister has said no such thing. I did not say anything about 1,700.

HON MAJOR R J PELIZA:

I am not saying you did. Not you.....

HON A J CANEPA:

What you are referring to is.....

MR SPEAKER:

Order. Please listen to me. You will speak to the Chair and you will not give way.

HON A J CANEPA:

May I add one thing, Mr Speaker.

Would the Hon Member try to be coherent and logical please, otherwise we have to interrupt him, and would he try to keep to facts and not twist facts because if he twists facts I will try to interrupt him every time.

HON MAJOR R J PELIZA:

Mr Speaker, I am sorry that I seem to be getting him up on his feet again. I was not looking at the Minister, Mr Speaker, I was not referring to him at all. But the Minister for Housing, who is the one I am addressing - I am not addressing Mr Canepa at all, he is assuming this, he probably has a guilty conscience, I don't know. He is assuming I was speaking to him. I was not referring to him, Mr Speaker.

I was speaking to the Minister for Housing. And so, Mr Speaker, we go on. We find that Gibraltar is dirty and now someone is saying that Gibraltar is the dirtiest town in the world. But whether we say rubbish or not rubbish the fact is that people are saying it. This may not be so but they are saying it. What do we hear from the Minister? We are doing our best to collect rubbish, I agree, I think the Government is doing its best to collect, but because we are collecting people are dumping rubbish in different places, they think that those are dumping grounds. Isn't the Government capable of getting some policemen, there are plenty in Gibraltar, to watch that particular spot? And when they catch someone take them to court. Isn't that possible? Isn't it possible for the Government

to change the law and really have stiff fines for people who do that. Why not, Mr Speaker? Why is the Government so incapable of governing, Mr Speaker. That is what it comes to. Why? The result, Mr Speaker, are dirty streets again.

It is very difficult for a Minister responsible for Tourism, and I grant him this, to improve the product if there is no way of keeping Gibraltar clean and tidy: the essential things, forget about embellishing the town, that comes later. But the first thing you want to do is to keep Gibraltar clean. That is number one. Go around Gibraltar now, anybody and see how things are piling up all over the place. If the Government is going to pay in the end, let us pay first. If they are not going to pay then let them become practical and so avoid the situation arising. Because if they do keep doing U-turns, not only in this House but outside the House and everywhere, they lose their credibility. This is going to happen.

HON CHIEF MINISTER:

I do not normally like to interrupt, but the Hon Member is obviously unaware of the settlement of the previous dispute where we did not give way and the matter was settled.

HON MAJOR R J PELIZA:

I am not saying that they did or did not in the previous dispute, but the fact remains that people feel that way, and Gibraltar remains dirty and Gibraltar is dirty today. And I think the Minister who says rubbish must accept that it is dirty today. If he doesn't, therefore, he is behaving like an ostrich. And I wish he realised this because then he would do something about it. That is a fact. You cannot expect tourists to come to Gibraltar, and pay much more than for other places, I'll be coming to that, not because we want to make it expensive but because by the nature of things it is an expensive place to come to, and it is very difficult, I know. I sympathise with the Minister but I hope that within his Government he will do his best to try and get the Minister responsible for keeping Gibraltar clean and tidy to do it. It is no use passing it to an outsider like our very good friend, Mr Montegriffo, who is out of Government now. It is not fair in fact to do that. Because if the Government who has got the power cannot do it, it is a little unfair to ask a man who, after all, has retired to take on what seems to be one of the most difficult problems of Gibraltar to keep it clean.

I am pleased to hear that the refuse destructor is going to work. But I think we ought to think ahead and it is obvious that the tonnage of consumption has gone up from 30 to 42 tons, as the Minister said, and I would like to know for how long that present plant will be able to sustain this. Have we got a projection to the future as to what else we want to meet and so on and so forth. I do not know whether perhaps the Minister or the Chief Minister can tell me later personally because I am interested in that. That is essential to keep Gibraltar tidy. We must have a way of disposing of our rubbish. That is absolutely essential. The last thing we want to do is to put the chute into use once again as a result of which the rubbish will float on to our beaches and that of course, again is not going to be helpful to tourism.

On the economic development programme, Mr Speaker. I am sorry to see that out of two sites, Woodford Cottage and Buena Vista, we are only going to get about 25 dwellings at, I think, a cost that people can hardly afford, and what is even more dangerous here is that we are making a distinction into what you call the high density and low density area of Gibraltar. We are creating, as it were, two classes in Gibraltar: one who live, - the Chief Minister is again making funny faces, but it is a fact that if we are going to have a place with high density and we are going to have a place of low density in no time the status of the people who live in the high density area will be very different to the people who live in the low density area. Whether you like it or not, Mr Speaker, that is a fact. I am surprised that the Minister for Economic Development, Mr Canepa who claims to be a socialist, should be presiding, as it were, over this change in Gibraltar. I believe that because of the scarcity of land in Gibraltar, any land that is available should be exploited to the maximum in relation with the rest of the population, so that if we have accepted high density in other areas because we want to make the best use of the ground for all the people of Gibraltar, unfortunately because of the amount of area that we have, we cannot make a distinction. It is unfair on the population. It is unfair on the 1,750 in the waiting list. It is very unfair and it is also very dangerous. I say it is very dangerous, Mr Speaker, because very near us, on the other side of the frontier, in the land of the prosperity that Sr Castiella was offering us, as the Chief Minister has very bluntly stated, and I am glad to hear him say this, Mr Speaker, there are plenty of houses which are empty. And if the frontier opens how can you expect Gibraltarians living here who haven't got a hope ever of getting a house, if they are offered a house on the other side at a reasonable rent, or with the possibility of buying one, don't you think that it is very human to be tempted no matter how rock-like they may be.

The Chief Minister should give thought to this. This is why we should give priority, one, over everything else to our housing. It is vital that we concentrate on this. And from what I have seen producing 25 houses in Buena Vista Cottage and Woodford Cottage on a low density scale at a very expensive price is not getting us anywhere. For a long time I have said that a scheme must be devised for people to buy their own houses in Gibraltar, particularly for young people in Gibraltar. I had a scheme once for Engineer House, this is why I asked about Engineer House, which was going to be done partly with Government money, partly with John Mackintosh Trust money and partly, I was hoping, from other sources. The Chief Minister does not know but Mr Abraham Serfaty does know, a long time ago when I was in Government, this is what I was going to do, and this is why I am saying it now, Mr Speaker, because I think it is still possible to do it. This is why, not because I have any hope of doing it myself but because I may encourage the Government to do something like it. The idea was to build studio flat houses for the young people of Gibraltar where the husband and wife are working, where with that they might be able to afford to start buying a house together. Possibly some of the firms would be prepared to give them a loan, big firms like Blands and other firms and get the whole scheme started. Because once they got into that house, if the Government came with a second scheme, with somewhat larger houses, so that the young people having started in that house they would move from A to B. They would have a deposit from the value of that house on a strictly commercial basis, so that the individual is not only paying rent but also saving money, money that is appreciating because we know that a flat that twenty years' ago or less was worth £7,000 is today worth about £45,000. It is a good investment on its own. The Government has tried and failed. And the Government is trying again and I think failing, and if it is not the scheme is only available to a minority. The Government must use more imagination. The Government must understand human nature a bit more. The Government must understand that the person who is going to buy a house wants it to be his to dispose of as he chose to dispose of it, and not restricted because otherwise he is not going to buy and we are all wasting our time. This, Mr Speaker, is something that has got to be devised. Perhaps there should be safeguards, I agree, but within those safeguards, the scheme has got to be made attractive enough for the people to buy their own houses. This above all is a way of establishing a permanent community in Gibraltar which will never move, because once they take root in their own property the Gibraltarian becomes even more attached to his own town. That perhaps, Mr Speaker, is what the Minister for Economic Development should

concentrate on, housing. And I hope that in this new Development Programme he is just about to go to the UK to seek financial aid for he will take into account this very important thing. And that if there is time, I hope there is time, he will change his mind about the little projects that are going up at Woodford Cottage and Buena Vista Cottage.

If we go on with the Development Programme, Mr. Speaker, we come to the Port and there we are thinking of having ferry terminals. I do not know how long it is going to take but I agree that it must be done. I am not against it, I personally have been constantly urging the Government to do something about the berths for the cruise liners and above all the Tangier ferry. That is something that could be done now, we haven't got to wait for the money to come in, this is essential, we must do it now, it is possible to do it. Clean the area, I believe that the Hotel Association and the people who I will talk about later have already made a suggestion that there should be a different way for passenger with luggage or no luggage to exit from the Tangier ferry. I think this is a very reasonable suggestion which I hope the Minister will take seriously and see that it is implemented.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way. Those facilities already exist, Mr Speaker, luggage and no luggage.

HON MAJOR R J PELIZA:

Very good, I am so pleased to hear that. This is the way, the suggestion was made, it has been accepted, fine. There are a lot more of those things that can be done, there are a lot. All we need to do is to realise that within our means there is a lot we can do and we haven't got to wait for big Development Programmes to carry them out. When the time comes, all the better. It is sad, Mr Speaker, that in a place like the Waterport, where the value of the area is so great that, the Government did not have the foresight to stop the extension of buildings in that area whether or not the thing was decided before or after the survey. I don't

think it requires spending £100,000 in a feasibility study to realise that that area is very precious and that if things can be carried out somewhere else, then, they should not be done there. What is the Government's explanation for that? Why did they give consent to that. Is there anyone who can explain this. Not like the Minister for Economic Development who said that it had not been done during his time: well, whether or not it was done then or before..... Well, let the Chief Minister say.

HON CHIEF MINISTER:

The Hon and Gallant Member is, again, twisting the facts. What the Minister said was that the feasibility study was asked for in his time and since he had been there, there had been no commitment. He gave a sequence of events. That is all he said and what is happening now is that the facts are being twisted.

HON MAJOR R J PELIZA:

No, no, no. What I want to know is, why was this authorised; it was the Government who authorised it. So it is really of little significance whether the Minister authorised it before or after. He didn't. Obviously he did not know about it but someone must have authorised it, and whoever made the authorisation must have made an assessment of why it should be given there. The Chief Minister should know and why does the Chief Minister not say that. All I want to know is that. It is a reasonable question. And although the Chief Minister interrupts me every moment he feels like it, when it suits him, he will not come forward now and give the answer to that. He won't.

There are four little points, Mr Speaker, which I am going to touch on now and then I am going to start on Tourism. The first is GBC, Mr Speaker. I wonder when, and I hope that again we can hear something about this, when broadcasting of the proceedings of the House are going to start. Broadcasting is essential for this House of Assembly so that people get to know what is happening. I know that GBC gives publicity but I think the people want more publicity. And whether they want it or not I

think it is fair that this House should make this service available. We believe in open Government. This is about the only bit which is open of this Government, this House, so at least let us make sure that the people get to know about it. And I hope that the Chief Minister will have something to say on the question of broadcasting which has now been pending on for a few years now, Mr Speaker, and nothing has happened.

Then, Mr Speaker, I do hope that we will hear something about Mackintosh Hall. There has been a change of Director. I do not know whether that in any way will affect the running of the place, but I still believe, and I still say, and I know that the Chief Minister laughs at this but I take it very seriously, that that place should be made available at election time for candidates to address Gibraltar, yes. I say that and I will keep saying that every year, Mr Speaker, until something happens.

Then again I must come to the next one which again I say every year, that the Gibraltar Tourist Office should be used to propagate Gibraltar in a political sense, Mr Speaker. There has been, and I have got to mention this here because it is a very important bit of paper this one, of which I think very little has been said in Gibraltar from what I gather, there has been a paper presented to the Foreign Affairs Committee by Professor Allan of East Anglia University which attacks the very core of our rights in Gibraltar. He goes and attacks the preamble to our Constitution. He says that the situation is such that the minority..... I won't discuss that Mr Speaker, but the reason why I bring it out is that this can be discussed in Gibraltar. I don't know why, Mr Speaker, but it is hardly discussed in Gibraltar, not even in this House. This, Mr Speaker, is a very important document which undermines the position of Gibraltar. It is very plausible. I do not know whether the Chief Minister is going to discuss this in the House, but if he is I hope you can give me information to answer him if he says anything about it later on. The fact remains, Mr Speaker, that it is a very plausible document, people can be taken in by it and unfortunately in England we have no way of combatting that kind of attack against Gibraltar. And I say - I hope the Minister does not take this personally, for goodness sake don't come out with the argument he wants a job for himself. If that is the way you think then we are all wasting our time. That is certainly not the idea, I couldn't care less about

myself, it has nothing to do with me, have there whom you may, but it is essential that we have some kind of organisation in England, and I think that the Tourist Office is the best one, where we can project our ideas, our views and our situation in Gibraltar. That is vital to us, I keep saying it. I hope it is not too late.

Another point that I always try and bring out is the index to our Hansard. I suppose we haven't got the staff to do it. I think it is important that we should have an index to our Hansard and if necessary that this House should vote funds for this. I hope the Chief Minister can do it on this occasion. It is not going to cost all that much but at least we shall have an index and we shall be able to use the Hansard. Anyone who wants from Gibraltar can come along and find out of any copy what he wants to see about Gibraltar and what happens in this House. As it is now it is a waste of money, all of that stored up, all that information stored up, so difficult to get when for a little expense we should have it. It is almost as bad, Mr Speaker, as the Housing List that the Minister doesn't want to produce.

Now, Mr Speaker, I'll go on to Tourism. Remember, Mr Speaker, it is the second largest industry in Gibraltar and it is not a laughing matter at all. A lot of people depend on their employment in Gibraltar for that. So, Mr Speaker, tourism, as I said is the second largest industry in Gibraltar. Not only do a lot of people depend on it for their livelihood, I think it has a very good social side to it, particularly in the present situation under siege where we have people coming to Gibraltar. It is as it were a breath of fresh air to see compatriots from England coming to stay here, people from the other side of the Straite, from Morocco, in fact all nationalities coming through. It widens our outlook and keeps us in touch with the outside world. It is very important from many aspects. As you know, Mr Speaker, I think it was in November last year, I introduced a motion into this House about the Government trying to get an Advisory Board going which I know the Minister accepted in principle and I know it is a very difficult thing to get going, and I think it will be productive in the long run. A number of months have gone past and there has been no Tourist Advisory Board functioning yet. But knowing the rate of progress of this Government it does not surprise me at all. I do hope, however, that sooner or later they will come down. I do know, Mr Speaker, that a seminar was held about which I have a lot of information, a seminar was held on 17 and 18 March in which people from

the UK representing advertising and public relations were also present as well as members from practically all the interested bodies in Gibraltar which are connected directly or indirectly with the promotion and the running of tourism in Gibraltar. I understand that it was a very successful meeting. I am very pleased to hear that this was so. For a meeting to be successful in the end it is necessary to carry out the things that are agreed by consensus at that meeting, and what I am going to do is to enumerate the things that were agreed upon and perhaps the Minister later will be able to say whether he is in agreement with them, or the Government is going to do it, whether they have done it or whether it is impossible to do it. That will be of great satisfaction to me because I will know in which direction to move after that, and I think, above all, it will be of great interest to all those who spent time at the two seminars to find out whether they were really wasting their time or whether something reasonable has come out of it. I believe that they are meeting again some time in July where no doubt the Minister will be able to report. I don't know whether I will be here or not but I certainly will not be at that meeting and I am entitled as Shadow Minister to make my comments and expect, if possible, from the Minister his comments as well.

I think that the great problem for the tourist trade is the question that because of parity the cost of running a hotel is high, and we have got to accept that. But there is one thing for sure, whether they like it or not, they might even accept it, they are no fools, but we cannot exchange one for the other, and that the priority as far as Gibraltar is concerned, certainly as far as I am concerned, is parity. So we have to live with that. And it is possible to live with that and there must be ways and means not only of overcoming that difficulty - we have already had one, the question of the subsidy of water, Mr Speaker, which I think is reasonable under the present circumstances. I believe that once the business is generated and the scale is reached where there really is no justification for giving any subsidy to any business, let alone the hotel business, then of course, it should be withdrawn. I am sure the Minister will agree with me on that. So that is one way, Mr Speaker, of overcoming it. The other one was as they all said was the question of improving the quality of the product rather than bringing the price down, because it was impossible as they saw it to bring the price down. So

tremendous efforts have got to be made to improve the product so that we attract the higher bracket of the holidaymaker. It is difficult, particularly at this time, when the pound buys more outside Gibraltar, where the United States is a tremendous attraction, and so on and so forth. The difficulties are there. But we have always been able to overcome difficulties and we must not see them as unconquerable because I think we can. We have the will, the ability and above all we have the weather which can help tremendously to do this. Except when I come here, because every time I come I bring the rain! I have almost stolen that job from the Chief Minister. At one time he used to wave his magic wand and it rained, now I have to bring my raincoat every time I come to Gibraltar, which is very unfortunate, because I enjoy the sun as well. So therefore, what they say is, that we must improve the product, we must make the resort much more attractive than it is today and we must plan short-term and long-term. I must say that they have been very constructive and have perhaps a number of ideas which I think if carried out should be able to help. I think they agree that the fees on public relations should be doubled and I notice in the Budget that the fee has gone up slightly, but not doubled. I believe that there at least there is a sign of goodwill on the part of the Minister to try and be accommodating. Whether he has done it because of that reason or whether there is any other reason I don't know, but it is obvious that they have thought it was a good idea.

On the question of advertising where I remember asking the Minister a question in March, Question No. 50 of 1981, where I asked him "Will Government give a breakdown of how the £150,000 in the Tourist Office vote of 1980/81 Estimates, Head 24, Subhead 14, are being spent?". He gave me the answer as: "the main consumer media production support and sundry advertising was £91,000". They spent £91,000 but it looks to me as if in the seminar it was agreed that it should be increased to £100,000. That is what I am given to understand. In the Estimates, Mr Speaker, subhead 14 has gone up, from £150,000 to £200,000 which is another £50,000 but of course not all goes into advertising. Some money goes on things like coupon response £3,000, brochure, posters, leaflets, £32,000, trade from sales £12,400, PR visits £3,200, updating audio/visual £4,800, and agency fee £2,900. I would like the Minister to give me a breakdown later on either now or at the Committee Stage it doesn't matter, of the way that the £200,000 are going to be spent. We must realise how important it is to advertise. If we consider that the amount of money being spent in the budget overall is £40m+ and we are spending on advertising £200,000 out of that sum of money,

it is very little money out of that budget on an industry which is our second largest industry, and which the Financial and Development Secretary has said brings in for the Government at least £10.5m. What percentage is £200,000 of £10.5m. I think it is very little, it is 2%. What business, Mr Speaker, would allocate out of an income of £10.5m, 2% of that income on advertising? when advertising is the thing that is going to bring most of the money in. It is an income for Gibraltar. Gibraltar is getting from tourism £10.5m. and we are spending 2% of that on bringing more business in. No wonder we are not making all that headway. In fact no business would be able to sell, Mr Speaker, if the amount of money allocated to advertising was that. I suggest, Mr Speaker, that if the amount of money....

I will give way to the Financial and Development Secretary if I am misinterpreting what he says because I would very much like to because it is in his statement, Mr Speaker, that he says that £10.5m is coming in. Am I right in that? No?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, the point that I would have liked to have made, I didn't want to interrupt the Honourable and Gallant Member, is that the income to Gibraltar is £10.5m., it is not £10.5m. to the Government of Gibraltar and, therefore, to correlate the £200,000 to the £10.5m. is with due respect to the Honourable Member taking it a little too far.

HON MAJOR R J PELIZA:

Yes, I know his thinking now. I don't agree with that, Mr Speaker. This is it. And I am very glad that he has brought it out because now we know what the argument was. I don't agree with that. I think that the benefit is coming to Gibraltar as a whole. The Government is not acting here as a tourist agent, the tourist agents do their own publicity, and that is part of their own business and they must be encouraged to do more. But the Government is interested in sustaining that very vital industry of Gibraltar. Either they are or they are not. If they are not then of course they will not relate one to the other. I do because I am. This side

of the House is interested in more than £10.5m. coming into Gibraltar out of the tourist trade of course. Because the tourist trade is not for the benefit of the Government and we all know that. Of course the Government will get some benefit, of course they will get some benefit. They will get some benefit from the indirect taxation that the tourists who come to Gibraltar pay which I don't think can in any way be assessed. I don't know, perhaps the Financial and Development Secretary has ways of assessing that. There is money coming in through indirect taxation and there is money from the profits that the establishments who adhere to the tourist trade pay in income tax, etc., etc. So there is a correlation and I cannot agree with the Financial and Development Secretary that there isn't. There is very direct correlation between the money that we spend on advertising and the money that the tourists spend in Gibraltar, and I believe that more money must be spent in advertising to make Gibraltar known. What we are striving for we are striving is to get more tourists to Gibraltar, this is what we are talking about, this is why, Mr Speaker, we are spending a lot of money on the statistics that we produce. Why do we do this, Mr Speaker, if we are not interested in seeing that more tourists come to Gibraltar. Of course we do and here we have the figure. And what we have in the figures is that there has been a drop. And the reason why I am saying that we should try and overcome this drop is precisely because we are not spending enough money on advertising on the tourist trade as a whole as best we should. I believe that it would be interesting to find out what proportion of the budget in places like the Isle of Man, Guernsey and Jersey is spent on advertising. It would be interesting to know. Whatever it is we must bear in mind one thing, that since they are much bigger even if they put a small percentage of their budget into advertising it is obvious that the product is much more in England than ours since consequently our proportion is even smaller therefore the number of adverts and publicity spots that we get on television or some other media must necessarily be all that small. And, therefore, I urge the Minister to see what he can do in that respect because it is vital that we spend more money in making Gibraltar known and that he pays attention to this matter.

I believe that the situation is getting bad for this coming year notwithstanding again that in another answer, Mr Speaker, the Minister for Tourism said that the prospects for this year were good. He said that apparently the bookings were better than for last year. Yet, we find that one very important operator has dropped

out. Now if an operator drops out it must be because things are not going all that well. And he is one of the biggest operators of England, OSL. Now they have dropped out. And it is unfortunate that they have dropped out because they also use their own charter; which means that now the seats obviously available to come to Gibraltar are reduced by all those who will come whether, OSL operational or not; who will come to Gibraltar, but they will have to come through Sutton or through Exchange Travel Air Europe, or British Airways. But the capacity of seats in the aircraft will be reduced, and I believe that at one time last summer they had two charters operating. So we are going to be two charters short this year. We must accept, I think the Minister will accept, that even if the booking is good the fact that one operator has left is not I think a good indicator because obviously business goes where there is money, there is business, and if they drop out it must be because they see no business there. That I hope will make the Minister realise that we have to make all that extra effort to put this matter right.

Now the hotels I think are keen in improving their amenities, and I believe that one of the problems they encounter is the question of depreciation of furniture. I hope the Government can consider how they can tackle this one. I don't know how long a piece of furniture lasts in a hotel. It might last 5 years, 10 years, but that is something that.....

MR SPEAKER:

We must not talk of those details on the general principles of the Bill, with all due respect.

HON MAJOR R J PELIZA:

It is an item that will come up later at the Committee stage. I will tell you why this has to do with the Budget itself.

MR SPEAKER:

We must speak about the general broadness of tourism, we must not speak about the detail of how long furniture

is going to last and how much it is going to cost because otherwise we get bogged down in detail.

HON MAJOR R J PELIZA:

It is coming to depreciation, Mr Speaker.

MR SPEAKER:

Yes you can speak about the principle of Government subsidising hotels but let us not go into the depreciation of the particular furniture being used in the hotels.

HON MAJOR R J PELIZA:

Mr Speaker, then perhaps the Government would like to look into the question of depreciation of furniture because if this is shortened it means that they cannot replace it quicker. It is an important point from their point of view because that is the only way we can do it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Subject to your ruling, it is a question or a point that possibly the Honourable Member could make on the Finance Bill when one is looking at taxation, if I may suggest that.

HON MAJOR R J PELIZA:

So the same thing applies to licences, to air taxes which will as you say arise later on. This one is on expenditure and perhaps you will allow me, Mr Speaker, the question of Port area where they would certainly like more police to control the traffic when they do have it and also they would like to have a telephone at Western Arm, something that I hope the Minister can put right. They would also like, Mr Speaker, to concentrate on the embellishment of tourist intensive area, and perhaps the Minister for Public Works would like to take that into account. They would also like to see tours of the military tunnels, fortifications and waterworks

which I believe is within our rights to grant. They were apparently very popular once upon a time but were discontinued. I do not know why they were discontinued but they believed that this would be helpful. There are many other small points that they would like to see like a Military Museum, a North African Landing Museum attached to the Military Museum, which I think is a very good idea. They would like to see a flea market somewhere once a week. And this again, Mr Speaker, the question of sale tax or what I think VAT matters always take up a budget, and I will read it out as a revenue-raising matter, I think, in that respect so as not to really incur your odium, Mr Speaker. I think I better not go into any further details which I may be able to tackle later with the Minister when he speaks if he allows me to interrupt him.

There is however one point important, and this is very much principle, Mr Speaker. This is to do with the division between the staff in Gibraltar and in the United Kingdom.

I have said before that the counter of our shop as it were is basically in the UK. I know that we have other sources like the Marina, I know that we have Morocco and I know that we have the cruise liners. All those of course are important and when I am talking about this I want to make it quite clear that in no way am I belittling all the other sources. But this one by and large at the moment any way is the most important one. Therefore we should concentrate on this one. I also know, Mr Speaker, and operators do it themselves, that the most effective way of selling a product, apart from advertising which attracts the public generally, is to go to the salesman who literally is going to sell it at the counter. For that we need a sales force literally culling on a truly business footing. Not just have a salesman who sits at his desk day and night, that is not what we want, it is the fellow that is out on the road all the time making reports, bringing reports back, and literally by the end of the month to really get to know all the customers know their idiosyncrasies and know how to go about it. You know who is selling you know who is not selling. And then for a little place like Gibraltar, Mr Speaker, where we do not need all that amount of tourists coming here, in my view that is probably the most effective way of consolidating our position once the attachment is created by our sales advertising... And for that I think a re-arrangement of our personnel is needed. I find it difficult to believe

that we need so many people in Gibraltar just sitting downstairs, or wherever they may be - I am not doing nothing I haven't said that the Minister has said that - but you have got to assess as to whether what he is doing downstairs is more or less important than what he would be doing somewhere else. And within our own resources, say, well if we have to give something up then we are going to give this one up because we are going to get more by doing it somewhere else. I don't know. I cannot make an assessment of that. I don't know the inside out. I would like to hear the Minister's view on this, but as an outsider you might say to me the suggestion is a logical one. It may be impossible to implement, maybe I am talking through my hat, I accept that but I make the suggestion in good faith.

Right, Mr Speaker, I think I have perhaps taken a bit too long. On the other hand, Mr Speaker, I think it is the privilege of a Member of the House to stand up and express his views to the best of his ability. Maybe my ability is very limited, yet no one can deny that I haven't done my best. I sense, unfortunately, that the Government is very obdurate in their views. On the other hand I don't despair because I have seen them as I have pointed out make U-turns and, therefore, I am always hopeful that suddenly there will be a U-turn. No wonder, Mr Speaker, that with the Government making so many U-turns we have so many traffic jams in Gibraltar.

MR SPEAKER:

We will now have a very short recess of no more than 10 minutes to have coffee.

THE HOUSE RECESSED AT 10.50 a.m.

THE HOUSE RESUMED AT 11.05 a.m.

HON H J ZAMMIT:

Mr Speaker, Sir, I can assure you, Sir, and this Honourable House that I will certainly not take up 1 1/2 hours as the Honourable and Gallant Major Peliza has done, but I feel confident that I will be able to answer all his

questions as indeed I will be able to answer other questions that have been put before on the four ministries for which I hold responsibility. Let me begin by answering the Honourable and Gallant Major Peliza and the Honourable and Learned Mr Andrew Haynes on the questions regarding the publication of the Housing Waiting List. I will put it to the Honourable and Gallant Major Peliza that the reasons why the Government does not publish it is not a financial one, it is exactly the same reason why Miss Conchita Anes, Mr Maurice Xiberras and Mr Caruana failed to do so during the 1969-72 administration, when three Ministers, particularly one, promised the electorate that it would be done and failed to do so. The reason is not one of finance at all it is one of carrying out a laborious task which will give no one at all an indication of their position, purely because the pointage system fluctuates day by day. Not week by week or month by month but day by day. And to keep the list in a sensible exposition of ones situation it would have to be a daily upgrading of all the list, and that would be a practical impossibility. I will give way.

MR SPEAKER:

I must warn members. We are not going to have interruptions every five minutes. I will not allow it. Because otherwise we defeat the object of the debate. So perhaps you will constrain yourself to those interruptions that you consider to be important.

HON MAJOR R J PELIZA:

Yes, Sir. The reason why I stood up is because the people are very concerned, not just in this House but outside as well and it leads to all sorts of rumour. This is why I think it is in the interest of the Minister to do it. What I say is that I know it fluctuates but surely it is not necessary to announce the list every day, you may announce it every month, or every week.

HON H J ZAMMITT:

Mr Speaker, I think I fail to convince the Honourable Member that even when it is month by month you still cannot do it because if an individual, by way of example, Sir, if I may demonstrate, if an individual has for

arguments sake, say, 700 at the end of April, there is nothing to say that on the 1st of May the person who had 500 points will now be No. 1 because either the family had had twins, the waiting time has increased and, therefore, Mr Speaker, whether you do it month by month, or day by day, it does not give a true reflection. In fact it would be quite damaging for somebody to find himself at the top of the list for say one day and then find himself seventh the following day. Be that as it may, Mr Speaker, I was going on to say and I hope members will agree, that it is a practical impossibility. It is not a financial impossibility, it is a working impossibility. But of course Mr Speaker where there is conflict in the mind of the Honourable and Learned Mr Haynes is that he appears to want a housing list published but yet expects Government to give priority to those homeless cases. Government cannot, I repeat, cannot be expected to give advantage to any person who comes from outside Gibraltar and renders himself homeless over the people who have been patiently waiting in Gibraltar for accommodation. I know it is not nice to see people doing this but we have an awful lot of instances, and may I say to the Gallant and Hon Major Peliza, I have already received three telephone calls from people living in Brixton who because of the problems there would like to come back and settle in Gibraltar because they have been away for forty years. Their argument is that as they haven't molested Government for the last 40 years they should have the advantage over those people who have been bothering Government over the last forty years.

I would like to say, Mr Speaker, that in going through the Departments that I am responsible for, the Hon Major Peliza particularly, says that the hotels cannot survive unless the water is subsidised and that I or Government has made a U-turn because of the announcement made by the Hon and Learned the Chief Minister of the 10% increase in water charges. I would like to tell the Hon and Gallant Major Peliza that if he is under the impression that the hotels in Gibraltar cannot survive on account not only of the water charges, but of municipal charges, then of course he is completely wrong. Because the total amount of the municipal charges represents 1% of the cost to the hotels. In meetings with the Hotel Association, if we were to subsidise all the municipal charges it would mean something like a 1% reduction to their charges.

HON P J ISCLA:

If the Hon Minister will give way. Has not a statement been made by the Hotel Association indicating a much higher percentage in municipal charges? Is it that they dispute it or they agreed with it? A public statement was made if I recall giving a much higher percentage for municipal charges as far as the hotels were concerned.

HON H J ZAMMITT:

The charges are 10% but in real terms the return that it gives back in the question of a reduction in hotel charges would be 1%. Their municipal charges is 10%, the cost. Mr Speaker, there is no U-turn, I assure you, and I assure the Hon and Gallant Major Peliza. What we are saying, and if the Hon Member cares to read the address of the Hon and Learned the Chief Minister, it is that the 10% increase in water rates will be softened off for this year so as to help the hotel industry. It is the increase, it is not a subsidy of what the water rate was, it is what is going to be, in an endeavour to try and make them see that there is certainly goodwill on Government side. But, Mr Speaker, one thing the Hon and Learned Member did say was that what the hotels complain about is the high cost of wages that they have to pay, and although parity brought so much wealth to Gibraltar there is one sector where parity has affected them, and they say they cannot compete with surrounding tourist resorts on account of the wages. I was very surprised to see the Hon and Gallant Member saying that, obviously Defence is the main spender in Gibraltar I think it is 60 and 40 on tourism, but I was expecting him to have said that Government's aim should be to articulate our 40% on to the 60% of MOD spending. That would be the ideal way of improving Gibraltar's economy, by being more reliant on tourism than on defence. Because as the Hon Member knows very well that although we very much welcome Defence spending there could well be, I hope it does never occur, a day when Gibraltar may not be as attractive to Defence spending as it is today. So if anything we have to try and articulate that, and I commend my colleague Mr Abraham Serfaty for having tried to do that for many, many years.

Mr Speaker, on the question of the seminar, I can assure the Honourable Member that it was a most successful seminar and I was instrumental in bringing that to

Gibraltar, purely because during my trade promotion attendance in England in February I received an enormous amount of complaints about the end product of Gibraltar, some of which I could not defend despite the fact I did my utmost. It was then that I decided that I could do no better than to bring the people who were being criticised by the tourist industry in Gibraltar to bring the experts out to Gibraltar to explain what they were doing for their benefit. We had our advertising agents, our public relations people and everybody concerned, or at least a representative of every association concerned with the tourist industry in Gibraltar. It was extremely good and common sense prevailed and some very important and interesting arguments came up. Let me assure the Hon and Gallant Major Peliza that the contribution that Government makes to the tourist industry is possibly the highest in proportion to the amount of tourists we receive and it can never have any comparison with what we spend on advertising between Guernsey and Jersey that receive over two million tourists per annum. So, therefore, pro rata, I think we must be the highest spender. If we are talking on 100,000 tourists a year and we are spending over £.5m. we are really in essence saying that we are contributing something like £5 per tourist coming to Gibraltar. I am not putting that as an argument that we should not try to develop that. Mr Speaker, the seminar came out with some very intelligent suggestions, but some of them of course which the Hon Member, I don't know if he was reading from the report that came out of that or he has been given information about what was discussed, there were some things which the Government is going to consider. I have already sent a circular to all Ministers to keep them abreast with what the seminar came up with. I think that when the advertising agents and the public relations people made an exposition of what they are doing for Gibraltar those who criticised what was being done were left in little doubt that we are not getting a very bad return for what we are eventually receiving. In fact our advertising agents do tremendous work and so do our public relations. I will not go into details on that, Mr Speaker, because it will be far too laborious. Can we carry out all the recommendations? Well, Mr Speaker, the answer is, no. We certainly cannot. There are some requests there that I do not think this Government or any other Government could totally accept. We will certainly look at some of them and in fact some have been considered. We cannot rely, Mr Speaker, on the old four 's' which is known in the tourist world as sand, sea, sun and sex. That is what is advertised, Mr Speaker, by many tourist resorts and

sun is not just for Gibraltar. When the Hon and Gallant Major Peliza mentioned the question of weather, it is not one that we can play on all that much now, there are other places that afford that. What I would like Members to realize is, and as the Hon Financial and Development Secretary mentioned, the tourist trend has not been all that dramatic despite the fact of the recession in Britain, the strength of the pound, we have still been able to maintain, certainly compared over the last five years, excluding 1979 which was a boom year, we have been able to maintain most of the repeat traffic that comes to Gibraltar year after year and are our greatest supporters. In that we have succeeded and there are many other places in the world including Spain that have suffered a much greater, including Spain with the value of the pound at nearly 200 pesetas, they have suffered a greater blow than we have here.

The Hon and Gallant Major Peliza mentioned that the seminar wanted the public relations money doubled. I am sure the agency would like the money doubled because obviously the more money they get the better off they are. We have to buy time and we have to find out the fine balance of what Gibraltar can afford in public relations and in advertising in relation to time and purchase, and, therefore, Mr Speaker, although we have increased the advertising vote by £50,000 I see the Hon and Gallant Major Peliza isn't at all satisfied and apparently he would like us to increase that even more. But to show the inconsistency of the Opposition, and this is where I say that I cannot expect the Hon and Gallant Major Peliza to do his homework during his short and brief spells in Gibraltar, if only he was to do his homework he would find out the inconsistency, and I am referring now, Sir, to last year's Budget, page 413, where the Hon and Learned Mr Peter Isola says "I just wonder whether so much advertising out of public funds is now justified". Here we have someone saying we should be spending more money and another Member, their Leader, saying we should not spend more money out of public funds in advertising. It is lamentable, Mr Speaker, that this is so, because the Hon Mr Isola said in the same page "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 being said, Mr Speaker, because we were doing so well that we should not spend the money. This is where I find the conflict.

HON MAJOR R J PELIZA:

It is justified. We are not doing so well now so we have to spend the money on it.

HON H J ZAMMIT:

Mr Speaker, then the Hon Member still hasn't done his homework, because we haven't done so badly if you care to read what the Financial and Development Secretary said. We have not done that badly. What we are increasing, Mr Speaker, is to keep up with the cost of advertising otherwise we have to buy smaller space. But one sees that there is certainly no consistency at all in the arguments placed on that.

I cannot give him a breakdown, Mr Speaker, of the £200,000 because again next week I will be having the advertising agents coming to Gibraltar where we will be focussing our expenditure for this year.

Mr Speaker, before I forget, I would just like to take up the Hon Major Peliza on one thing regarding the Development Programme and touching on Buena Vista Cottage; the high density and the low density. The Hon Member may not be aware that that property went out to private tender it was obtained and the construction of nine flats will take place in that area. Talking of high and low density the Hon Member will agree that nine flats there is a much higher density than when he lived there with one flat and one family occupying all that area. Possibly, he may have thought, if he things as he does today, he may have thought of asking his Housing Minister to have decanted him into a three or four roomed flat and, therefore, made that land available for nine flats as this Government is doing today. Therefore, Mr Speaker, I do not think that he can say that we are not adding to the density by nine flats where one existed before.

HON MAJOR R J PELIZA:

I think he is making this very personal and is completely going off the tangent. First of all, Mr Speaker, that was a Government Quarter that was given to me whilst I was in the Army. It was in a very derelict situation. In fact I remember Col Hoare saying you have got to get out of here sooner or later, it is in a terrible state. I would have loved to have gone out of that place much sooner than

eventually I did. That was absolutely derelict, irreparable. If I was there it was purely coincidental because possibly it was the worst quarter available and they gave it to me. If they can put 20 or 30 houses there all the better. It has nothing to do with me whatsoever. I think it is absolutely ridiculous for the Minister to produce this argument.

HON H J ZAMMITT:

Well if the house was in such a derelict situation he should have asked to be decanted during his time in Government. Anyway, the other absolute caboodle that the Hon Member talks about is the selling of houses and people to be allowed to dispose of them as they wish. That is absolute rubbish, Mr Speaker. One of the problems that we have here is that if we are going to allow people to sell the flats as they please then the Gibraltarians will never get a house. The Gibraltarians will be sold out completely and then we will have to rehouse them at public expense or go over to Spain and live there. So we have to be very careful about the conditions of selling houses at people's will. More so, Mr Speaker, as has been said here time and again, the price structure of the houses were quite cheap and it would not have been difficult to have found outsiders to have purchased those houses at a much higher cost, and, therefore, the Gibraltarian identity could very quickly be absorbed.

Mr Speaker, I would like to take the Hon Member up on the question of the London Office. I cannot agree, under any circumstances, that the London Office should be our political "Embassy", in Britain. The London Office is there to serve the tourist, the tour operators and the travel agents as best they can from that end, and I cannot agree because no other National Tourist Office has its headquarters other than in the feet of Government where the end product is a result. It would be stupid to think that Spain is going to have its head office, or a greater amount of people in the tourist office say in San Francisco than in Spain. I know what the Honourable Member is trying to get at, but as long as I am acting Minister for Tourism, and I think as long as this Government is in power, we will keep the Gibraltar Tourist Office at the end of the product. It is here that people complain, it is here that people can come forward with suggestions. It is ridiculous to say that we should augment the staff at the London Tourist Office and decrease it here. And I would also tell the Honourable and Gallant Major Peliza that we do have a salesman that

goes around tour operators and travel agents in Britain. And as the Honourable Members know the Minister attends trade promotions around England trying to meet all the travel agents and show Gibraltar films and try and tell them all to come here. But I will say Mr Speaker that no matter how many times we go over there unless there is good will at this end by the tourist industry to pull their socks up then it does not matter how many times the Minister goes or what we spend on advertising or what we spend in public relations, will have little effect on those people who feel dissatisfied at the kind of service they receive at this end. And I would tell the Honourable and Gallant Major Peliza, because I went on television during one of his short absences from Gibraltar, that the complaints I received for once I could not answer: such as being charged 75p for a glass of sherry. And that is when the hotels have to pull their socks up. Not when you convert that into pesetas and it becomes 150. Nowhere in Spain would you pay 150 pesetas for a glass of sherry. Certainly not in a hotel and that is.....

HON P J ISOLA:

What do you pay for a glass of whisky, in Spain?

HON H J ZAMMITT:

Mr Speaker, I think it is ridiculous if the Honourable Leader of the Opposition is going to defend that. If the Honourable Leader of the Opposition is going to defend that that is justified because they charge in Spain 200 pesetas for a whisky then I think it is absolutely wrong. It is absolutely wrong.

HON P J ISOLA:

If the Honourable Member will give way. What I am defending is the Gibraltar tourist industry against wrong comparisons with the Spanish tourist industry which works under much easier conditions with great government subsidies and very cheap charters. And if the Minister for Tourism cannot see that he shouldn't be doing that job. They work under very difficult conditions in Gibraltar.

HON H J ZAMMITT:

Mr Speaker, they may be working under very different conditions but I can tell the Honourable Member that there is absolutely no justification, whether he likes it or not, for the price structure particularly on alcoholic drinks in Gibraltar. There is no justification for the prices that tourists are being asked to pay. Possibly if they reduce their prices they will find that the turnover will be greater. In fact, Mr Speaker, OSL who are dropping out of the Gibraltar run have been unable to continue because they have found a market elsewhere which can offer cheaper holidays. There is nothing we can do, Mr Speaker, and as I say, and I would like the Honourable and Learned the Leader of the Opposition to at least try and understand it, if we were to subsidise water totally, as well as electricity and every other charge it would mean a one per cent reduction in charges. And let us not just blame the airlines, because there are other airlines certainly within Europe that are a little bit more expensive than we are in Gibraltar. Mr Speaker, there is a trade promotion taking place in the Midlands during the middle of May which I hope to attend and we are doing this to try and attract more from the Manchester area because we feel and, so did the seminar feel, we should tap the Midlands a little bit more.

Mr Speaker, what I am really surprised at the Honourable and Gallant Major Peliza in his contribution is that he spoke absolutely nothing about the Post Office and Philately. It doesn't surprise me to a degree because he really doesn't know. In fact were it not for the fact that I know that he lives in Edgeware I would say he was living in Cuckoo land. I say that because if he can put a question to this House: "why don't we have stamp vending machines outside the Post Office," which has been there since I think 1946 or 1947, it just shows you how much he is aware of the Gibraltar situation. But I would say this, Mr Speaker, and I give great credit to my colleague Mr Isaac Abecasis for what he has done in the world of philately. Last year Mr Speaker we again did extremely well on philately and this year we hope to do even better. We have had the windfall of the Royal Wedding which will bring in some revenue and we shall also have something that will not give us any money, but I think members will agree with this, and that is the year of the handicapped where the total collection will go into the needs of the handicapped. But the Royal Wedding will give us certainly something to be grateful for. And I could also have stipulated, which is mentioned in the estimates,

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the question of our new definitive will be coming out early next year. Mr Speaker that is an important fact that some member, and indeed I think the Honourable and Gallant Major Peliza, should have mentioned and it is here, Mr Speaker, that I would like to make a brief announcement because at the moment in the Post Office there is a little industrial unrest. I would like to be able to give a commitment under Special Expenditure, Item 80, that we have made provisions for something like £1,800 for security drawer cabinets which the staff are quite concerned about and for which they are taking industrial action at this stage. This is a question that we shall have to examine. We have made that amount ready for it but we don't really know what the total cost will be. But there is a commitment that we will look at this and therefore I hope that the industrial action can be eased once we are able to announce that this Government is certainly concerned in bringing this thing to the fore. The other item, Sir,

MR SPEAKER:

What kind of drawers are they talking about?

HON H J ZAMMITT:

Security cabinet drawers where money is deposited or items of value are deposited. They are in somewhat bad conditions. It affects both sections, male and female, Mr Speaker.

Mr Speaker, another item that I would like to bring forward for the information of members opposite is on page 103, item 6, where we have made provision for £120,000 for the construction of a vehicle testing shed which will enable Government to enforce something similar to the MOT test in UK. There has been a demand for that, Mr Speaker, because at the moment although public service vehicles are the only ones that are really examined the situation under which they are examined is not extremely good.

HON A J HAYNES:

Can the Minister say if the Ordinance will be amended at the time these facilities are made available?

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HON H J ZAMMITT:

Needless to say, Mr Speaker, that the Honourable and Learned Member will have to accept that there will certainly have to be some adjustment in the Traffic Ordinance to bring legislation into line with that sphere. Certainly for that side of requirement certainly there will have to be an adjustment.

HON A J HAYNES:

Mr Speaker, I have asked on numerous occasions in the House, with reference to the Ordinance, and I have been informed that it is under the process of revision. Is this the position or is it going to be revised.

HON H J ZAMMITT:

The Traffic Ordinance is generally being revised, but I thought the question was are we going to review the Traffic Ordinance in respect of the MOT. If one is going to implement an MOT, then of course the Ordinance will have to be updated. The question of the other law I think the Attorney-General will probably answer totally on what is being done on the Traffic Ordinance in total.

Now, Mr Speaker there is certainly no lack of confidence on my part with the tourist industry in fact I am possibly over-optimistic about the tourist trade, and as I mentioned, I think, at the last meeting of the House, Mr Speaker, there is an increase in bookings for this year, and this was brought about for a very logical reason, and that is that the high rates of interest being paid people are late bookers and hold on to their money until the last feasible day so as not to lose an interest rate before depositing. I know that the indications are that this summer will be a marked improvement on last summer, and I am delighted to be able to say that.

With regards, Mr Speaker, to the Honourable Mr Tony Laddo talking briefly on sport, I have not inflated the £12,500 grant to associations because of one reason. Not because they were naughty boys and we are going to punish them for being naughty boys, this Government is too big, too strong to have to act that way. This Government will make people realise through common sense that there

could be an advantage and there is an advantage to sportsmen if they are prepared to contribute as is done everywhere in the world, to contribute towards the running of the facilities that are afforded free of charge. And, therefore, Mr Speaker, it is not a question of punishing them for being naughty boys or naughty girls, it is that we want to assist further as we have done so ably over the last years and to encourage more sportsmen, more sporting facilities, and that is the way around it. And I take this advantage and opportunity of reporting to the House that in the Improvement and Development Fund the Government has made a token sum available for the construction of swimming pool at the Victoria Stadium.

Mr Speaker, I would like to remind the Honourable Mr Andrew Haynes, who referred to the estimates of Housing being £1.1m. and the question of staff available there being well able to do the list. I would like to remind him, if he looks at the establishment and salaries on page 37, that under the total amount of 32 only 19 of those work in the office and are clericals, the rest are maintenance wardens and others.

Mr Speaker, I don't think there is anything else I could add to this other than to say that I think we can look forward to a better year, certainly on tourism, and that although we have had a slight decline it isn't as bad as some countries that have lost 50% of tourism over the last 20 years. So long as we can keep the end product of Gibraltar reasonably good, so long as we can keep Gibraltar worthwhile coming to, then I think there is no fear at all as to the industry that we are dependant upon and I would remind the Honourable and Gallant Member that today 90% of our overnight stay comes from England and we will continue to press that market for an improvement on that. The other 10% comes from Morocco or through yachting and other. So, Mr Speaker, I think that the Tourist Office has done remarkably well in encouraging tourism taking into account the depression that has been going on in Britain, taking into account the cheapies that has been offered to the states - yes they are called cheapies, Mr Speaker - they give away, even cash give aways, two seats for the price of one to the States and even to the Far East, and I think we have been able to maintain at least the number that we have been able to acquire over the years mainly on account of repeat people who are loyal, who come to Gibraltar year in year out. And I would ask the hotel industry to try and help. It cannot all be Government. There must be some advertising, there must be some brochures, there must be something

produced by those who are drawing out of and benefitting from this. It cannot just be Government spending all the money for the industry.

Mr Speaker, Sir, with those words I hope that I have been able to answer the Honourable and Gallant Major Peliza on the few questions he posed on tourism, that I have been able to give a brief summary of the situation. And I feel, Mr Speaker, that there is nothing we can do to expand on the tourist trade unless there is a concerted effort by all, not just Mr Taxpayer. Everybody must contribute to the wellbeing or the further expansion of the tourist trade.

Mr Speaker, it is no good saying that some people can sit back and expect Government to do the advertising bring the tourists here without them putting their house in order. And it is that that the seminar brought out very loud and clear: that it is a concerted effort by all of us in this competitive world of tourism that can survive. Without that no matter what we call it, advertising, public relations, or anything else, nothing will succeed nothing, will be successful. Mr Speaker, no doubt I will have a chance later on when there are further questions asked in the House by

HON P J ISOLA:

Will the Minister give way. Last year he said something about the proposed Victoria Stadium charges which he has not done this year. I notice in the estimates for revenue that he is providing for a third less than last year. Is there a change in policy or can the Minister possibly say something before he sits down.

HON H J ZAMMITT:

Mr Speaker, I thought that no doubt during the committee stage we will be having questions on the items. Yes, Mr Speaker, Government does intend to have an admission fee. There is no change in policy whatever. The reasons for holding back on the admission fee or charges should I say, Mr Speaker, is that there isn't a total consensus yet as to whether it should be a membership fee, admission charges or a charge on an hourly basis. But Government will be introducing during the course of the year an admission charge to the Victoria Stadium. I have not gone into item by item because I have four ministries and therefore I would be much longer than 20 minutes Mr Speaker, Mr Speaker, I hope I will be given further opportunity for explaining increases

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and decreases in the Estimates as they come forth.

Thank you Sir.

HON P J ISOLA:

Mr Speaker, if I may interrupt before the Minister finishes. In fact I think he mentioned that there was a token vote this year for a swimming pool under the Improvement and Development Fund under this year's estimates. I haven't been able to find it.

HON M K FEATHERSTONE:

I think I should answer that. There is some £200,000-odd which are going to be on Government works etc, and it is among the lot.

MR SPEAKER:

Perhaps you might deal with that at committee stage.

HON M K FEATHERSTONE:

Yes, Sir.

MR SPEAKER:

Before I call on the Chief Minister to exercise his rights to reply and then the Financial Secretary, the other members, Mr Bossano and the Honourable the Leader of the Opposition, might wish to address the House now.

HON P J ISOLA:

Mr Speaker, in the few minutes that I have got before we adjourn perhaps it would be appropriate for me to talk by way of introduction a little on the budget procedures as they have evolved over the last three years and I refer to two aspects of this, Mr Speaker, which I think we should

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invite the Standing Rules Committee of the House to consider. For good reason some two or three years ago we agreed

MR SPEAKER:

May I perhaps at this stage, since we are talking of the Standing Rules Committee, I think I am right in saying that the Hon Chief Minister in his address to the House on the Official Opening of this House did refer to the fact that the Standing Orders and Rules of the House required amending. May I also remind the House that some few years ago I took the trouble of visiting the Overseas Office of the House of Commons and I produced an amended form of new Standing Orders and Rules which are now before the Rules Committee. May I further remind the House that I am not a member of the Rules Committee, the Rules Committee is most certainly asked to meet through the auspices of the Speaker. If any member wishes to hold a meeting the procedure is to draw attention of the Speaker to the fact that it should be. I say this because I feel perhaps that now is the appropriate time for the Chief Minister and the Leader of the Opposition to get together and instigate meetings of the Rules Committee to provide for any future amendments.

HON CHIEF MINISTER:

I would like to restate a little what I said at the opening and what has or has not happened, and that is that those Rules that you, Mr Speaker, produced and which were looked at, and some of them were in printed form and came to the stage of proof form, have been reproduced in working papers which are being looked into in my office, in my Department. Unfortunately, for a number of reasons we all know there have been other pressures on those who have to look at them but they have indeed been looked at and some of them have been referred to the Attorney-General and have come back and perhaps I may be in a position later on this year to have a reasonably good working draft which we could go on with. It is no use meeting in vacuum, you must have something on which to work. The progress should perhaps be better than it has been because of other pressures in the office but we do have a working set of rules which I will now try and clear a little quicker and certainly long before the next Budget Session. There are many other matters. The Leader of the Opposition was going to speak about the budgetary rules but there are many other matters with which the evolution of time require looking into. May I also say that one other thing I have in mind is also to

some extent limiting the time that people could be standing up and speak in a particular debate.

HON P J ISOLA:

I mention it here in the Budget context because I think events over the years show some need for this.

As I said, Mr Speaker, I think it was two or three years ago the Opposition agreed that contrary to then existing rules of debate, and I think quite properly, the Chief Minister should be able to open the debate on both bills, on the Budget following the Financial and Development Secretary and then sum up for the Government, which I think by and large has worked well because we have heard his exposure on behalf of the Government and then summing up and answering the queries throughout the House. And I think, Mr Speaker, as I listen to debate year in and year out I think there is a need to amend the rules so as to allow the Leader of the Opposition to do the same thing. The reason why I say this is that we believe that the Leader of the Opposition, as he can only speak once, we believe he has got more to contribute summing up for the Opposition than opening. But as a result of that belief we get into a situation where, although the Opposition spokesmen are speaking ahead of Government Ministers, we get into a position which is not necessarily a satisfactory one, that Opposition Members are giving their views before the relevant Minister has said what he hopes to do for his Department during that year. I don't think it is necessary in every case, but I think that the procedure by starting doing it this way produces the situation where in most cases Ministers are answering the Opposition instead of the Opposition taking up the Minister. I think that the Rules Committee should consider the desirability of allowing the Leader of the Opposition two bites at the cherry: opening up for the Opposition and then closing on behalf of the Opposition. The practical matter of my Hon Friend Mr Bossano, who does not subscribe to the rest of the Opposition, I don't think need cause us any particular worry because all I am concerned with is summing up for the Opposition. If it is the wish of Mr Bossano to stay sitting until I have spoken every year, well as far as I am concerned that practice can continue because it becomes more and more irrelevant in the context of party politics.

The other point I would like to make which I think the Rules Committee should consider is having a recess

of an hour after the opening of the budgetary debate. The reason why I say this again is because the principles on which the budget has been delivered has also been evolving since the Chief Minister has been given by the Standing Rules Committee of the House two bites at the cherry. And I think it has been evolving the right way, because the Financial and Development Secretary has given his budgetary exposition of the state of the economy and the Chief Minister now every year rather more than previous years possibly has been connecting with Government fiscal policy and Government financial policy for the following year. I think this is a good thing because it gives an indication to the House at an early stage how the Government is thinking. I would not like to stop that practice: I think it should evolve and it should continue, but I think that because it is like that the Opposition then has rather more to consider than just an exposition of the Estimates. It has to consider how the Government intends to develop their policy in relation to those Estimates and I think it desirable that we should have a recess in those circumstances to enable the Opposition to collect their thoughts on what has been said and proceed to more profitable possibly and more - possibly I should not say that - shorter debate..

There are other matters in relation to the Standing Rules Committee which arise actually on what my Honourable and Gallant Friend Major Peliza said in relation to the broadcasting of the proceedings of the House, and before the Chief Minister says it I must tell my Hon and Gallant Friend that the sub-Committee in the House is in fact awaiting proposals from the Opposition on what they think should be done on broadcasting. They will be getting those shortly but again I think the proposals that we are going to suggest on broadcasting will also require amendment of the Standing Orders of the House especially as to procedure.

Mr Speaker, having employed my eight minutes or so in dealing with that very preliminary matter perhaps you might like to recess now.

MR SPEAKER:

I will recess now until 1.45 p.m. when we shall resume the debate.

The House recessed at 12 noon.

The House resumed at 1.50 p.m.

HON P J ISOLA:

Mr Speaker, when we adjourned I was talking about procedures. Now I shall proceed to talk about the subject I would like to talk about, and that is of course the Estimates of Revenue and Expenditure as put forward so capably by the Hon Financial and Development Secretary and the statement of the Chief Minister on the matter.

Let me say, Mr Speaker, that only last week in a television political party broadcast we pointed out the role of the Opposition as we saw it as a political party. A lot of harsh things have been said about the way this side of the House approaches its role and its responsibilities in opposition. One thing cannot be denied and that is that what we say on this side of the House one year is usually done the following year by the Government. What we advocate on this side of the House, sooner or later, is done or at least has its effects. And in doing that the Opposition is carrying out a very important role for the community. And if I may for one moment digress, I shall say a lot more about it, on the question of the Improvement and Development Fund. For eight years, year in, year out, the Opposition have been attacking the Government on its poor performance in development, and the Opposition made a very big attack during the General Election campaign on this particular point, the effect it had on the economy and on the people of Gibraltar generally. And I am very happy, as I said in the Budget last year, to see that for the first time in eight years of GLP/ANCER Government the Improvement and Development Fund has spent more or less what the Minister said they would spend during the year under review. Of course, the Minister for Economic Development when speaking on this did not refer to other parts of my speech in relation to the Improvement and Development Fund and the concern that I expressed then, and that was that even though the £10m would be spent the Government had fallen so far behind in performance that they would still need another £13m in order to complete the Development Programme that was due to be completed on 31 March 1981. But that is just an example, Mr Speaker, of constant opposition, call it bickering if you wish, call it diatribe if you wish, but constant Opposition pressure on poor performance eventually has had its result. So although I am pleased, as I said last year in the Budget, that the thing has been done, and I congratulate to that extent the Minister, I congratulate equally the Opposition over the years who have doggedly pressed the

Government to improve its performance in Development. And at last I think the Government has taken the warning and the attacks of the Opposition on these points seriously. As a result Gibraltar has commenced to benefit from it and will benefit from it especially if the pace is kept up. The only thing the Government has to do now is to catch up with the next Development Programme, in which they are already a year behind, or they will be a year behind by the end of the current year. But I will deal, Mr Speaker, on development later on in general terms in my contribution.

Mr Speaker, last year on this side of the House, as indeed the year before, we complained of the harshness of the budgetary measures that the Government was taking, and as we all know the justification on the part of the Government for these measures was that the economy had to be put right and that there had to be what was referred to by my Honourable and Gallant Friend Major Pelize, a prudent surplus, and that the measures, and I go back to last year, Mr Speaker, because there is not much point going back to 1979, we were told that this was the sensible thing to aim for, a surplus of £5.6m. On this side of the House, and I think to a certain extent accepting the philosophy put forward by my Hon and Gallant Friend, that the duty of Government is not just to tax and tax and tax to build up reserves that it does not require, and to put forward what my Hon and Learned Friend Mr Haynes said in his opening, the object of taxation is not to make the Government wealthy but to redistribute income and to make the population or the country as a whole wealthy. Consonant with that theme we urged the Government last year to give some of the money back to the people because we said: you are going to have a much higher surplus from your excessive budgetary measures than you yourself are saying. In fact, Mr Speaker, I was so bold as to put a figure to it. I said: with these measures you will have a surplus of between £8m and £9m. And at that time, Mr Speaker, we did not know that the Government was going to hand over the running of the Dockyard Police to the MOD, that has cost us £650,000 in a year; we did not know at that time that the Government was going to spend another £1m. in the disastrous Varyl Segg settlement. Despite that, Mr Speaker, the Government has come out with a surplus of £8.6m. in the Consolidated Fund Balance as at 31 March 1981. If they had not for example taken the question of the opening of the frontier too seriously they would have had a higher contribution from the Admiralty this year in regard to the Police Force; and if the Government revenues....

HON A J CANEPA:

Who is "they", Mr Speaker.

HON P J ISOLA:

Government.

HON A J CANEPA:

Who is 'they'. If who had not taken seriously the opening of the frontier. The Government? The Minister sitting here or somebody else?

HON P J ISOLA:

Well, maybe somebody else, I don't know. It is very secret, we never know who is responsible for anything.

HON A J CANEPA:

The Honourable Member does know because he has asked previously in the House and the Honourable the Chief Minister has answered that question fully. He does know what the position is regarding the Police, or he should know.

HON P J ISOLA:

Well, Mr Speaker, as I said, if the Government which votes the money and provides the money and gives the Estimates hasn't approved, I did not know what they did or did not do, the question of police there would have been another £150,000. And of course if the Government had stood by the pledges - and that is far more serious - they gave from year to year in this House that with regard to the Varyl Segg Estate disaster, if there was one thing that was not going to happen was that the Gibraltar taxpayer was not going to pay to put right what others had been responsible for. And within two or three months they settled and paid £1m. out so far. Despite all that, Mr Speaker, the budget measures taken at the last budget were so severe and so strong, they were not modest budget measures, that the revenues have produced a surplus of £8.6m. according to Revised Estimates of Revenue.

Maybe it goes a bit further up when all the books are drawn up at the end of the financial year. Mr Speaker, that proves the point made by my Party in the last Budget that the Government should have given more relief for income tax allowances. They could have done it easily. It would have cost them no more than the Varyl Segg disaster. People would have been that much better off in Gibraltar, they would have had that much more relief that they are entitled to. The job of Government is not to squeeze people till they are absolutely dry. The job of Government is to have an equitable system of taxation and to take sufficient money in one way or another from the public to be able to carry out its responsibility to the public. And I do not see why if the Government thought in March 1980 that £5.6m. was the sort of surplus to aim at, and the prudence of a surplus, why now are we told it should have been £8.6m. Because if the Government thinks they should have had £8.6m. today then they should have had still sterner measures in 1980/81. They are never wrong, Mr Speaker, they budget for two or three weeks working reserves and when they get two months worth as a result of the severe tax measures of 1979, they then say we have to tax still more because now we want more money and more money. And the result of course from the point of view of the general public in Gibraltar is that they have had to pay heavily for it. I know the Government or the Chief Minister does not like to be reminded of U-turns, and I think my Hon and Gallant Friend Major Peliza referred to the U-turn by the Minister for Sport on the question of water; that last year the Government was saying that there was no reason why the hotel industry should be subsidised in any way. Last year, when they were having their worst year, they decided then to stop the subsidy; this year it seems to have been put back again despite what was said on that side of the House on the matter. I don't object to it being put back again, we do not object to sensible policies when they are justified, because when the Government and in fact the Hon Mr Bossano mentioned subsidies to the private sector, I do not think that the Government gives a subsidy to the hotel industry just to keep the proprietors of the hotel in good funds. The reason they do it I presume is because of the general need of the economy and the general needs of employment in the private sector. Because between the Government and the Ministry of Defence they cannot absorb the total labour force of Gibraltar, and it is the private sector, in my view, that requires very special watching by the Government. Because as far as the public sector is concerned if the Government needs more money for wages or salaries it has a little tap that it opens and out comes the money from taxation; but in the private sector if they have to pay higher wages or higher salaries, the tap

doesn't always open as much as people would like to see it open. That is why last year we asked, give them in employment in the private sector a little more of their money back. They do not have index-linked pensions, they do not have all the other benefits that employees in the public sector have, and which we would like the private sector employees to have but they do not have it in the private sector. Gives them some relief. And all we asked for, Mr Speaker, was that the personal allowances should be doubled, instead of £100 the Government should give them £200. It was a very modest request on the part of the Opposition, it was not an irresponsible request: but the reply was, the Government cannot afford it, the Country can't afford it, you are just playing politics. It was not that and the results have shown it.

We argued in favour, and we said: and please do it because you have got the money, Gibraltar Government, and you said, no. We must have this prudent balance of £5.6m., they used up quite a lot of the Government's revenues on matters with which we do not totally agree, but they still have a surplus of £8.6m. And because, Mr Speaker, they have that surplus the Government is going to do this year what we asked them to do last year, in more ways than one. And here we come to the next U-turn of the Government.

The Chief Minister said in his address on the question of the Funded Services: he said: "that following parity I made it clear," I am referring to para 16 of his prepared statement, he said "I made it clear that whilst substantial subsidies could be justified before parity these could not be justified thereafter. With the introduction of parity it was generally accepted that charges had to increase. This is one of the main areas in which the consistency of Government policy is to be seen." I was going to say, Mr Speaker, and I would say that that was the last main area in which Government was being consistent, but here this year the Government has done a U-turn as well. A complete U-turn. In fact the Government has done this year in the Funded Services what we asked them to do last year. We said, alright, if you are not going to give personal allowances don't increase electricity or water charges or telephone charges: this is what we asked last year, this is what they are going to do this year. Because however it is dressed up, whether it is by passing it on to next year or paying a contribution from the Consolidated Fund or waiting for the ISO before they get their money back on the deficit on the telephone account, however it is put by the Government, the net result is that there are to be no increases in charges for electricity, there are to be no

increases in charges for telephones, even though there are substantial deficits, and in electricity of course the deficit is quite large, and there is to be only an 18% increase in water, which is going to cover only a very small part of the expected deficit. An 18% increase in water for some but not for all, the hotels are to be exempted for one year from that 18% increase.

Mr Speaker, we agree with this, that in a very healthy economy as we have now, and because the Government has treated electricity payers so badly during the year because they have not been able to maintain a continuous power supply to the consumers, and because the consumers have been overcharged during the last year, because of all that we agree with the U-turn of the Government. But it is still a U-turn. And we are glad they have made a U-turn, but it is a U-turn. So, I was talking.....

HON. M. K. FEATHERSTONE:

Could the Hon Member explain where anybody has been overcharged on electricity? Surely they pay for the units they use.

HON. P. J. ISGLA:

Mr Speaker, I have heard this argument. The trouble is that the charge that is being made per unit is excessive, and this is brought about, in our view, through the inefficient handling of the Generating Station. That is why we asked for a public inquiry which we have not got. That is why we complained that the Government by not carrying out the recommendations of the Preece, Cardew and Rider Report had left machinery working, which was expensive, that was in the Old King's Bastion, for longer than was necessary, and so forth. All that, Mr Speaker, has resulted in higher electricity charges. The consumer has had to pay. That is why we say that electricity charges are excessive, that is why we say people have been overcharged, because if the electricity situation had been handled properly, not now but since the Preece Cardew and Rider Report, who knows? The production of electricity per unit might have been cheaper. We don't know, and we cannot tell, because all we can tell is what the Government tells us from time to time. If the Government were to give us the Preece Cardew and Rider Report we would be able to see what people in the know are saying, we might make a different judgement. At the moment that is our judgement, Mr Speaker, and our

judgement we believe is shared by the great majority of the people of Gibraltar, and that is why the Government has agreed not to put up its charges any more and has agreed to carry 2665,200 deficit on electricity. I am glad they have and we agree with that, Mr Speaker. But what I disagree with and object to is the criticism that is levelled by Government Ministers and their newspaper at Opposition members that all they are doing is criticising, they are not saying anything constructive. The Government is now doing what we asked that they should do last year and we look forward to seeing the proposals of the Government with regard to income tax. It may well not be enough, because now the Government are telling us that next year £10m. is a prudent surplus. So if what the Government is going to do is to give us income tax relief with one hand and then shove up a lot of other taxation to make up for it so that they can have £10m. next year, I will predict that next year we will have £14m. And then next year we will be told £14m. is the right amount to have and then we shall get £20m. the next year. And so the Government will work on the process.....

HON. A. J. CANEPA:

If the Hon Member will give way. Does he not accept that in a situation in which the size of the budget is increasing inexorably year after year by about 20% from one year to another, that the reserves must also keep pace and that the reserves must bear roughly the same proportion? Otherwise we find the Government going back to the situation that we had in 1979? Does he not accept that proposition?

HON. P. J. ISGLA:

Mr Speaker, I give way and I listen to it and it rather upsets the tone of what I was thinking, but I will reply to the Hon Member. The Government found itself in 1979 the way it found itself because they didn't themselves do their homework properly. That is one answer to 1979. That was this Government and I hope they are not blaming us for it. The second one is what the level of reserves should be. Of course there should be a reasonable level of reserves but what I am saying is that one year the Government says in 1980/81 the reasonable reserve is £5.6m. and we say you are going to have £9m.; the Government says no and it finds itself

with 29m., and the next year they will not have 29m., which is what presumably they would have aimed for this year if they had only had 25.6m., they now aim for more than 30m. They want to be ahead all the time. If a reasonable level of reserves in 1980/81 was 25m., and that is what the Government says and we only have their word for it, how can it now be said that a reasonable level is 20.2m? This is the point I am trying to make. And the point I am trying to make is that the Government have over-taxed the people of Gibraltar in one way or another and there is no way of getting round it, because if the Government says on March 31st 1980 that we should aim for 25.6m. which is a prudent reserve and they get 28.5m. the Government have over-taxed, especially with the Varyl Segg disaster thrown in with 31m. just put aside or whatever. What we are saying is, and we told the Government last year and we put figures to it, is that the taxation measures were unreasonably heavy and that is why we voted against increased charges in the Funded Services and we were labelled irresponsible for it, and this year the Government does exactly that because it finds itself with the reserves that we told them last year they would have as a result of their budgetary measures and their indirect taxation. That is, Mr Speaker, the point I wished to make, that the Opposition are and have been behaving responsibly. If our attitude last year on the question of the Funded Services can be labelled irresponsible then by the same token the attitude of the Government this year to the Funded Services can be labelled irresponsible, but we do not label them irresponsible. We think that there has to be quite an element of subsidy in the Funded Services because the production of the particular services seem to cost us an awful lot of money.

Mr Speaker, in my budgetary speech last year I also did say, when I predicted a surplus of 28m/29m, I did say that that might well put the Government in an uncomfortable position when going to London for Development Aid. In fact that has been echoed by my Honourable and Learned Friend Mr Haynes in the course of his contribution on the Budget. I think that is a factor that the Government ought to consider because if the Gibraltar Government situation is healthy, or appears to be healthy to somebody who looks at the Estimates of Revenue and Expenditure, then it can be argued that the pledge of "sustain and support" has not got to be applied as strongly as if Gibraltar was in the 1979 position. I am not saying that the British Government is not going to sustain and support Gibraltar. I do not believe that will occur. I believe there is honour in the British Government and they will maintain their pledges but sustain and support means sustain and support, it does not mean

more than that. The heavy taxation that was imposed last year has produced a false picture, or might have produced a false picture as to the true budgetary situation of Gibraltar, because it has produced figures, we are told, and may be the Hon Mr Josciano may be able to say something in his contribution, showing that our level of taxation is about 10% higher, we have been told by the Chief Minister, than in England. That is not bad going is it? Mr Speaker, considering we only started taxing people about twenty years ago. To out-strip the most heavily taxed country in Europe, England was until last year when Mrs Thatcher's Government came into power, and I said last year that following the Budget measures we had become the most heavily taxed country in Europe, and this is borne out by the acceptance and realisation by the Government that this is so and they are going to go away from the main area in which they have been consistent. And in move from that consistency and go into the role of inconsistency with their own policy in contributing to the Funded Services and not putting up charges to make them self-sufficient this year. That, to my mind is an admission by the Government that they were wrong last year, and I think it is the fruition of proper Opposition policy of pointing out through argument, through protest, through television broadcasts, that we are over-taxed. At last the Government accepts that and we look very much forward to seeing the sort of relief that the people of Gibraltar are going to get.

Mr Speaker, from here, and this I suppose must have some bearing on the budgetary measures the Government propose to make, I would like to digress for one moment on what I thought was a very important observation made by the Financial and Development Secretary in his contribution, and I would like to say something on it. He said at page 2, when talking of earnings and the increased earnings of Gibraltarians in the year by around 5%, he made a very significant statement. He said: "The differential between the two sectors, that is the private and public sector, in October 1980 for weekly-paid employees was 15% whilst that for monthly-paid employees widened during the year between 30% and 40%." Mr Speaker, that is quite alarming. I looked back on other budgets and I found that last year the differentials was 10% on weekly-paid employees and 25% on monthly-paid employees, that was the differential. And in October 1978, and I think it is interesting to note that, the differential was 45%. I presume that was as a result of the implementation of parity in 1977 or 1978. Obviously there was a much wider differential and then the gap was narrowed during 1979, but during 1980, and it seems to me that that is an indicator on the economy as well, during 1980 the gap is widening again. We find the weekly-paid is 15% instead of 10% and the monthly-paid 30% and 40%. Mr Speaker, that to me is a very worrying thing and it should be a very worrying thing for

the Government.

HON A J CANEPA:

If the Hon Member will give way. The reason for that is rather simple. The 1979 wage and salary awards in UK were staged. A number of them carried over into 1980 and, therefore, in 1980 not only did you have the normal wage and salary settlement due then, but you also had the second or third stage of deferred awards from the previous year and they all come together. For instance, that I remember happened in the case of schoolteachers: they got an award in July 1980 and they got the second stage of the 1979 award paid in September 1980 when all of these awards then reflected themselves in the October 1980 Employment Survey. That, I think is the reason.

HON P J ISOLA:

I am not quite clear.

I can understand why the wages and salaries in the public sector went up in different phases of settlement. What I am saying is that the differential, referring to what the Financial and Development Secretary has said, appears to be widening and not narrowing. I think the reasons for that must be the economic state of the private sector. And I think it is worrying because all employees are employees, all working men are working men, and as much as possible we should try and achieve, and Government economic policy should be geared to achieving, parity between the private and the public sector as well. The people in the private sector are also Gibraltarians. The people in employment are also entitled to the high standards of living, I hope that is an aim of policy in this House. I hope the Government does not think that they must make their own employers have a nice standard of living and we are not concerned about people in the private sector. I think Government economic policy must be geared towards improving the lot of the private sector, not bringing the public sector down to the level of the private sector but bringing the private sector up to the level of the public sector, and economic policy should be geared to that and Government measures should be geared to that. It is true of course that in the private sector there are Unions operating in the same way as in the public sector, I don't doubt for one minute,

but I think the Unions, I don't know we don't seem to get so much industrial problems, anyway, but the Unions in the private sector presumably get as much as they think they can reasonably get for their members in the private sector, and the Unions in the private sector have to recognise economic factors that perhaps do not exist in the public sector, because as I said before the Government has a tap ie taxation, and the money is there. But the Union recognises that the private sector cannot do that and therefore we do have an interest, Mr Speaker, in a flourishing private sector.

HON J BOSSANO:

If the Hon Member will give way.

HON P J ISOLA:

Now he wants me to give way.

HON J BOSSANO:

If the Hon Member will give way if he wants to be enlightened.

The policy of the Union that negotiates in the private sector, Mr Speaker, is the same policy as the Union that negotiates in the public sector, and in fact ability to pay either in the public or the private sector is not a consideration. What happens is that in the private sector the two major areas where the Union negotiates are the construction industry and the retail trade. In both areas the wages are on the same level as in the UK, and in the public sector they are on the same level as in the UK. But in fact in the UK for a craftsman, for example, in the construction industry the level is below the public sector level, and in the case of shop assistants, which are the bulk of the retail trade, the level is below the level of an unskilled worker in the public sector. So we have parity of wages between shop assistants' wages in Gibraltar and in UK, but this, if you bring out a statistic which shows the average earnings, and 25% of the employees are in a low paid category, it brings the average down. But I think if one looks at specific trades, the comparisons are quite different and the rates are quite near each other.

HON P J ISOLA:

Well, I am glad to hear it.

HON A J GANESA:

Of course we are talking of average earnings and that in the public sector the Government is providing a service 24 hours of the day every day of the week in certain key areas, for instance in the hospitals, they have to be kept going, the distillers are kept going at weekends, the Generating Station is kept going at weekends, and, therefore, there are high overtime earnings, high shift premia and disturbance allowance which all add to the average earnings, whereas that is not the case in the private sector. This is a very important reason.

HON P J ISOLA:

Mr Speaker, I do wish the Financial and Development Secretary had not mentioned this in his Budget contribution, but all I am doing is drawing conclusions from statements made about the differentials between the privately-paid and the publicly-paid, and if I may carry on following up what my Hon Friend Mr Gossano has said, whatever the reason for the differential may be, and it seems now that the main reason seems to be that civil servants in England are paid more anyway than shop assistants, if that is the reason, then all the more reason, Mr Speaker, why the Government in considering budgetary measures should take into account those in employment in the private sector who can obviously afford less from what we have heard than those in the public sector. Perhaps we can draw that conclusion, and when people talk about what so-and-so is earning in the Generating Station or in the Public Works Department or behind the scenes in the Government Secretariat and complain they might think of those who have these quite substantial differentials in earnings in the private sector. And I would have thought that the policy in Gibraltar, and God forbid, Mr Speaker, that I should get involved in these things, but I would have thought that the social policy to follow, certainly in Gibraltar where it is so small, is to try and assimilate the private and public sector and try and achieve the same sort of earnings between these two sectors on average. It seems to me that the differential is greater than it should be and it seems to me that it is growing rather than

narrowing. Perhaps, depending on the present industrial situation in England, that will narrow the other way now that the private sector settlements will go higher than the Government settlements, and I will not stick my neck out and say anything on that, Mr Speaker, perhaps that will bring them closer together, but whatever the reasons for it I believe that the differential seems to be very wide, especially with monthly-paid employees. Because my Hon Friend is really referring to the weekly-paid, the construction industry and the shop assistants. The monthly-paid must be obviously the people who are white-collar workers. I do not know who negotiates for them, or if anybody does, but the differential there of 30% and 40%, Mr Speaker, is big. I think those are matters that the Government should bear in mind when considering economic policy and I think it is relevant to a limited extent I suppose to the present Government measures, for example, the question of water for hotels, they are not going to pass the increased charges to the hotels, they might have considered not putting any increased charges at all. We shall come to that obviously when the budget comes, but that might not be a bad thing if, as a result of that measure hotels are not going to close down and this causes a lot of unemployment. I think that in the circumstances of Gibraltar, Government economic policy must be geared towards improving the lot of the private sector. And when we talk of the private sector I do not wish to be misinterpreted, because I invariably am and people like to misinterpret me, when we are talking of the private sector we are talking of everybody involved in the working of the private sector. That is important because we are interested in improving the standard of everybody in Gibraltar, and obviously improving more quickly the standards of those whose standards are low. I was pleased to hear from the Acting Minister for Tourism that he was acting in concert. That is what we would like to see: Government and private industry working together towards improving their position and not having bickering as to whether a glass of sherry in a hotel should be 75p or 45p, because it seems to me that when we are talking of the product where tourism is concerned that the whole of Gibraltar has a lot to learn in that respect. One should not really pinpoint any particular aspect because it has to be a concerted effort. Gibraltar has to be tidy, Gibraltar has to be clean, facilities have to be given to tourists to spend their money in Gibraltar, if that is, as it appears to be, a major industry in our community.

HON. H. J. ZAMMITT:

If the Hon Member will give way. The point I was trying to make on a 75p glass of sherry was that I mentioned in my contribution that I had received complaints of the price structure during my trade promotion visits, and I think I would be failing in my duty had I not brought back to the notice of the people what they complained about. There is no bickering about it at all, it was a question of, through me, bringing it back and laying the complaint where it ought to lie, that is with the Hotel Association.

HON. P. J. ISOLA:

I appreciate what the Minister has said but I think there was some press correspondence on this, if I remember rightly, there was a television programme and there were complaints as the Minister will no doubt remember about the state of the streets, etc, in Gibraltar. It is a general thing but the point I am really making, Mr Speaker, is that I think that if the private sector is going to survive, as it has to survive in the mixed economy that we have to run, and if as Government has said it wants to build up the private sector because you cannot always rely on the Base, at least the Government has to give effect to this in working together with the private sector and taking account of their legitimate needs. I am not saying they should give them everything they want, but taking account of their legitimate needs to improve the viability of that sector.

Mr Speaker, and talking about viability and talking about revenues, I certainly would agree with what my Hon Friend Mr Restani asked the Financial and Development Secretary about some of the figures in the Revenue Estimates in relation to revenue, especially on import duties. I am a little perplexed as to why the increase in the level of import duties, the receipt of import duties, is low, or seems to be low, there is probably an explanation for it, as compared to the level and the increased level of imports. Because I notice he talks in page 7 of his contribution that the import of motor vehicles has gone up by 51% over the previous year and we all know that the import duties on motor vehicles were increased substantially in the last budget. We are told that clothing imports

have gone up by 40%, footwear by 80%, and durable household goods by 40%, and that food imports have gone down to 25% - that does not pay duty anyway - and yet the general level of imports seems to have risen by 20.5%. And certainly it seems to us, Mr Speaker, that the sort of increases in yields and income tax following wage settlements etc, there does not seem to be a corresponding increase in import duties, in the level of receipts on import duties. I think we asked this question last year, but I think this year it seems to me more pertinent because of the apparent higher levels of imports and the Government only expecting another some £300,000 more in import duties in 1981/82 than the revised estimates for this year. To me, Mr Speaker, that requires some explanation, having regard to the figures that we have been given on the general level of imports. It may be that there are other reasons it may be that the fuel tax has not been so high and so forth and that has levelled it out. I don't know but certainly we would welcome an explanation as to why the level of import duties seems to be comparatively low. Mr Speaker, I beg your pardon, I was looking at the wrong item. It was £6.2m., Revised Estimates - and £6.5m. in the estimates for 81/82, it is still another £300,000 only.

While I am on that page, Mr Speaker, on revenue, again on rates, the revenue on rates again seems to me to be under-estimated. I think the increase is expected to be around 18% and as we understand the position, and again perhaps this can be clarified, rateable values appear to have gone up between 25% and about 60%. Therefore one would expect a much higher yield from rates. And what adds force to that is that if you look at page 38 of the Expenditure Estimates you will find a very substantial increase on tax of about 25% on Government Housing. The Rate Assessment on Government Housing goes up this year from £496,000 to £658,000, which indicates a rise in rates of around 23%. That is just on Government housing. And assuming a similar pattern - not assuming, I am sure at least a similar pattern in private sector housing, it seems to me that the rates receipts seem to have been under-estimated. It is true that there has been more Government housing to be rated but I would not have thought there had been that number of houses built by the Government to justify such an increase.

And talking of rates, Mr Speaker, I would like to refer to part of the Chief Minister's address when he talks of the proposed increases in rents at 1 July in Government Housing of

20% and then 33% where the Housing Fund is going to receive a budget contribution of £1.5m. He talks of increase, he says: "Again action will once again be taken this year to prevent an automatic increase in rates taking place next year as a result of rent increases proposed." That is what was said in 1979 when the rents were increased. But, Mr Speaker, with great respect to the Chief Minister his Valuation Officer seems to have made up for the non-increase in rates last year this year because it seems to us that increasing rates by around 25%, or 33% as I am told it is in most cases, and if it is not we would like a figure from the Government as to the increases there are in rates as from the first quarter of this year, we think that an increase of 33% or a figure of around 25%, or whatever it is, no figure has been made public by the Government, I think we should have it, is the sort of figure which if somebody in the private sector were to try and make would have a very quick reference to the Consumer Protection Officer as to what the public were getting back for this inordinate increase of rates. What are they getting back in terms of new roads, cleaning, tidy streets and so forth?

HON CHIEF MINISTER:

If the Hon Member will give way on a small matter which might simplify the rest of his contribution in this respect. The Government does not put up rates at all, that is done by the Valuation Officer who is a quasi-judicial officer, who acts according to law. The Government only fixes the poundage of the rate if there is too much. The difficulty now is that the rate is a relic of the Municipality and it is very difficult to assess - it is really now another form of taxation - it is very difficult to assess what the rates value should be according to the services rendered because they are no longer identified and they are all merged with the expense of the Public Works Department. In so far as the particular percentage increases that are estimated, it should it be taken into account the very high rents that are being paid in respect of business premises which of course puts up the rates considerably and that is why the percentages may appear high. But that does not necessarily mean that they are high in respect of private dwellings any more than the re-valuation of the judgement of the Valuation Officer is concerned. It is not a Government measure, it is a result of legislation and the machinery of Government. We do not say we are going to put up the rates or put down the rates, that is

the poundage which we haven't touched for a very long time.

HON P J ISOLA:

Mr Speaker, it may be a quasi-judicial function but I notice that action can be taken to prevent an automatic increase in rates taking place.

HON CHIEF MINISTER:

By legislation.

HON P J ISOLA:

By legislation. Well then we ought to have legislation on this, Mr Speaker, because the beneficiary from the rates is in fact the Government. So indirectly as they are the people who are receiving this we must look to them to ensure that the level of rateable values is consistent with the services that are provided in return, and certainly when I was talking of the increases in valuations, Mr Speaker, I was not talking of the increases in business premises, because that we more or less know goes on the rents that they pay, and it may well be questionable whether it should be on that basis. But the housing valuations are done on a different basis and they depend on comparisons with Government dwellings. So it depends on the valuation given to Government dwellings.

HON CHIEF MINISTER:

No, the valuation is on the rent given to Government dwellings.

HON P J ISOLA:

Yes, they are compared to Government dwellings, or whatever it is that is done. But the net result, whatever it is, is another imposition, let us not call it a tax on the people of Gibraltar which has to be taken into account by the Government when assessing how people should be taxed. We feel, Mr Speaker, and we would like

information as to the percentage increases in the Valuation actually done in respect of this year, because we think they are inordinately high. And if the form of valuation produces that sort of result then we think that the form of valuation should be revised and brought into place in a reasonable manner with what the needs of the community requires.

Mr Speaker, I have spoken about the Funded Services and about the General Revenue Balance and I would like to say just a little on the question of industrial relations as it affects the Budget and make an observation there in relation to industrial relations. We, on this side of the House, believe there should be good industrial relations between employer and employee, and I think that is a statement which everybody would agree, but we also believe that where industrial relations are concerned, or where industrial disputes are concerned, we do think that the Government should give more information to the public as to what is happening because the public are, as it were, the shareholders in the Government. They are paying for the running of the Government and we have a feeling that the public are not told enough of what is happening. We are not asking the public to make judgements, it is not the job of the public to make judgements except if they are asked obviously, it is a question of information to the public as to what is happening. I think the outstanding example was in fact the continuing dispute, for example, in the Generating Station, where the public just did not know what was happening. They did not know whether it was industrial relations or whether it was poor equipment or whether it was bad planning. The public were kept in the dark as to what was happening, and if there was an industrial dispute what is wrong in telling the people shortly and briefly about what is happening, because I think the people are entitled to know. Not involving them in the dispute, because that is a matter between the employer and the employee, but letting them know. For example, today we had the Acting Minister for Postal Services telling us about some dispute in the Post Office, as a result of which registered mail cannot be sent from Gibraltar. I do not know how that is affecting the banks. Express air mail cannot be sent to Gibraltar, and we have to rely on the girls in the counter to tell the public that they were in dispute because this, that and the other. I think the public should be able to know. And as the acting Minister mentioned there was £1,400 expenditure down for some safety lockers in the Post Office. If that is the cause of the dispute then the thing should have been settled. These are matters that the public should be told about. They should know why there is a dispute. It should know it because the workers are claiming uniforms, or

their security arrangements aren't right, and for this reason there is a dispute and we regret that is happening, but that is not, all we hear usually is a very brief statement from the Government and then one hears nothing and the dispute carries on. The same, if I may say so Mr Speaker, has occurred with the refuse collectors. They gave the public a little information about this dispute, that they wanted seven days or whatever it was, then the dispute was settled, we heard very little about it and now we have another dispute on our hands. The public should be brought into the confidence of the Government. The public should know what is happening and this is especially true with regard to the disputes in the Generating Station where today there are a lot of people who believe, as we do, that the prime cause there is faulty planning and faulty equipment, but there are a number of people who believe that it is because of industrial action, the power cuts have occurred because of industrial action. It has not been said black-upon-white in Government statements but it has been let out, it has been told to me by a number of people. I have said I did not know, we are not told what happens.

And I think there is a need for more openness and frankness in questions like this because it affects one way or another the Estimates, and it affects the people who have to either put up with the inconvenience, and at least if one is putting up with inconvenience one wants to know why one is putting up with this and one might agree with putting up with this. Another example, Mr Speckar, is the IPCS work-to-rule that we have in this House which I mentioned and on which I asked the Government for a statement. We got an explanation. We asked for it because again we are told this happens and no one quite knows.

I think the people ought to be told, ought to know what is happening.

Mr Speaker, from that I will move to the Public Works Department and the Public Works Inquiry. An Inquiry as my Hon Friend Mr Scott said was carried out in the Public Works Department and we of the DPEG were invited to attend at what was described as a preliminary meeting. Then we have heard nothing more from the Committee of Inquiry. They were coming back in January, they were going to call us, they did not come. As a result we do not know anything about it. Of course, I have asked for it, I think it is a great pity we have not received it because I think that Report should be made available very quickly to us because the

vote on the Public Works Department, Mr Speaker, is quite enormous and I think we should know more about that. But we cannot give our support to a Report which appears to have been released, or appears to have been made, without apparently full consultation with all concerned. I am surprised myself, and I agree with the Hon Mr Scott, I am surprised that the Committee did not approach suppliers to the Government, especially to the PWD on the matter. I am surprised they did not but again no doubt the Report will give us the answer. But talking of the Public Works Department, Mr Speaker, I think there is a need to restructure the Estimates of the Public Works Department. Very little is said in the Departmental vote. We just have block measures. Yesterday we were told for the first time that the average worker gets sick leave of 2.25 hours a week on an average.

HON. K FEATHERSTONE:

In each week he takes .3 of a day sick leave.

HON. P. J. ISOLA:

That is 2.25 hours a week, isn't it?

HON. M. K. FEATHERSTONE:

Yes.

HON. P. J. ISOLA:

2.25 hours per man per week. That seems to us to be high and the Chief Minister did say in his statement: "I have referred to those who cheat their employers and their fellow taxpayers by not producing what they are paid to produce." I am sure that when the Minister speaks of 2.25 hours per week per worker, I am quite sure that that is not the case for all workers, that is

the average and therefore there must be abuse. What we are against is abuse. The Government, I notice, has an Expenditure Committee, has an Overtime Committee and perhaps they might consider having a Sick Leave Committee to inquire into the position to prevent abuse. That is what we are talking about only.

HON. M. K. FEATHERSTONE:

If the Hon Member will give way, I think I said that we are monitoring it very closely and we ourselves are cognisant that in certain instances there is abuse and we are going to deal with it as it comes along, and that already we have got the figures down to 0.273.

HON. P. J. ISOLA:

Thank you, Mr Speaker. The reason why I mentioned that is because I notice that the Public Works Department is now taking over the Housing Maintenance Vote. I know they have always had it and the Minister will remember it has always been a cause for complaint on this side of the House because the Housing Department was set up in order that we should know exactly what is spent on housing and that the Housing Manager would be responsible for expenditure. Over the years we have discovered in this House that although the Housing Manager was responsible for the vote the Director of Public Works was in fact spending the money. Mr Speaker, now that the maintenance vote has actually been put possibly into its proper place, the Public Works Department general housing maintenance and so forth, it is my belief that it makes it impossible for the Government to try and saddle housing tenants with a proportion of what the Public Works does and says it was spent on housing, because it is such a huge Department that unless the money can be identified I think it is wrong to burden Government tenants with what seems to me to be an inordinately large vote. For example, Mr Speaker, we are told that a requisition works out at £70 on average. This is very high indeed and certainly I believe that what the Minister should be doing, instead of pushing rents up, is identifying the reasons of the high cost of Government maintenance and repairs. Identifying the reasons and trying to put them right instead of just having a fixed charge which the Chief Minister had said he is now going to introduce in respect of repairs. We have not been told what the fixed charge is going to be. Presumably we will get that in the

Finance Bill or somewhere else, but I would have thought that an option should be given to tenants in Government housing on a list of the sort of internal repairs that they should be invited to carry out themselves rather than put a fixed charge on their rent.

HON CHIEF MINISTER:

Surely, that has been misunderstood. A fixed charge for a requisition, not a fixed charge on their rent, in order to avoid the necessity of calling for very minor matters which people should be encouraged to do themselves. It is not a fixed charge on the rent. I am sorry if that was the understanding. It is a minimum fixed charge for attendance.

HON P J ISOLA:

Thank you, Mr Speaker.

Mr Speaker, I would like to move to the Improvement and Development Fund the expenditure and our worries and position on this. As I said earlier on we are pleased that the Government has for the first time in eight years spent on the Improvement & Development Fund what it should have spent. I have noted what the Minister has said that the staff has gone up again in the technical side of the Department. I would like to remind the Government about what was said in this House in 1978 when we criticised the increases in the technical staff of the Department and we were told that the Department was now geared to carry out the Development Programme before 31 March 1981, in the three years. That has not happened and although we are pleased and we congratulate ourselves for having pushed the Government, we congratulate the Minister for Economic Development for being the first Minister in eight years who has spent more or less what the Government said it would spend in every year and in every year they have told us they are going to spend what they said they were going to spend and they have fallen far short every year, this year has been the first year I am going to congratulate them. But I criticise the Government and say that it is a pity for Gibraltar and that it is a tragedy for Gibraltar that the Development Programme was not completed within the three years in respect of which we received assurances from the Chief Minister in the Budget of 1978 when he announced the results of his discussions with the British Government. In fact, Mr Speaker, the Government should have already

held their discussions with the British Government for the next Development Programme. If everything had gone to plan they should have held their discussion in February or March of this year so that the new Development Programme could get going. I believe and I understand that the discussions with the British Government are not in fact going to take place until the end of the year, and perhaps if that is not the case somebody replying on behalf of the Government would let us know.

HON CHIEF MINISTER:

You have more information than we have!

HON P J ISOLA:

The information I got was from a Foreign Office official. That is what I was told, that British Ministers had not even discussed the principle of further Development Aid for Gibraltar. This is what I was told and I would have thought that the Government would have been told because the Foreign Office official concerned came to Gibraltar to have discussions with the Government. Anyway, it does not matter but I believe it will not be.....

HON A J CANEPA:

Would that have been Mr Paskett?

HON P J ISOLA:

I do not think I will mention names, I'll tell the Minister outside.

HON A J CANEPA:

We had somebody here from CDA in December but he certainly did not give any indication that there weren't going to be any talks until the end of the year.

HON P J ISOLA:

The only person I have had discussions with is an CDA official last December.

It wasn't Mr Peskett, and I shall tell the Minister. But anyway it seems to me that is likely to occur because the only two things the Government is doing on the next Development Programme now is power development, which they should have been doing in the last Development Programme, power development and the telephones, which, Mr Speaker we raised in 1977. We were pressing the Government for that, in 1977, the International Subscriber Dialling. But what we are interested in, as far as the new Development Programme is concerned, Mr Speaker, is housing. That is what we are interested in fundamentally, and looking generally at the Estimates for Housing it seems that the project that is left on new Housing at the moment that will follow, according to the estimates, in 1982/83 is the project in Catalan Bay which, Mr Speaker, as you know is a closed shop, that is only going to help our friends at Catalan Bay. So as far as the general housing list is concerned it is going to mean that that is the only building that is going to go on in Housing in 1982/83, from these Estimates, and also St Joseph's project which seems to be the only new development from Development Aid funds that will carry on into 1982/83. That is looking at this picture Mr Speaker. Those are the only two new housing projects that are going to go on to 1982/83. The other things going on into 1982/83 are the pitched roofs at Varyl Segg, which in fact should have been done a long time ago, and of course the Tower Blocks renovations which is a new thing altogether.

We are concerned with that, and knowing as we do the time it takes for a Development Programme to get going, we are concerned that there is going to be a hiatus in house building between the last Development Programme, or the one current which should have been finished already, and the next Development Programme. We are concerned about that position because there are still a great number of people on the housing list as we all know. And we are concerned until we hear to the contrary or get assurances to the contrary that housing is in fact going to slow down because.....

HON M K FEATHERSTONE:

May I on a point of clarification remind the Hon Member

that on several occasions I have stated that my Department has got so well ahead that they have the plans ready to go out to tender on new housing projects as soon as they are approved by CDA so we hope they will be later in the year. Everything is ready to go out to tender the moment the CDA give us the go-ahead.

HON P J ISOLA:

Mr Speaker, unfortunately we have experience of CDA, and when have complained about progress on development schemes the other side has always said that they are awaiting approval from CDA. And what we are concerned about is that because the 1978/81 Development Programme was not completed in time, the next Development Programme is now delayed, discussions with CDA are delayed, approval of projects by CDA are delayed, and there is going to be a big gap between the finish of one programme and the commencement of the other. We are expressing our concern because we feel that the Government's record on housing in the Development Programme that has gone by has not been good, because the Government has concentrated too much on modernisation and not enough in the creation of new housing units. As a result the housing priority list has got longer and longer. I would like to add here what my friend the Hon Mr Scott has said and repeat our view that time and energy has been wasted on the Woodford Cottage scheme. We feel that that area should have been used for public housing, for housing projects, for which there is a great need in Gibraltar.

Mr Speaker, I would like to say something now about the Port Feasibility Study. Mr Speaker, this House has voted £90,000 for the Port Feasibility Study and I do hope that Members of the Opposition will be granted access to that report. It is a report that apparently carries us to the end of the 20th Century and possibly beyond. The Minister has outlined some substantial schemes put forward in the Port Feasibility Study. I believe that both sides of the House are interested in the development and in the future of Gibraltar and this side of the House should be allowed to see the Port Feasibility Study report.

Mr Speaker, it is a matter for some regret that we should

get to know things in reports from different quarters instead of getting it direct. As was mentioned in this House, and the Minister told us, there was a Government commitment, Government gave out areas in the Port, in the North Mole, to a private firm, gave extensions at the time when they were commissioning the Port Feasibility Study. We have been told by the Minister responsible that that was a Government commitment prior to the commissioning of the Port Feasibility Study but my answer to that is that the person or the firm who were given the area and who have spent presumably considerable amounts of money on it should have been warned that there was a Port Feasibility Study, the recommendations of which might affect that particular part and suggestions made by the Government that the development should not proceed.

HON A J CANEPA:

If the Hon Member will give way, how could that person be warned at the time that there was a Port Feasibility Study when there wasn't one? Perhaps the Government, although I cannot speak for my predecessor, and it would be unfair of me to do so, but I as a member of the Government was not aware in early 1980 or late 1979 whether there was going to be a Port Feasibility Study or not. If something has not yet crystallised how can you warn somebody months beforehand when they are asking for a further allocation of land in order to meet certain problems that they had themselves, that this might happen, when you didn't know that it was going to happen. As to how people can find out the information contained in the Report, very likely in this case the matter is simple. They have submitted a Building Application for a further storey and they have been told that this cannot be considered because there are implications in the Port Feasibility Study on their property and, therefore, at the moment their further building plans cannot be seriously entertained. That is how people find out. They have to be given a reason as to why something cannot be entertained by the Government.

HON P J ISOLA:

Mr Speaker, I do not want to disagree with the Minister because he obviously must have the facts but as I recall at the time the Port Feasibility Study was commissioned, or it was announced that it had been commissioned, there was actually building going on at the time, it had not

been completed, that is my recollection, I may be wrong. But it seems to me that if the Minister who must have been thinking about the commissioning of a Port Feasibility Study some time before he announced it, he is not going to consider it one day and come to the House and announce it, he must have been looking around at the Port. We questioned the Minister, if I remember rightly, on the advisability of giving an additional area in the Port when the Port Feasibility Study was being made before building had commenced. I may be wrong.

HON A J CANEPA:

The Hon Member did that in respect of the Bonded Stores and the answer was that the Government had already, well before, I think it must have been in April or May last year, the answer was that the Government had committed itself in respect of the Bonded Stores well beforehand. This was a matter that my predecessor was discussing with the people concerned three or four years ago. I remember the matter used to come up in the Development and Planning Commission and in his view because the people concerned were very closely connected with the Port it was in the public interest having regard to their Port activity that they should be allocated land there. Whatever the Port Consultants may say the Government today, and the Opposition for that matter, could well disagree with them because having regard to limited space in Gibraltar it may not be possible for people like Underwater Contractors or for Mobil Oil to be situated elsewhere.

HON P J ISOLA:

Mr Speaker, I thank the Hon Member. He has in fact now pinned the date to May of last year which I think was the right date, but in May of last year, or for as I am aware, no construction has been done on the North Mole, no work of construction. I am not suggesting that the Government disagrees or agrees with the Port Feasibility Study, I am not saying that, all I am saying is that once the Port Feasibility Study was being commissioned the Government should have tried to stop by

negotiation or whatever all works until the Port Feasibility Study which was completed in a comparatively short time, had been submitted. Because suppose the Port Feasibility Study had suggested, I heard it had suggested, that the whole of the North Mole should be used for Transit Sheds. I don't know, this is what I have heard, or for Government purposes, and there should be no private development there, suppose it had, I don't know, but if it had, Government is now in a position, having given the land to a private developer and allowed him to develop it, of having to compensate. And how much is that compensation going to be? I was given a figure of a quarter of a million pounds. And who is going to pay that quarter of a million pounds? As I said, Mr Speaker, we cannot talk about the Port scheme because we haven't seen it but this is something that has come through to us, this sort of situation, and we think that if you pay £33,000 on a Port Feasibility Study the least you can do is to stop current development. And, Mr Speaker, in this connection, although God forbid that we shouldn't build the Power Station, I think the siting of the power station is something I don't know whether the Port Feasibility Study has talked about it but we are very pleased to hear from the Minister that the Port Feasibility Study has suggested reclamation in the Waterport area as between the Varyl Begg Estate, something which the Government could have had for nothing if they had read the DP3G Election Manifesto which suggested precisely that.

But of course the Government preferred to pay £33,000 to get that sort of advice. We welcome it, but the only thing that we wonder, Mr Speaker, is whether any sort of housing development is going to be possible between the power station and the Varyl Begg Estate in view of the presence of the power station. We just wonder whether perhaps if there had been more planning and not so many rush jobs as always seem to be the case with Government, more consultation and so forth, we wonder, we haven't seen the Port Feasibility Study, but we wonder whether the Report that has cost £33,000 could not be put to better use. I can see already constraints on implementing the report as a direct result of Government action taken without advice from the people whom the Government pay to advise. I don't know. I hope we shall be able to see the Port Feasibility Study Report. If, however, this sort of criticism has been made in the Report then I suppose it may not be made available to the Opposition. But we agree to deal with it responsibly in the same way as we

deal with all the information that the Government gives us, and we look forward to an opportunity of reading the Port Feasibility Study which, after all, has cost the Gibraltar taxpayer and the Gibraltar public a considerable amount of money, probably money well spent but let us all have a look at it and let us not just keep it the exclusive domain of the Government.

Mr Speaker, I would like just to make very quick remarks on - I don't really have much to say - individual contributions. I think I have covered them and I would like merely to say in conclusion that we look forward as an Opposition with great interest to the Income Tax Allowances and the income tax policy of the Government. We also look forward to hearing something on the position, we hope that the budget measures will say something about Elderly Persons Pensions, Mr Speaker. We hope that the Government will be convinced of the logic of the argument that the state pensions should be treated equally and we reject the argument of the Hon Ministers, or successive Ministers for Labour, that you can be a rich man and enjoy a Social Insurance Pension tax-free and you can be not such a rich man and enjoy Elderly Persons Pensions tax paid. There is a clear injustice and a clear inequity there which we look to the Government to put right. We have pressed for this on successive budgets and every opportunity in successive debates. We will continue to do so, Mr Speaker, until justice is done in the state pensions.

Mr Speaker, the Government thanks to its overtaking, thanks to its stringent budget measures, is now in a position to give the people of Gibraltar back something of what it took away from them and we look forward to hearing about these measures and we look forward to continued improvements, as we are sure there will be, in the situation of Gibraltar and express the hope that the Government will continue to dispense favours to the people of Gibraltar, continue to dispense the monies that they have taken from them in two years of harsh budgets, in this budget and in subsequent budgets.

Thank you very much, Mr Speaker.

HON J GOSSAWO:

Mr Speaker, this is my ninth budget and I shall attempt, as I have done on other occasions to give the House the

benefit of my views on the economics of the situation facing Gibraltar over the next 12 months. Let me just say before I start my analysis that in being the last speaker on this side of the House to make a contribution this year I find that I am not at odds with the Hon and Learned the Leader of the Opposition as I was last year when he got very hot under the collar because he did not wish to precede me. I don't know whether that qualifies for a U-turn or not now that we have had so many U-turns this year, but I am glad that he has accepted the logic of my hearing what the Government's policy is and what the policy of his party is before I make my own contribution. In fact, there are a number of areas where I am at a loss to know what the policy of the party led by Mr Isola is because they have been omitted. I don't know whether the omission is a reflection of not having thought the matter important enough to make a policy statement or whether it is simply an oversight but let me just deal with one specific matter on which I wish to make quite clear my own policy and the policy of my party, and that is the mention that was made by the Minister for Public Works as regards the question of employment in the Public Works and the need to either make non-Gibraltarian employees redundant or introduce compulsory retirement in order to create vacancies for school leavers entering into apprenticeship. I can assure the Hon Member that this will be in fact completely opposed by the Trade Union Movement and that I support that opposition politically and that therefore as far as policy is concerned I cannot accept that there is a ceiling in the level of public sector employment. And in arriving at that conclusion I think it is important, Mr Speaker, to analyse their specific roles of the public and the private sector. The Hon and Learned Mr Isola, in fact, in much of his contribution, has presented himself I think as the champion of the private sector. I think he has additionally been careful to extend his championship to employees of the private sector and not to limit it to employers of the private sector because obviously in electoral terms the numbers gained must ensure that you seem to be protecting all the people who work in the private sector and not just the people who provide employment in the private sector. Of course, for the workers in the private sector, whether they work in the private sector or whether they work in the public sector, is of little relevance, what they want is employment and the only income they have is the fruit of their labours, and, therefore, essentially, when we are looking at the different roles that the Government performs, as I see it, the Government as an employer is in some respects no different from a private sector employer that is providing a service to the community which it sells at a price. When

we have the Government providing that service, generally speaking, historically speaking in Western Europe, we have seen Government taking over services for which individual payment is difficult to arrive at. The traditional example in economic analyses is that, for example, if you have to provide a lighthouse then you cannot charge a fee to every ship that fails to get shipwrecked in order to pay for the service. And there are services, and clearly things like electricity supply which are monopoly situations, are generally speaking publicly owned precisely because if they were privately owned it is thought that that would give the institution the firm of individuals providing that service an overpowering monopoly situation which it could exploit to extract an unfair profit. In that sort of situation, if we are looking at the services provided by the Government to the public and at the services provided by the private sector to the public, the obvious element that is missing in the Government providing that service is the profit element. And as a socialist one cannot simply be in favour of the expansion of the public sector without wanting at the same time that public sector to provide an economic service to the consumers of the service who in the main are also working people who are using their income to pay for what they are being provided. How that is paid is fundamental to the concept of taxation and to the concept of funded services that we have had put forward over the last few years by the Government, with which I will deal in a moment. But the important thing, Mr Speaker, is that this dichotomy between the public and the private sector is to my mind wrong. In places like the United Kingdom today and in the United States we are seeing in political circles a clear, pronounced anti-public sector bias. I'm not sure whether that is reflected in any way in this House because when the Hon Mr Isola talks about index-linked pensions he goes on to say that he is not saying that the public servants shouldn't have index-linked pensions, what he is saying is that he would like the private sector to have index-linked pensions, which is fine. I would like to see everybody having index-linked pensions and I would agree with him, so I am not sure whether his criticism of the public sector in the comparison that he makes between the public and the private is because he thinks the people in the public sector are too well off or because he thinks that the people in the private sector are too badly off. If it is the second.....

HON P J ISOLA:

Mr Speaker, I think I made it perfectly clear. I don't

know whether the Hon Member was here but I made it perfectly clear that the aim should be to make the private sector as well off as the public sector. Let there be no doubt about what I said. My Hon Colleague doesn't have to talk of two alternatives, there was only one I mentioned.

HON J BOSSANO:

I am very glad to hear that, Mr Speaker, because in fact if that is the case then the Hon Member will agree with me that if it is an indication of anything it is an indication of the private sector being worse employer than the Government.

HON P J ISOLA:

If the Hon Member will give way. I also said that as far as the public sector is concerned the Government has a tap, that is, taxation, the private sector has no such tap and that is why one has to ensure that the private sector has a tap from which it can pay out, it is not a question of bad employer, there may well be of course, bad employers in the private sector, and the private sector is probably more of a bad employer than the public sector, because as I said the public sector has a tap and political chiefs: the private sector has business people and I think it is a distinction one has to appreciate. It is a realistic one.

HON J BOSSANO:

I also think it is an incorrect one, Mr Speaker, and I will explain why to the Hon and Learned Member. Because the tap that the public sector has and the tap that the private sector has happens to be the same tap. It is the tap of increasing the cost to the consumer and, therefore, the difference in the way the tap operates is that in the case of the public sector presumably if the cost of the service is passed on to the consumer, the people responsible for taking that decision go out of business by getting voted out at the next election, and in the case of the private sector, they go out of business by going bankrupt or by being put out of business by competitors. So it seems to me, particularly in a situation where to my knowledge the costs that the business community may be obliged to bear, inevitably gets

passed on to the consumer, the operation of the tap is one of a vicious circle. The only people in the last analysis who pay for the services that they get are the people who consume those services, and what we are talking about is the degree to which they pay for it directly or indirectly.

Essentially, the only valid criticism that could be made of the non-expansion of the public sector would be to show that the community would be wealthier but we would be getting the same service because it can be done more efficiently, and not because it can be done at the expense of the people working in that area and actually providing that service. And in comparisons between the public and private there are two sides of the coin. Not only is it the case, Mr Speaker, as the Honourable Member has mentioned, that there may be a disparity in average earnings in the public and the private, which I think, in fact, is a misconception in the sense that the average doesn't mean very much unless one knows what the composition of the labour force is in arriving at that average. Obviously if in the public sector we arrive at an average figure of earnings including everybody from His Excellency the Governor down and we compare that with the private sector where there may not be equivalent jobs, then clearly we are going to produce a much lower average, but certainly in conditions of employment there is no question about the fact that the conditions of employment of public sector employees are superior. And there is no question about the aim of policy of the Trade Union Movement which is to bring out an improvement of conditions in the private sector for people who are organising trade unions in order to bring them up to that level. I think it is true that in the white collar sector of private employment, average earnings are lower, but it is also true that that is the area where there is the lowest level of Trade Union Organisations and the lowest level of wage bargaining. I can assure the Honourable Member, in fact, that for the 12 or 15 firms that are covered by Trade Union agreements, the salary scales in the private sector are the same salary scales as in the civil service. Outside those 14 or 15 firms, in fact, the situation is one where historically the wages might have been comparable prior to parity, and part of the reason, of course, was because in the public sector we had for a considerable time a time lag where workers in the private sector appeared to be better off because they settled, say, in 1974. But eventually when in 1976 the wages in the public sector and the salaries in the public sector were agreed retrospectively to 1974, one could see that the 1974 wage in the private sector was lower. It only appeared to be higher because they got their pay settled at a due date. I think one needs to take into account these distortions in making the comparisons.

Therefore, coming back to the original point, as far as policy is concerned, I would say to the Minister for Public Works that there can only be a ceiling on employment in the Public Works when the Public Works has run out of work. There can hardly be defensible justification for the ceiling on employment when there is a backlog of work to be done or when work needs to be farmed out to private contractors. And I would point out to him that in a situation where we have been told by the Minister for Economic Development in his contribution that in the two years between 1978 and 1980 the Government faced 100% inflation on building costs, which seems to be unexplainable because the whole economy was not suffering 100% inflation at that period in time, the average rate of inflation was about 12% in each of those two years, so when the Government has been facing 100% inflation in building costs itself, and it has a direct labour department, there is every economic justification for testing the validity of the prices the Government is charged by attempting to do some of the tasks itself with direct labour, and having a direct control over its labour force. I cannot accept that there is a necessity to put a ceiling of the level of employment and a necessity to introduce compulsory redundancies or compulsory retirement in order to create vacancies for youngsters who wish to learn a trade.

I am not saying on the other hand, Mr Speaker, that the Government must have an open-ended commitment to employ everybody in Gibraltar regardless of whether there is work for them or not because that doesn't make any economic sense either. Clearly the employment of people in the Government sector is concerned with the production of wealth, and in the case of Gibraltar when we are talking about producing wealth we are talking about rendering a service. We do not sell marketable exports in physical terms but what we sell is a service that we render externally to the UK Departments and to visitors from outside our economy, and internally to each other, and that is the whole essence of Gibraltar's economy. In doing that the Government has got a dual role as I see it. It has a political obligation based on a particular philosophy to give a sense of direction for the economy as a whole covering the public and the private sector, and within its own section of the economy it has an obligation to give the maximum level of service, the maximum return for the money that it is handling on behalf of the community. In doing this then I have said on previous years, Mr Speaker, in fact, in each of the previous budgets that I have been in this House, I have stressed the importance of budget time as a time when we in this House of Assembly get together to consider economic policy and not simply fiscal policy.

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I have stressed again and again the distinction between the two. On the one hand, fiscal policy consists of revenue raising measures where the Government essentially say: I have got £40m worth of bills to pay in 1981/82 and the money is going to be found in this manner. But fiscal policies, revenue raising measures, have got an economic impact as well, and it is within a framework of an economic plan for Gibraltar that the fiscal measures should be taken. I said last year that, in fact, I could see no indication of this happening. I said in page 256 of Hansard last year that, Mr Speaker, it was impossible to try and produce a reaction to the Government's economic policies because there were no economic policies because the economic planning element was absent. I am glad that this year I can say that for the first time in my judgement there has been a clear indication of a move in this direction in the contribution of the Hon Mr Canepa, because when he was talking he said in his statement that the Forward Planning Committee had in producing this Development Programme for 5 years, from 1981/1986, laid down a set of criteria for the next Development Programme, and he said: "The broad objectives of the plan area: -

- (a) to maintain and improve the standard of living of the people of Gibraltar;
- (b) to secure infrastructural self-dependence;
- (c) to diversify the economy;
- (d) to promote a more equitable distribution of income and wealth".

In fact, this goes beyond the Development Programme. A Development Programme is an integral part of that, but that is a wider framework and I welcome that, Mr Speaker, because in fact this is the way in which we need to move in my estimation. And I am glad that this year I cannot say what I said last year that there was no indication of it because I think that is an indication of the fact that we need to produce a 5-year economic plan for Gibraltar with not only a physical Development Programme but with economic parameters and social objectives. And in talking about the need to maintain and improve the standard of living of the people of Gibraltar, I would remind the House of how I explained last year that my party envisaged this should be approached. I said in page 255 of Hansard of last year that there were three elements. The Government, effectively, should have a target

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for economic growth to create wealth; secondly, they 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. The fundamental, critically, important area is of course the creation of wealth, because unless we are on a course of economic expansion then any attempts to redistribute income is simply a question of robbing Peter to pay Paul, it is simply a question of using the size of cake in different ways but it doesn't make any of us any better off and consequently economic expansion is vital.

In this respect, Mr Speaker, I cannot go along with some of the things the Hon and Learned Chief Minister has to say in his contribution. I will remind the House that last year I agreed with the Government that in a situation where there was an expectation of the frontier opening in June and an unknown quantity as to the effect that this would have on the economy of Gibraltar, it would be wrong to take risks with the economy. I agree that that was a time for caution in terms of the level of expansion or the level of investment that we should indulge in, and I agree that it was a time for fiscal prudence, and I would put it to the Government that there is in fact a fundamental distinction between fiscal prudence and economic prudence. The Hon and Learned Chief Minister in his contribution said: "our financial and economic policies for the future must continue to be based on prudence and, if possible, on an even greater degree of consolidation". I would not agree with him because I think on the fiscal side, consolidation and prudence means one thing, it means obviously making provision for what you are going to spend, but on the economic side, in fact, even though he said that I don't think he is doing that, but I want to make quite clear that in ideological terms I disagree with that sort of philosophy.

HON CHIEF MINISTER:

I don't think, if the Hon Member will give way, that prudence in any terms can ever be wrong.

HON J BOSSANO:

Well, Mr Speaker, I would put it to the Honourable and

Learned Member that the situation which is envisaged where the public debt of Gibraltar is going to be increased 200%, would for many people seem to be very imprudent. To go from owing £8m to owing £24m, many people would consider it to be highly imprudent. I don't think it is imprudent, but there are those who would, so I want to make quite clear that I do not support, in fact, restricted economic policies because in reading the statement the Honourable Member must understand that I am reacting to it as an economist and as a politician, and I know what words like that mean when they are used, for example, in other political contexts where there is a school of thought that says one must reduce the public debt, one must reduce the public sector borrowing requirements.

Now, that sort of talk, ideologically, I am against because I believe in economic expansion and I believe that the logic that can apply to private sector investments, to a businessman borrowing to invest, can equally be applied to Government. We have a situation today in Western Europe where for some peculiar reason people who themselves are in business are arguing politically, when it comes to their control of public finance, in a way that runs totally contrary to their behaviour as private businesses. They believe in the expansion of the private sector, they believe in borrowing in order to increase capital investment in the private sector, and they believe that it is immoral for the public sector to do the same thing. In the case of Gibraltar, the Gibraltar Government has two important functions to play in economic policy. Itself, it can generate a great deal of economic activity and it can create the right sort of framework for economic activity by investment by others. The House will recall, in fact, that in a motion recently I tried to persuade the Government, and successfully, and fortunately, to take advantage of the slack created in the construction industry by the moratorium on UK departments projects and to bring forward its own programme, if necessary by increased borrowing in order to maintain the level of activity in the construction industry.

When we are looking at borrowing, Mr Speaker, and the Hon Mr Canepa referred to the question of borrowing in saying that the Government was looking at its reserves, he said: "I should emphasise that the Government's development strategy is closely linked to its budgetary planning. It is important that recurrent revenue should

grow sufficiently, and that the reserves are healthy enough, to cover Gibraltar's borrowing commitments". In looking at borrowing, of course, one cannot look at borrowing in isolation, and I would agree entirely with that, and I would remind the House that both in 1980 and in 1979 I drew attention to the debts servicing ratio, the cost of servicing the public debt expressed as a percentage of recurrent expenditure. I think in the previous meeting of the House when we had the motion that I mentioned the Hon Financial and Development Secretary made reference to a 10% ceiling when in fact historically we have been well below anything like 10%. We have been operating at a level of 3% or 4% for very many years. I don't want to spend time telling the Government what they should have done 8 years ago, what they might be prepared to do next year. If I can persuade them to do it this year rather than next that will satisfy me, Mr Speaker, because I haven't got a time machine that can take us back 8 years ago and I think I would be wasting my time and the House's time if I simply dwelt on what might have been done rather than what should be done over the next 12 months.

In fact, going back to when I first came to the House of Assembly in 1972 we find that the situation in terms of reserves in relation to the recurrent expenditure was much higher than it is today. I don't know how it is that other Members of this House who have been here as long as I have feel that to have the level of reserves that we have is a gross imposition on the public because that was the level of reserves that was inherited in 1972 when there was £1.2m and the recurrent expenditure was just over £5m. We have moved from £5m to £40m, an eightfold increase, and we have moved from £1.2m to £8m which is about a sixfold increase. There is nothing magic about that figure of reserves because I think if one looks over the statement of the Hon Financial and Development Secretary's Mr Speaker, the ideal level of reserves somehow seems to coincide with the actual level of reserves and one can never find how it is that the ideal is arrived at other than by the obvious deduction that no Financial Secretary wants to admit that he is doing anything other than but the ideal. Of course, I think it is important to understand, I think it is important for people outside the House to understand, that the figure in fact that was down as reserves in those years, in 1972, in 1973, when I started in the House of Assembly, did not include unpaid bills, because we then had Notional Accounts and the revenue was shown in the Government's estimates when it was actually collected and not when the consumers were billed. So the actual position then was even stronger in financial terms than it is today.

Today, in the case of electricity, water and telephone bills, we have them shown as receipts for the Government when the bills are sent out and not when they are actually paid, and, therefore, we are talking about a figure in excess of £2m of unpaid bills. I would point to the House that in the Auditor's Report for 1979/80 he mentions other unpaid accounts amounting to £1m. In statement 47 on page 147, it shows arrears of revenue at the 31st March of £1m which are not, in fact, the £2m that I have mentioned. So I think for consistency of treatment either we should have the £3m counted as part of the reserves or none of the £3m, but to have £1m that doesn't show which is owed to the Government, and £2m that is shown as already being part of the Government's assets but which is not there in cash, is in my view undesirable, and I would put it to the Government that we should have consistency of treatment. Either we treat all unpaid bills in the same way in including them or in leaving them out.

I also think it is important, Mr Speaker, that there is a reference to the question of unpaid taxation. In this context the figure that the Honourable Member has given us of £1.5m extra tax collected from company taxation, I think, is a matter to be welcomed because I think it is only right that the cost of running public services should be equally shared by the whole community, and that those with a greater ability to pay should make the bigger contribution.

I am tempted to follow the practice of the Honourable and Learned Leader of the Opposition and say that the reserves are much better because I predicted that they would be last year - in fact, I did predict that they would be but I won't say. But I will say one thing that I believe that the representations of the Trade Union Movement has had an impact in this. I believe that the Government has given greater attention to the question of collecting from companies because this was a fundamental point made by the Trade Union Movement in respect of tax collection, where quite apart from saying; "we don't like paying so much tax", because nobody does, I don't think any of us in this House do and I don't think any of the people outside like paying tax, but apart from that the fundamental point of the Trade Union Movement was that the PAYE taxpayer was unable to avoid paying tax, there was no way he could escape tax, that there were loopholes that should be closed which enabled other people not to make a proper contribution to meeting the cost of public services. And, therefore, to the extent that the better financial outcome for this

year is as a result of success in that policy, I welcome it and I think that part of the credit must go to the Trade Union Movement for drawing attention to this point and making it a particularly insistent one.

Before I leave the question of taxation, Mr Speaker, let me deal with another point in the statement of the Honourable and Learned Chief Minister where I think he has got it wrong. I know last year that he told me after I finished my contribution that it was my best speech in eight years, so I suppose if I am very nasty to him this year he won't tell me it is my best speech in nine years, but I must tell him that where he says that as far as the Funded Services are concerned he stated "the Government's policy after the introduction of parity in 1978 and made it clear that while substantial subsidies could be justified before parity, this could not be justified thereafter. With the introduction of parity it was generally accepted that charges had to increase, this is one of the main areas in which the consistency of Government policy is to be seen." The only consistency that I see in that is that it is not the first time he said it. That is about it, Mr Speaker, because I don't know whether that is what he was looking for in terms of consistency but that, in fact, it is factually incorrect. What he is saying there does not happen to be true because.....

MR. SPEAKER:

Does not happen to be 'correct'.

HON J BOSSANO:

Does not happen to be 'correct'. He may believe it to be true, Mr Speaker, but it is incorrect. Because if the House will recall the Hon Member placed me in the embarrassing position in the budget of 1973 in introducing increased electricity charges and justifying them on the grounds that there was a legal requirement to do so, in 1973, and when I stood up to speak..... I am not disputing that, Mr Speaker.

HON CHIEF MINISTER:

I am saying that that was the advice that we had at the time.

HON J BOSSANO:

I am aware that that was the advice the Hon Member had at the time but what I am saying is that he said that before the introduction of parity substantial subsidies could be justified. In fact, they could not be justified because the advice they had at the time was that it was legally impossible to have substantial subsidies, that the services had to be self-financing and I accepted the logic of that. In fact, I said, well if that is the legal requirement, I don't agree with the legal requirement but I cannot as a legislator advocate breaking the law so I will support the measures and having said that I was told by a three line whip that I had to vote against the Government, and for a number of years afterwards I was constantly reminded by the Hon and Learned Member about it. So now I have at last an opportunity to remind him of an inconsistency between what he said in 1973 and what he is saying now, because for many years we had Notional Accounts and the Notional Accounts were used as justification for raising charges for what are now under Funded Services on the basis that they had to be self financing. So, an element or subsidy of substantial subsidies were not justified before parity as a matter of Government policy, what actually happened was that retrospectively we found when we put the Funded Services on a proper accounting procedure in 1975, we found that there had been a de facto subsidy amounting to something like £2.4m for all of them. So that is the correct situation, Mr Speaker.

HON CHIEF MINISTER:

If the Hon Member will give way. Following the regulations that were made for the Funded Services and then following parity we did want, and I think this is still the aim, except to some extent of the subsidies which arise out of our attempt to be completely independent in this small economy to which I will refer in answer to what the Honourable Member is saying now, it had been the aim, if wages were reasonably fair, that people should pay for the services they were getting as

near as possible, always realising that in respect of housing it was impossible to get an economic rent, and other constraints, and also to some extent to which I will refer later in respect of the electricity undertaking, the point which was made by the Hon Member last year specifically but which I share, and that is that we can never get out the complete economic value because it would cost us more because we have to be independent, and in order to be independent the general body of taxpayers must pay towards that independence.

HON J BOSSANO:

I take the point, Mr Speaker. I think as far as that is concerned it hasn't been a view that I have expressed in the past and which in fact the Hon and Learned the Chief Minister took up and said that he agreed to the extent that we take a political decision to ensure Gibraltar's independence in terms of providing its own essential services, the cost of that political decision cannot be simply be said to be something that the direct consumers of those services have to meet. But as regards the subsidy element anyway, quite apart from having cleared up that point that I thought I should do, as regards the subsidy element let us not misunderstand the situation. And when we are talking about the subsidy it isn't in fact that the eight Hon Members that form the Government club together every 12 months to subsidise the rest of us, no, what we are doing is effectively subsidising ourselves. What is this subsidy element then? What is being said is that I as a taxpayer am being taxed in order to be subsidised as a consumer of electricity, so that to the extent that I pay less in electricity I pay more in tax. So it isn't a question of the Government subsidising the rest of us, it is a question of the Government deciding to what extent the cost of the service should be reflected in direct charges related to consumption and to what extent it should be related to payment in relation to income. I don't think one can go entirely along one road or the other, because as regards consumption clearly, one can have not just the case of the person that says, well since I don't have to pay for it, and I think this is a matter for concern in the use of public services, and in the employment in the public sector, and it is something, Mr Speaker, that worries me a great deal because I believe in a socialist system and I believe in the provision of public services and, therefore, it is important for me that the ordinary working man, the ordinary citizen, should not approach publicly owned

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things as if they belonged to nobody, and feel that because they are publicly owned they can be destroyed or they can abuse or nobody pays for it. Because the whole essence of public ownership is that it belongs to the community and that the community collectively should be conscious of its ownership. Therefore, not only do we have to take account of the odd case where somebody might say, well if I am not paying directly for the electricity I will leave all the lights on, but of course we also have to take into account the other very real case where a large household with a single income is bound to consume more electricity and bound to consume more water precisely because of its composition, and there, to my mind, it is perfectly correct and desirable and socially defensible that part of the cost should be met by other sectors of the community who are better off, who may consume less of that service. That there should be cost subsidisation in that respect. That, in fact, income tax as well being a fiscal instrument, as well as being a method of raising revenue, is a method for distributing revenue.

Last year when I failed to support the proposal of the Hon and Learned Leader of the Opposition to increase tax allowances by an additional £100, and I expected to be reminded of it in the House during the course of this budget but I haven't, but I know that I was reminded of it in a recent television programme where I think the Hon Peter asked the Hon Willie: "Well, what do you think?"

MR SPEAKER:

But we are not interested. Order.

HON J BOSSANO:

And he didn't say the Hon Joe, Mr Speaker, I was really upset about that! There the Hon Mr Scott said that surprisingly the GSLP had in fact, he said predictably the AACR had voted against it and surprisingly the GSLP had also done the same thing. Well, he can only be surprised if he didn't listen to what the Hon and Gallant Major Peliza said, because in fact at the time the Hon and Gallant Major Peliza said that the reason why I had not supported it was because

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ideologically I was committed to income tax. If the Hon Member checks the record of the Hansard he will find that this is the case. Let me therefore make quite clear, Mr Speaker, that I know as well as every other Member in the House does how popular it is politically to be in favour of reducing taxation. I believe that it is wrong in terms of working towards making Gibraltar a better place for all of us to live in, to tell people that they can all have more of everything and pay less. I think it is wrong for anybody that takes a political role seriously, and, therefore, I am not prepared to do it and my party is not prepared to do it. I would prefer myself personally to pay less tax and so would the bulk of working people in Gibraltar and I would support any way that this is done which does not result in a transfer, in the first instance, and I must make this clear, from direct to indirect taxation, because in fact that is what is happening elsewhere, this is the reason why I said last year that I do not support parity with the United Kingdom income tax structure. I was prepared to support it when it was totally unpopular, Mr Speaker. I was prepared to support it in 1965 as part of a political programme of the Integration movement, when supporting the UK income tax structure meant paying more tax, if that was the economic price that had to be paid to achieve a political objective. But now that this is no longer a case, when in fact the income tax structure in the UK has been a vicious attack on the standard of living of working people, a transfer of income in the wrong direction, from the less well paid to the better paid, I will resist any attempt to emulate that in Gibraltar. And it is not because I want taxes to be high or I like paying them but because I want to know if we are going to cut down taxes, where it is going to come from. I want to know whether we are saying the reserves are too high and we need to cut them, the services provided from the Government are too good and we need to reduce them, or the money is going to be found by some other form of taxation and then I want to know who is going to pay for that. It is only when the alternatives are spelt out that I can then take a political stand consistent with the philosophy of my party. And I would remind Honourable Members on this side that I said last year that I would vote in favour of the increased £100 allowance if the cost was put on an increase in income tax for the highest paid members of the community. If that was done I said I would support it last year and I would have supported it and I am still prepared to support it. So that should overcome the surprise of the Hon Mr Scott which he referred to on television.

Mr Speaker, within the context of Gibraltar's economic management and the development of a plan covering the next five years, the Government itself has made mention of the priority that is to be given to housing, and I think the Honourable and Gallant Major Peliza said that housing had to have the highest priority. And I think Mr Haynes in his contribution when he was saying, for example, that there was no difference in ideology between his party and the party in Government, that the only difference between them was in cost-effectiveness in that they would be better managers of the civil service presumably than the Government is, said that how could anybody have different ideas when it came to housing. Well, it would appear then that there is unanimity in the House that the highest priority should be given to Housing. If that is, indeed, the case, and it would appear to be so, then clearly we have an ideal situation to ensure that that priority is translated into reality, because we are all in agreement and we are all prepared to work together towards that objective. The Hon and Learned Chief Minister mentioned in 1978, page 216 of Hansard, that the achievement of the Housing target will require success in mobilisation of local savings to supplement ODM's contribution, and he said as an aside: "real needs have been identified and established as 460 units over a five years span". This was said in 1978. I don't know whether the net shortfall between supply and demand, I am assuming that this is the result of what one would call a matter of economic study, that is a study looking at the supply and the demand side of Gibraltar's housing need in its totality, whether this has been updated since then or not, but if we are talking about a net addition then, of course, we are talking about 460 new units over and above rehabilitation of existing houses or modernisation of existing houses. Because those are not a net addition to the total housing stock. Sometimes they are sometimes, in fact, they are a net reduction, so I think it is reasonable to assume that on average one cancels out the other and that although it is important to improve the quality of housing, it is a quantity that is the basic crying need today.

I think, Mr Speaker, that the Government should, therefore, with the support of the whole House, plan for the resolution of Gibraltar's problem within this five year economic plan. Within the period 1981/86 we should aim to resolve Gibraltar's housing problem taking into account the current situation and possible projections for those five years, and I don't think this is an impossible task. The position as I see it, Mr Speaker,....

HON CHIEF MINISTER:

If the Hon Member will give way. The element of public borrowing for the purpose is in fact being implemented to carry out the target, and that is why we have referred to the fact that our public debt will go up to £24m, because we are actually at this moment building houses with borrowed money.

HON J BOSSAND:

I appreciate that this is the case, Mr Speaker, and I appreciate that in fact the expenditure on the Improvement and Development Fund in money terms has come up to the target level because the Gibraltar Government element in the Improvement and Development Fund, in fact, has been increased beyond what it was originally envisaged. I appreciate that this is the case, but I would remind the House that on previous occasions when we have been talking about the achievement of the Development Programme, I have drawn attention to the difference between targets in money terms, and targets in physical terms, because of course you can spend a lot of money, I mean, if St Jago's is going to cost us £2m instead of £1m we can say we are now spending £2m on housing. Yes, but of course, all we are doing is building the same houses for £2m that we thought we were going to build for £1m. That is not helping us to resolve the problem although we are spending more money, and I think that is one of the different pieces of the jigsaw that one needs to look at. One needs to look at what can only be described as prohibitively expensive housing today. When we are talking today, Mr Speaker, of building a Government flat for £40,000 and paying servicing costs on that £40,000 of £120 a week, we know that it is impossible to rent that house for £120 a week. And clearly if you rent it for £20, which would be considered by many already a fairly steep rent you still have to subsidise it to the extent of £100. It is not an easy problem but the will, the political will, appears to be today present in the House because both Government and the main Opposition party and myself are all saying the same thing, that this has to be given the highest priority, and, therefore, we should all be devoting our attention not to finding faults in the respective inabilities of each other to resolve the problem, but in trying to see what contribution one can make in finding a

solution. And my own view, and the view of my party, we had in fact a resolution passed at a general assembly to this effect is that we need a comprehensive housing policy for the public and the private sector. Because when we are talking about the total supply and demand situation one cannot leave any element out of it. One cannot ignore the fact, Mr Speaker, that in some respects Government's housing policy over the years has been benefitting people in the private sector who have been in need of rehousing for reasons of not very suitable accommodation or over-crowding or medical grounds or anything else, but even more in many areas, they have been benefitting the landlords of those properties, because I can tell the House that I know of a particular instance where somebody who was rehoused only three or four weeks ago by the Government, left a pre-war dwelling where the person was paying £5 rent and now the asking price is £2,500 key money and £12.50 rent. It is all very well to say it is illegal, but I can assure the House that it happens. It will be paid and the person paying it will not be prepared to come forward because there is no guarantee that they will not lose the house. And if they didn't need the house they wouldn't have paid in the first place. That is a serious omission in our legislation because we have got a law there that is a dead letter. We have got a law there that on the one hand is unfair to some landlords, we have got situations where you can have landlords of pre-war dwellings who are getting such a low rent that they cannot even afford to pay for the place to be painted, and the tenant may be considerably wealthier than the landlord. We have got situations where we have got landlords living in Government property and renting out their property at exorbitant rents, and, therefore, we have got a law that is fair to nobody. When it was originally drafted it might have been drafted with the best of intentions but I think there is a need to update this and to deal with private sector housing within a context of a five-year programme designed to meet Gibraltar's housing need. We have a situation today affecting immigrant workers.

Mr Speaker, where over the last few years the Government has been rehousing Gibraltarians from private sector dwellings into new Government housing, those private sector dwellings have been let to immigrant workers illegally as furnished accommodation, a matter that was pointed out in the 1975 City Plan, and here we are six years later and still nothing has been done to correct it, and now, partly because the housing situation has got

considerably worse and one has only got to look at the increase in the waiting list, the number of families on the waiting list which was 1,000 in 1975 and is 75% higher today, to realise how that has built over into demand for private sector houses as the only possible solution. And now private sector landlords, I'm not saying that this applies to all of them but it applies to a fair number, private sector landlords who are simply interested in extracting the maximum return for their property, and who are quite happy to get rid of Gibraltarians and put in immigrant workers five to a room, now are quite happy to get rid of the immigrant workers and put in a Gibraltarian family because a Gibraltarian family is now prepared to pay £20 a week and key money, and we are facing a situation where immigrant workers who have been living in places for 8 or 9 years are being given notice to quit. That can be a serious social problem for Gibraltar and it isn't an area that can be left uncontrolled. We cannot have the absurd situation where it seems that because there are different Government departments involved in different areas there is no coordination about what goes on. I think, Mr Speaker, that to have a situation, for example, like one has in the St Jago's Hostel where it is a Government building used by a private sector construction firm to house workers who are building a Girls' Comprehensive School, workers that are here because we need them to be here and where the situation there is that there are 40 men living in one room, in one barrack room, and all that there is in that room is 40 beds and each bed costs £7 a week to rent. Those men haven't even got a cupboard in which to put their clothes, they have to hang them on nails or on clothes lines. I think it is wrong that people who are indirectly employed by the Government, because the Government has given a contract, the Government should ensure that there are minimum standards met by the contractor that imports labour to carry out the Government contract. And I think it is absolutely wrong that those workers should be asked to pay £7 a week for a bed and shouldn't even be given the minimum facility of a locker in which to put their clothes. I think that needs investigation on the part of Government, and if one considers that simply across the road from that in Town Range the Government has just built cubicles where it is charging 85p a week rent, then one can understand that the immigrant worker thinks that there is discrimination as between the Gibraltarian worker and the immigrant worker, because within twenty yards of each other one is paying £7 a week

for one bed in a room with 40 beds and across from him there is a room for a married couple and the rent is 85p a week.

I put this, Mr Speaker, because although I tend to talk because I think that is essentially what the political role of Members of the House of Assembly should be, I tend to talk more in broad terms about economic policy and about political ideology, I have taken this opportunity to pick concrete examples because I don't think one should forget that when one is concerned with political ideology or with economic policies that can be translated down to direct effect on individual human beings. That is the essence of it. I don't think the House requires to be tied down with detailed analysis of every single penny that is spent, but I think when we are talking about a policy for housing, clearly the demand and the supply of accommodation for immigrant workers must be an integral part of such a policy, because one cannot forget that if there is no specific provision for immigrant workers then they are part of the demand side of the equation and they will be in competition with local families for the same limited number of units, and all that will happen will be that the people owning those units can get a much bigger return, and that the Gibraltarians will simply go on adding to the Government's housing list.

In that situation therefore, Mr Speaker, where we have an inflationary situation in property values created by an excessive demand, I think the Government should take a serious look at the question of taxing capital gains on property other than those of owner occupier. I think when you have got a situation where the value of the property simply goes up, not because the property is being improved but simply because there is a shortfall in the supply of housing and the unsatisfied demand is pushing up rents, and the capital value is being worked out simply as the rent being a rate of return, so that in fact if you have got a property that is worth £20,000 and producing £2,000, if tomorrow you can charge a rent of £4,000 then you still work out that that is 10% of what the property is worth and now the property has gone up from £20,000 to £40,000. To the extent that that is happening then I think the Government should seriously consider introducing taxation on capital gains, and I would say that.....

HON CHIEF MINISTER:

It will not cure the evil that is being mentioned, it would just make the Government a party to an illegality.

HON J BOSSANO:

Mr Speaker, I think if we cannot stop the property changing hands at inflated prices then it is preferable that part of that inflated price should go towards the benefit of the whole community rather than to the person that is sitting on the property in the first instance, but in any case since I am not suggesting this purely as a fiscal revenue raising measure, then I think that, in fact, the economic incentive should be that part of the tax should be avoidable provided the money is ploughed back, say, in new construction, so that one could then provide a disincentive towards speculative gains on property where the money is just taken out of Gibraltar, taken out of the economy, and an incentive to reinvestment. Because I think part of our tax structure should be designed in order to encourage investment in property because it is important in my view to ensure that as well as publicly owned houses we have privately owned houses and owner occupation. I think, if we look at the situation today in Gibraltar we already have 75% of the total housing stock publicly owned. We have to take fundamentally one or two roads, as I see it, Mr Speaker, either we say we don't believe in private ownership at all, in which case every one will live in a publicly owned house and then in looking at the rent structure we would probably need to go along the path of charging people according to their means and not according to the house that they live in, and then we come across the problem of the quality of different types of houses, of different areas and so on, alternately we say that we should encourage owner-occupation but that the Government must have a substantial housing stock to ensure those who do not wish or who cannot afford to provide for themselves to be provided for by the state. Already we have, as I say, 75% of the housing stock in publicly owned hands, and it is quite obvious that the occupation of that housing stock bears no relation to income or need or anything else, it is just pot luck whether you happen to be very wealthy and living in a house with a very low rent or very poor and living in a house with a high rent. There is no logic

to that, there is no economic justification for that, and there is no morality involved in that. And when you have got people who are paying extremely high rents and on top of that paying taxes to subsidise people who are better off than they are and paying less rent, it is clearly something we need to put right, and I would put it to the House, Mr Speaker, that I have devoted a lot of time out of my contribution to housing because I was glad to see that the emphasis was being given by both sides of the House to the question of housing provision as a top priority, and I would put it to the House that we should tackle the problem with all the energy required and attempt genuinely to produce a solution within this five-year plan that the Government has mentioned it is developing.

In fact, the estimates of expenditure, as we have been told, do not contain details of the Government's intentions as regards the new development programme. Clearly the explanation that has been given by the Minister for Economic Development is that they do not wish to prejudice or prejudge the result of the aid talks with the United Kingdom. However, it must be obvious that the actual predictions for the out-turn of the economy for 1981/82 are bound to be in a very large measure determined by the extent of capital works being carried out. We have a situation where without anything from the new development programme we are talking about expenditure of £15½m, just over £15½m in the Improvement and Development Fund. This looks a substantial increase over the year that we have just finished, and we have had £10½m but, of course, a large part of this is the power generation where the multiplier effect in the economy is low because we are just paying for equipment and it is going straight out of the economy as opposed to labour intensive construction works where the spending power of the workers involved in a construction project in turn generates economic activity. Therefore, I would like the Financial and Development Secretary or the Chief Minister to tell us whether the estimates, and I assume they have been built on that basis, whether the estimates are built on the assumption that it is this level of economic activity that we are looking at and that there is no provision included for a possible increase here as regards the question of the aid programme. And, therefore, Mr Speaker, the Honourable and Learned Leader of the Opposition said that he had heard from a reliable source that the aid talks were not taking place until the end of the year. So, in fact, are we really talking about the

1981/86 Development Programme or are we talking about the 1982/87 Development Programme?

HON P J ISOLA:

If the Hon Member will give way. I believe there are two things going on that are in the next Development Programme going on currently, that is, the Power Station and the International Subscriber Dialling. That I think is part of the next Development Programme so that is on and that is in this year's estimates.

HON J BOSSANO:

But that is financed by us. An important factor of the contents of the Development Programme is that development programme or no Development Programme, if we have to borrow the money and spend it ourselves then really the only constraint is our ability to pay for it. And provided we can raise the money and invest it and increase economic activity then I think the Government should do this, because I believe that in planning for economic expansion sufficient revenue is generated through the multiplier effect on the economy, so that the net cost is considerably lower than what it appeared before. This is one of the great dividing lines today, for example, in the running of the UK economy, where many people believe that the UK economy is on a downwards spiral precisely because what is needed are not further deflationary policies but reflationary policies particularly linked to a public works programme which in turn will reduce the public sector borrowing requirements because they will increase tax yield and cut down on things like unemployment benefits.

To the extent that we are planning for a substantial increase in our borrowing requirement we are in fact at odds with the rest of the Western capitalist world, we are still doing what has been done since the war by everybody else but what everybody else seems to be intent on stopping, but of course a vital important part for us is that the beneficial effects of grant aided projects is even greater because then we not only have the multiplier effect but we are not paying for it so it is in fact a net gain the same as our invisible exports to the UK Departments and the same

as our invisible exports in the tourist industry. It is money coming in to our economy, and to the extent that there will be no additions, then I think one must treat the economic situation as basically reflecting the picture presented in the estimates and, therefore I take it, Mr Speaker, that without wanting to suggest, because I don't want anything I say in this House to be taken by the British Government as an indication that they don't have to produce the cash this year or give us help this year, but I take it that it would not be too much of a surprise if we see the impact of the new Development Programme really beginning to take effect towards the end of the financial year and really being reflected in the estimates for the following financial year. And consequently I think that it is only when we know precisely what is going to happen with that programme that we can really think of the precise and detailed nature of the five-year plan for the economy of Gibraltar, when we know to what extent we will have to finance that plan and to what extent we are getting grant aided income.

And I feel, therefore, Mr Speaker, that I cannot go any further into an analysis of that plan or in suggesting anything in its context until that stage is passed. I hope that the Government is successful in obtaining substantial grant aid from the UK Government because I think it is very important for Gibraltar. It is particularly important that we should give an impetus to the economy for the fundamental reasons mentioned by the Minister for Economic Development, that Gibraltar's long term economic viability is the strongest guarantee that we can have of our political independence, using the word 'independence' in inverted commas in case it should be misjudged! Our political independence to be able to produce our own philosophy, our own ideas, how we want to go in Gibraltar without being subjected to the constraints imposed by Her Majesty's Government, if they are providing the cash and they don't agree with the way we are spending it. Therefore, I think Gibraltar's economic long term future is vitally important for Gibraltar's future long term political security. And it is of essence that we should understand it in the House and that we should project that to the outside of the House of Assembly and that the whole of the community should understand that that must take precedence over every other consideration. Because in this we are working towards that long term objective, really, we are only wasting our time quarrelling with each other about how best to run affairs

in Gibraltar if it is not going to be there for us to enjoy and for our children and descendants to enjoy.

Mr Specker, before I come to the question of the programme of the economic plan I think one important area is the question of reclamation that the Government has mentioned. I think the reclamation project that they have mentioned clearly, having been recommended by the Port Feasibility Study and the DP3G a year ago, and with all due respects to the DP3G I hope they won't mind me saying that I think the expertise of the Port Feasibility Study will carry more weight with me than the fact that they recommended this a year ago. I mean they might want to do it because they were politically committed to it but if they have in fact commissioned experts who have told them not to do it I am sure they would say, well if that is what the expert says we will go along with it. Now, I think it is equally important to seriously consider the reclamation of the Montagu Basin. The area between the new Girls' Comprehensive School and the Varyl Segg Estate is an area that is very shallow. I know that this is something that experts in the department itself have been talking about for many years, and the cost of reclaiming this area would be extremely low. It would provide an immediate short term solution if part of the area was allocated to the Varyl Segg Estate for extra parking space. The Minister for Public Works in fact promised the Tenant's Association that this would be done on the reclamation on the other side, by the Viaduct, but in fact that is something like five years away, and you know, the parking problem in the estate has got to impossible proportions. I am not suggesting this primarily for that reason, I am saying that this is in fact an obvious impact that it would have in a problem area and the Tenant's Association supports the idea of this being reclaimed.

I also think that we have got a serious pollution problem there which makes using that area as a bathing area a health hazard, and that with the Girls' School being built there now, it is an opportune moment to consider reclaiming it. It is extremely shallow and would cost very little if part of the debris that is being tipped at the side of the distiller was diverted there and it would be better to think of doing it before the school is in occupation rather than after, and I think

it will be something that will have to be done eventually anyway. So I would strongly urge the Government to consider this possibility and to consider doing it quickly because the cost is so low that it is not something that needs to be left dependant on UK aid. I mean, in that case of the major reclamation project for the roll-on, roll-off ferry we are talking about a \$4m project, here we are talking about reclamation at really negligible cost.

The other point that I would like to make on the question of economic planning is the point that was made by the Honourable and Gallant Major Dellipiani in his contribution regarding the provision of nursery facilities. He linked this in fact with the encouragement of greater female employment in Gibraltar. I think this should be another fundamental element in the Government's economic plan. We have, unusually for Western Europe, very low activity rates amongst women in the economically active age range, between 20 and 43. I think we have something like 25% as opposed to something like 45% which is the Western European average. And part of the reason in my judgement - there may be a cultural blockage if one may put it that way towards women in employment but that is something that is changing and I think there is an answer despite demands for jobs there and - part of the problem is the lack of provision of nursery facilities. I think there are also sound educational reasons in fact for introducing pre-school nursery education particularly because our educational system is in English, many come from Spanish speaking homes, and they start school at a disadvantage. I think sufficient research has been done in bi-lingual communities to show that some times it is difficult to test non-verbal IQ and that language disadvantages are reflected in performance, and leads in fact to lower academic achievement which could be corrected and people could be given that greater opportunity if that is taken into account. I think that by providing pre-school nursery education and introducing the child at an earlier stage to the language that is going to be the transmission of the educational system has got sound educational advantages, but in any case I think it is defensible, the expenditure is defensible, on economic grounds in the advantage that results from providing an increase in the female supply of labour in our labour force, which ensures that a greater proportion of the money generated is spent in Gibraltar and makes us less dependant on immigrant workers. I am not suggesting that the existing immigrant labour force should be replaced forcibly but we have a natural rate of wastage and we have got a situation where since 1973, Mr Specker, we have had a Manpower Planning Committee whose terms of reference are in

fact to make Gibraltar self-sufficient on labour. We are no nearer doing that in 1981 than we were in 1973 when I joined the Committee because we are still approving the same quota four times a year for the last nine years, except for the last meeting when I managed to cut it down by 100.

I am glad that the Honourable Minister for Labour and Social Security and Education made the point because I think it is an area which spans both the responsibilities that he has, in an area of educational value and an area of important use of and planning of the labour force in Gibraltar, and I would commend Government to have this as one of the elements in their economic plans, consider it as something specific which forms an integral part of the plan because to translate the broad objectives of the plan into concrete realities I think the Government needs to look at planning of labour, planning of investments, planning of home-ownership and building of homes and then put all those things together. I think that is the stage into which the objectives that have been spelt out by the Minister for Economic Development need to be taken next.

Mr Speaker, on the question of the income tax structure I look forward, as the Leader of the Opposition does, in seeing what the Government is going to give back to the oppressed people of Gibraltar, as he put it, but I would put it to the Government that there is one area of the 'oppressed' people of Gibraltar that do not have a vote, which is the very substantial immigrant labour force in Gibraltar of 3,500 who are wage-earners and who are tax-payers and who feel that the restructuring of income tax that took place in 1979 put them at a disadvantage as compared to other taxpayers. I think the Government should consider, if they are not going to make a move on Family Allowances this year, and I am not sure but from the figures of the Estimates it would appear that they are not envisaging an increase in Family Allowance, the possibility of at least restoring the tax allowance for children at the level that it was prior to 1979. I think that the 1979 restructuring, effectively, for many lower income groups in Gibraltar, for the average wage-earner in Gibraltar, if anything provided a net gain, but certainly not for the immigrant working population. As I say they represent 55% of our industrial labour force, they represent 33% of the total labour force of Gibraltar, and I think that sometimes we tend to forget that they have

got legitimate aspirations and they are also entitled to have their grievances listened to by us in the House of Assembly, even if they have no direct voice here because they are not entitled to vote. They are not asking to be entitled to vote but I think that they are asking that attention should be drawn to the problems that affect them and this is why, Mr Speaker, I am making a point of bringing the attention of the House, and of the Government in particular, to this in the context of their proposed restructuring of income tax and also in the context of the housing problem with reference to hostel accommodation.

Thank you, Mr Speaker.

MR SPEAKER:

Well, we have only got another, I reckon, twelve minutes to go. The next thing I have to do is to invite the Chief Minister to reply unless.... Yes, most certainly, Mr Abecasis.

HON J ABECASIS:

Mr Speaker, I am very happy to be able to be present during this year's budget session and to make a small contribution to the proceedings, but I will be very brief, as although I feel much better I am not yet fully recovered. I also look forward, however, to even greater participation, please God, next year.

First of all, Sir, I would like with your permission to thank all those who come to see me at the hospital and to the hundreds of people who have approached me in the street to say how very pleased they were to see me almost fit in such a relatively short time. To all of them I would like to say how very grateful I am for their kindness and their prayers. I would also like to give my thanks to you, Sir, to the Chief Minister, to the Leader of the Opposition and to all my colleagues on both sides of the House and especially, Sir, to the Honourable Mr Zammit for having looked after my two ministries.

May I also say, thank you, to the doctors, the sisters, the nurses both male and female staff, and at the

some time add my gratitude to Glasgow, Scotland, for their first attention to me for what I am told was a serious and dangerous accident.

One thing which is abundantly clear to me following the debate is that Gibraltar's economic strength reflected in Government's improving financial position is a matter for satisfaction. Our ability to hold our heads high after eleven years of economic siege should also stand us in good stead to resist any further pressures that may arise over the coming years.

Thank you, Sir.

MR SPEAKER:

May I congratulate the Honourable Member on his excellent recovery and delivery today of your first speech after your illness.

We will now recess until tomorrow morning at 9.15 a.m.

The House recessed at 5.00 p.m.

FRIDAY THE 24TH APRIL, 1981.

The House resumed at 9.20 a.m.

MR SPEAKER:

I will now call on the Chief Minister.

HON CHIEF MINISTER:

Mr Speaker, I am sorry that the time for adjournment came yesterday just as the Honourable Mr Bossano finished his remarks because whilst they were clear in one's mind, and they were constructive, I would have wanted to deal with one or two. He was kind enough to allow me to interrupt once or twice to make one or two points clear.

Mr Speaker, I propose to deal with the main matters that have been raised during the course of the debate. Mr Restano in his opening remarks raised his hardy annual about the statement I made in 1977 on the question of possible legislation to compel banks to keep part of their earnings in Gibraltar. I thought he had at last taken note when I told him that the conditions had changed and this had now been abandoned. I told him, and perhaps he could remember now, that when he came to next years he would look up the question and ask it again. But anyhow he does not seem to take great care to keep in mind what has been said, and I will just say that it is a poor performance when he has to have recourse to matters which have been dealt with already. That did strike me as being the high mark of his intervention this year.

He talked about parity of wages and parity of taxation. Well, I think that matter was dealt with by the Hon Mr Bossano in a way but I think I ought to highlight one matter which has not been raised in the course of the debate, and which is I think a matter for congratulation for everyone. And that is the way in which we have kept the increase in the cost of living low. There are, of course a number of reasons for that but one particular reason was highlighted in some remarks made by Mr Bossano last night. Since we compared to the United Kingdom why should the cost of living in Gibraltar not be as high as in the United Kingdom. Well, the point is that in the United Kingdom they still have the VAT at 15% and that makes a considerable difference, apart from the fact of course that we keep and monitor, through the element of Price Control in essential commodities the margins of profit in Gibraltar, which also have a great effect on that. And that is something which I think ought to be looked at against the background of this question of parity of taxes. You cannot say parity of income tax alone, you have to say parity of taxes if we are going to have parity at all. Indeed this year, as was pointed out yesterday, the accent of taxation in England has been that those in the lower income group have not benefitted while those in the higher income group have, and we hope that not only now but when our proposals for income tax are considered, the changes in income tax will be seen that it will be the people who earn less are the people who should pay less. This is how our measures have been thought out.

The one point I don't want to labour very much, because

I know it is not an easy one to deal with, but insofar he refers to the Auditor's Report and the fact that there is a long statement in the Auditor's Report about the question of the staff, looked at broadly from the point of view of the administration the position is that every department, every Head of Department, makes a case for increased staff and they are all regulated by staff inspection. The fact that the Auditor makes a report on the accounts and takes advantage of that to make his own plea there really puts him in a privileged position over and above other heads of departments who have no means of making their views public. The Audit Department is not limited by parity it is limited by the same measure to which it is limited in other departments, that is, by means of staff inspection reports. If we are going to have any faith in staff inspection reports then of course we must do that uniformly and not just in respect of those who have not got the ability or the opportunity of bringing to the public eye their own views. There are many departments who have grievances about their staff and how much they could do with much more staff, and this is precisely where the Government has got to monitor the whole area of public service in order to keep it within reasonable bounds. What happens is that if in fact there is a case after a time another staff inspection is ordered, but that is all. The fact that the Auditor has an opportunity of making a statement in the Public Accounts Committee has nothing whatsoever to do with his functions. His functions are to audit the accounts and to make comments, but that, together with all other Heads of Department's representations, will be taken into account when there is a rehash or a review of staff inspection.

HON G T RESTAND:

I don't think the Principal Auditor has in fact mentioned that in the Public Accounts Committee, it is only in his report.

HON CHIEF MINISTER:

Did I say the Public Accounts Committee? I didn't mean the Public Accounts Committee I meant in his report on the accounts. In fact that would be a good area if I may suggest to probe a little into his report in the Public

Accounts Committee, because he is as much answerable for his staff in the Public Accounts Committee as any other Head of Department is. He may be in the privileged position in so far as he helps the Public Accounts Committee in respect of the presentation and his comments, and I am sure that he must be a great help, but he can also be brought to account there to find out and give reasons rather than in a public report. Anyhow this is only by way of comment and what I want to say is that he is no better or no worse, and what I want to make quite clear is that if there is any attempt, and this is nothing to do with the remarks of the Honourable Member, but this has highlighted it, but if there is any attempt in the remarks, and I am not saying that there is, if there is any attempt in the remarks to suggest that because he hasn't got enough staff he cannot do his duties, then that is completely unwarranted. That particular statement in that particular report is particularly important.

One point that has been made generally which three of the Honourable Members have raised, is the question of - I will come back to the state of our finances and the question of the level of our reserves - but one particular point that I would like to make in general terms because it has been discussed by quite a number of members is the fact that if our surpluses are very high the British Government will not be so inclined to help us in ODA. Well, my experience is completely the opposite. Apart from the current difficult almost savage cuts that have been taking place in the United Kingdom, and the difficulties generally with regard to the economy, which as I stated in my introduction to the Estimates must be taken into account, we would not be realistic if we thought they would not, my experience in three or four talks on development programmes is that it is those who husband and look after their affairs and show that they are helping themselves who have a better chance of being helped, particularly when it comes to the aspect of these matters which contain an element of political support, as it is in our budget. In one set of circumstances we had to satisfy in the Aid Discussions that rents would be increased to a more realistic level than they were because in fact what they were saying was that they could be giving money for us to build houses for people to pay very little rent when they could pay a little more. In fact they were impressed at the subsequent meeting when we carried out the commitment that we had taken that we would make people pay realistic rents. And let me say that they did not say that for the sake of getting their money back because the rent comes into our pocket, despite the fact that some houses are built with development aid. It is in order that there should be a

level balance in that help and the contribution people should make. That is one aspect in which we found that it is only by helping ourselves that we get more support.

The other one is the question of taxation. At times when we were in the 1972 preliminary talks with the then Governor, Sir Varyl Begg, the question of taxation which was then pretty low in Gibraltar was raised, and the question again was raised: do you expect us in this country when we are paying - and at that time it was the Labour Government I think - do you expect us in this country where we are paying a very high level of taxation that we should be giving you help when your taxation is so low and in fact it does not give you enough money to maintain without substantial increases the assets that we present to you. So again, to say that we would be in a better position if we went in a poorer condition to Britain is complete nonsense: in fact we would be in a worse position generally and overall ODA help or not, and I am sure that we will continue to get some help, financially from the point of view political pressures the stronger our economy is the stronger we can hold out on our own merits generally, and it is significant that except for one or two once-and-for-all grants that were given at the very beginning of these restrictions, that we have never had or never sought any budgetary aid and that all that we have been given is ODA assistance. We did ask in one instance for help, after a considerable number of pressures from the other side that we should seek help in order not to increase the electricity and so on, in one particular case I made a special case and it was turned down, and I was not surprised that it was turned down.

HON F J ISOLA:

Is the Chief Minister saying that because of the pressure of the Opposition the Government asked for aid, otherwise they wouldn't have done it.

HON CHIEF MINISTER:

No, I did not say that. I said despite the fact that we had had a lot of pressure from the Opposition we had refused and the record of Hansards will say we have refused to go begging for aid for the budget.

HON P J ISOLA:

But that is what Government did.

HON CHIEF MINISTER:

No, no, I am not going to be interrupted. I am prepared to give way once or twice but I am not going to be interrupted.

MR SPEAKER:

We must be careful of one thing, that on the reply we must not raise matters which have not been raised in debate, because that is the rule.

HON CHIEF MINISTER:

Mr Speaker, as far as I am concerned I am saying that in the context of the fact that we are being told that because we are well off we will not get help. I am saying that when we had pressures previously we resisted then. On one occasion I thought we had good grounds to seek help and it was not allowed. I now go on to say that that shows you how necessary it is to have our finances healthy in order to be able not to be in a position such as like that, and in order to be able to harness our resources in such a way that we can make do, with the help of Britain, in one form or another, but without pressures or worries about our day-to-day functioning of Government. That is why it is inconceivable that the fact that we are in a good position is likely to prejudice our ODA talks. Of course it will be said you are doing well and we will say, yes, of course we are doing well, but there are many distortions in the economy created by years of closed-frontier and restrictions and if and when the frontier opens this will have to be put right, in addition to the fact that we are not going to go to the aid talks at the end of the year as I understand it, but in any case I do not think that the frontier will open before we go to the talks. I may be mistaken but I do not think that.

The other points that I want to make. The Honourable and

Gallant Major Peliza used the terms yesterday which are now used every day about Mrs Thatcher, he brings it in from the United Kingdom, about U-turn and no U-turns. I will prove later on that there have been no U-turns at all in the question of the budget, but one point which was made was that we had made a U-turn in respect of aid to hotels. We haven't. What we have said, and the later stages in these proceedings will show, is that we are making this year a real effort to show our concern for tourism not only in respect of this question of a once-and-for-all grant about the increase in the price of water but in other respects that will come clearer later on and as a real effort and indication of our concern for tourism. This time the subsidy can be really identified. What was before required is that we should have a special rate for hotels when indeed there were quite a number of other undertakings which were paying the real price. This time we are able to identify the increase to the hotels in respect of increase and it will appear; whether it appears under one head or it appears under another it matters little. It is a clear subsidy to the hotels and not just a special treatment which cannot be identified and then to be told that nothing is being done for them. So that really there is no U-turn.

One point made I think by the Honourable Major Peliza which surprised me considerably was that the Public Works Department was a very big department and should be split up. He was responsible for the virtual absorption and taking over without any preparation, without any thinking of the old City Engineer's Department when he came into office in 1969 under the guise of the merger between the City Council and the Government.

No, I am not going to give way now. I will finish what I am saying and then he can say what he likes.

That was a honeyed take over, it wasn't a merger, there was no planning and it was chaos, and it was chaos for a long time after, and that is still suffering its consequences. This take over completely of one department by another without any planning whatsoever, making the life of the City Engineer so impossible that he has to go, and no plans made whatsoever for taking over or merging the department as was intended. It was a complete swallowing up of the City Engineer's Department without planning, for which we are still suffering. Now I am prepared to give way.

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HON MAJOR R J PELIZA:

Mr Speaker, I think the Chief Minister knows very well that the merger was not something that I invented, this was all part of the Constitutional Conference which was agreed under the new Constitution and the House of Assembly. This is in fact why we do not have a City Council. That has nothing to do with me. Now, obviously because we were in Government at the time, we implemented what was agreed at the Constitutional Conference. If the Chief Minister says that we created chaos, alright I am not going to say that we did, but even if we did create chaos in 69-72, Mr Speaker, it is nearly 10 years now since then. It has taken a long time for the Chief Minister to clear that chaos.

HON CHIEF MINISTER:

I am not saying that I am clearing it. I don't say that it is necessary. The report will show what has to be done in the department, this is why we have had an inquiry. And if the Honourable Member gives me less than credit for crediting him with a little intelligence, of course I know that that was part of the merger, of course I know that both organisations had to merge, that was clear from the Constitution. But what I am saying is that when he did it, the swallowing up, the hurry, the lack of planning, the way in which everything that smelt of the City Council was swept out of the picture of Gibraltar, it was done in order to sweep out all that we had done over the years because it did credit to the AACR. That was his thinking and we have suffered from that for a long time. That is what I am accusing him of, not because it had to be. It had to be a merger but not a take-over and that is what it was, a takeover and not a merger.

We have also talked about the question of density of land and the maximum use of land: coming from people who are responsible for the giving out of what is now called "millionaires row" at Gardiner's Road. That was issued for development by the administration of the glorious 2 years and 10 months, to one developer! All of it. And the density of this can be seen by anyone who passes through there. I am not saying for one moment that that was right or wrong. There are areas where people will not develop unless they are going to have an

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element of privacy. Of course there are. We haven't reached the stage now where we are going to have the whole of Gibraltar made into tenement buildings

HON MAJOR R J PELIZA:

If the Honourable Member will give way.

HON CHIEF MINISTER:

No, I am not going to give way for the time being. His Government was responsible, and not only for the development and there is the proof of it, what is the density there, what is the density there? The lowest I am sure in Gibraltar that has been built since after the war. The lowest. Not only that, they made the very great mistake of giving it to one developer, who has given us endless trouble because the way in which the matter was done it was very difficult for people to acquire titles because the whole development has to be finished before anything could be done. It is true that many people who are accommodated are that many less people who are clamouring for Government accommodation. In that respect it is perfectly far proper and I would not have raised any problem about the way in which this has been developed except that when it comes to another site they say: oh, that is very densely developed. There is no question about density, density is not practical in Gibraltar. Where I live you could have eight houses, you could have 25 houses, a tenement building, a patio. Well, certainly that didn't apply to Gardiner's Road and nobody would have developed in Gardiner's Road on that basis, I can assure the Honourable Member.

Now, Mr Speaker, I come to the winding up of the Leader of the Opposition. He spoke about the role of the Opposition. Well his attitude reminds me of the story of an old man who had quite a number of children, all of whom were married, and every time one of his daughters or daughters-in-law became pregnant, he would go and write behind one door, in chalk, "girl" and behind another door "boy", and then he said, oh I know what you are going to have. I won't tell you. And when the mother had a boy he would go and open the door and say there you are I wrote 'boy', but he didn't say

he had written 'girl' on the other one. This is what happens with the Opposition. They keep on telling us what we have to do, they don't remember when they say something that has turned completely sour on them, and they only say: well we told you this in this respect. For example, we are now told that they told us last year that we were going to have too much money. What did the Honourable the Leader of the Opposition say in 1979 about money? What did he say about the state of our finances? I will remind him. It is always helpful.

On page 302 of the Hansard of 1979, he said "It is interesting that the actual revised balance, the revised reserves for Gibraltar, as at 31 March 1979 are estimated as only £307,911, which, Mr Speaker, with the aid of my calculator is exactly 3.94 days working capital. Of course the Government is in trouble and of course the accusation made by my Honourable and Gallant Friend that there has been bad management is fully justified." And then he goes on "Why has it come to this? Who is responsible. It can only be the Government, it cannot be the Opposition". Then, the Government was responsible, now the Opposition is responsible for the state of our finances. And then it goes on "so, Mr Speaker, on the estimates of the general picture on the important page which is paragraph 5 it is quite clear that the Government despite quite a number of taxes that we have had in the last few years have had to allow the reserves to dwindle and dwindle and dwindle to an extent that it has not got working capital. Now it has got to raise revenue to try and bring up the reserve, and I suppose when one sees that it will cost the Government £78,000 a day to run Gibraltar, I suppose they would need at least, one would have thought, one month's reserve, and that means that they would have to raise £2.3m just to have one month's reserve. So it looks as if the Government is going to risk it for a year and hope things go better for them". Well, we have not done that, we didn't do it in 1979, we didn't do it in 1980, and we are not doing it now.

HON P J ISDLA:

If the Honourable Chief Minister will give way. The Government on its own estimating, which proved to be wrong, did it in 1979. The outturn was different because their estimating was wrong. But they did do it.

HON CHIEF MINISTER:

We did do it, of course, but if it was our fault that the reserve had been badly calculated, they came down, then it is to our credit that we put the things right and we now have a very handsome balance. And that is something that the Opposition must swallow, whatever they may say.

And insofar as the question of reserves is concerned, of course here again this is all very well when you are in the Opposition to speak one language and when you are in Government you speak another language. Speaking in the 1972 - and I have to remind the Honourable Member every year that we do well - speaking in the 1972 budget the then Chief Minister said "I now come to this House to say that as it looks today the revenue balance of reserve will be £1.4m. This is after putting £300,000 into the Improvement and Development Fund. So in fact if we had not done that and we had wanted to show this as a reserve, we would have had £1.7m in reserve, an astronomical figure for Gibraltar, never having been reached before. What surprises me is that this, which in my view is a highlight of these estimates, has not really been made public yet and the things I have seen so far in the Gibraltar Chronicle, nothing else has been done. I haven't even heard the figure on television or on radio. I just cannot understand this because it was printed in the speech that was given by the Financial and Development Secretary. Now there are no excuses 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 was on a budget of £3m, £1.7m. This is the Hansard of the 27th March, 1972. I was quoting from it, and I will continue to quote it every time. Fortunately we shall be here with high reserves to answer for that, when the budget at that time was £3m and he was proud of having exactly half of the budget as reserves, £1.7m. Jubilant and the people haven't any notice of it. He was very indignant about it. £1.7m in a budget of £3m. And he was so jubilant and the people of Gibraltar had not taken note of the great things that Major Peliza had brought to Gibraltar. And when we come with a reserve of £2m which is related to a budget of £40 millions it is said we have been accumulating money unnecessarily and taxing the people unnecessarily. That is not the case. People have been taxed and because the result are better than anticipated, and any Government whose performance whose administration provides more money than it

anticipated in the Estimates is a good Government. That is what has happened in this case, that the results have been better than anticipated. When we make the measures this year we will say: Ah, you are going to get more money, if you are going to give X give X + X and they say then next year they will say alright. Of course they are in the comfortable position of not having the responsibility of power but only the pleasure of coming here to talk about giving the people many more things and making them pay much less than they are paying now. That unfortunately or fortunately could only be proved in the performance, but I think that they will have to wait a very long time before they have a chance, if ever, to prove that in the performance of their taking office in this House.

The results are comfortable, the results give us a measure of considerable strength, nationally, if you want to put it that way, in the sense of our survival, in the teeth of restrictions that were made to cripple us. The results show that our administration is good, that the income tax is coming from areas which were taking longer to collect before, and as the Honourable Mr Bossano said quite rightly, that was one of the major justified complaints of the Trade Union movement, that they were paying their taxes every week and others were taking a long time. That is true. That was true. And that may be true still to a certain extent. And as I said, not only have we improved in the collection but we will continue to do that and we will continue to support the department of the Commissioner of Income Tax in its independent method of collecting, which is his own, but I can say that the manner of collection today is almost perfect in one sense. I paid a rather high sum that I owed on income tax a month ahead of time in order not to forget, but there was one minor one of about £28 or £29 that I clean forgot about and it was due on the 27th February; and on the 28th February I had a letter in the post with the necessary penalty for not having paid that on the due date. That shows how closely payments that are due are followed up by the Department and that is the result why we have got £1½m. more. The last figure of £110,000 was not included and arose out of that method of collecting tax. And that makes it easier to be able to gauge what taxation can come out of a year overall, and makes it less uncomfortable or at least less unpleasant I would say for those who have to pay their weekly taxation deducted from their pay. And let me say, too, to what the Honourable Mr Bossano has said, that that does not only affect workers, it affects white-collar workers, it affects a lot of people in executive positions who are

paid by the month, but they are all entitled to the same grievance, and that is that for as long as other people are given a time limit in which to pay they should be given the shortest time possible in order that the money comes soon, because money that is due to us has got to be supplemented by borrowing and paying interest on it and burdening the general body of taxpayers in Gibraltar.

The Honourable the Leader of the Opposition towards the end of his speech yesterday made reference to the fact that in industrial relations we do not give information to the public, and he referred to the recent dispute with the refuse collectors. He went on to speak about the electricity to which I will come in a moment. I would like to remind the Hon Member, and I think that as a result of action taken a little time ago Honourable Members receive copies of Press Releases individually so that they do not have to look at the press for it, in respect of the No? Well I am very sorry about that, and I can assure members opposite that I did give directions some time ago that press releases of importance should be circulated to Honourable Members. I am very glad that this has been brought out because I did give directions that press releases of importance should be given to Honourable Members opposite, and I am glad that my mention of that has brought this to my notice because that was my understanding, but in any case

HON P J ISOLA:

We are receiving press releases relating to questions in Parliament on Foreign Affairs.

HON CHIEF MINISTER:

I am sorry. I did say at one stage that you should get press releases and I will see that that will happen now. But, anyhow, I am quite sure as the Honourable Member has said he reads all the press so I am sure that he knows, but let me answer one particular question in that respect with regard to the original problems of the refuse collectors' industrial actions. We published a statement on the 30th January about statements that have appeared attributable to the men in the dispute but not to the Union, that we were refusing to negotiate and on the 30th January - I am sorry the first one was on the 23rd January where we told the people "Industrial action by refuse collectors. The Government was informed by the

Transport and General Workers Union this afternoon that the refuse collectors will be taking industrial action etc," and they stated the point, and we said "the Government recognise there may be a case for an improved productivity agreement in conjunction with improved service", but we could not change the question of the 7-day week. We issued a communique on the 23rd of January and then, "the effect of that action is likely to be that trade refuse will accumulate in town and there may be inconvenience to the public in this respect. Traders are requested not to deposit trade refuse but to make alternative arrangements etc." On the 30th January, following on statements which had been made by the men themselves, we said that the statements were not true: "It is not Government that is refusing to negotiate but the Union who had a meeting held on the 23rd January stating that they had a mandate not to negotiate until the 7-day week was agreed to. Government is ready at any time to discuss the problem...", and then we went on, "the refuse collectors are only asked to work the same number of hours....", everything was explained in a rather long communique and then on the 5th February, "It is nearly two weeks since the refuse collectors started industrial action and the accumulation of rubbish etc." and we kept the people fully informed. That was one.

On the second one, which is now the current one, we issued a communique on the 10th April: "The Government has received a claim from drivers and labourers who are rostered to work with the refuse recovery vehicles..." and then stated the gist of the dispute, and then, "the public are reminded" and so on. And then yesterday we issued the Environmental Health Department communique which is in this morning's paper. So that in matters which are really of public concern, the issues of which are clearly seen, we give information, apart from the information we give to the media who ask particular questions. Sometimes the answers are not particularly newsworthy even if we give information about industrial action and so on, and sometimes the answers are not published. Perhaps because they are not of sufficient public interest but the media is also given full information of any industrial action.

There are cases of course in which industrial action is going on, and negotiations are going on and to make a statement at such a time could well prejudice the outcome of the negotiation. For as long as the Government is in negotiation with any particular Union in respect of any problem, and there is a chance of the matter being settled and so on, it would be

invidious for the Government to be issuing Press Releases to give information of industrial action which might tend to prolong it rather than to solve it.

The other point that I wanted to raise was this question of PWD enquiry. I did mention it by intervening on two occasions, and I would like to stress with regard to the enquiry itself that when Honourable Members get the report they will then be able to judge whether their further appearance or not was required. That was a matter for them and if they really have any complaints they should really address themselves to the Chairman of the Enquiry. If the Government appoints a Committee of Enquiry it does not meddle with it. When the report is received it will be considered and then the matters can be debated here. As I have informed the Honourable the Leader of the Opposition in a letter, the report has only recently been circulated to Ministers, up till then it had been with the Minister for Public Works who is directly responsible for the department and his officers are examining it to make the necessary comments in order that the Government can consider it. As soon as that is done Honourable Members will get copies, as I said from the very beginning, and then they can judge whether, apart from the merits of it on which they can of course make whatever representations they may deem necessary, perhaps we can have a debate on it. If in fact they feel that they have not been given the opportunity of appearing a second time that of course is not really a matter for which Government is answerable directly. I hope Honourable Members opposite will appreciate that.

The question of the Port Study of course is a different matter, the matter is being looked into. I think the Honourable Minister for Economic Development said that until the whole matter was considered it would not be possible to decide whether the report was fit for publication, but he did not give an indication that the more important aspects of the report that might have a bearing on general policy might not be made available on a confidential basis to Honourable Members.

Mr Speaker, as I said in the final remarks of my original statement, that for the period 1979/80 the balance has raised between 17% and 32%, and the overall percentage of the budget is 21%, which is lower, but that of course, having explained what the Financial Secretary

has done in respect of the areas of unpaid bills and so on, is a prudent balance, a balance which will stand us in good stead.

One other point that I want to make before I finish is that we were urged last time to be very careful about the measures that we were introducing last year because the frontier was about to be opened. We were told it was a difficult budget, we should not carry on with the proposals, we should take into account the fact that the frontier was going to be opened. I took a much more cautious view - it is there in the Hansard I can quote it - I took a more cautious view and I said that we would have to wait and see what the results were, we were going into the unknown and we were not prepared to take any other steps but a cautious attitude. In fact the Honourable Mr Restano at pages 159 and 160 of the debate said: "This, Mr Speaker, is an unusual budget. I realise that when the Estimates were prepared 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 on the estimates for 1980 and 1981 may perhaps be a rather unrewarding exercise. The expenditure that that Government will have has been estimated at a notional £250,000 to cover the contingencies of an open frontier. I think that that, if I may say so, is a very conservative estimation and I think that little has been estimated about the possible revenue. I agree that it is 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 of what estimation have been done." Well, we refuse as I said in my reply to get myself involved in estimating what the money was going to be. We took a more cautious thought of going on. Again Major Peliza made some remarks about the fact that we were going to get a lot of money out of an open frontier. But we didn't. And we were urged that that was one of the factors why we should re-think about the budget, and we refused to do that and we were found to be right. In fact this year not one word has been mentioned by Honourable Members opposite about any contingency plan. We did provide £250,000 last year, we did carry out all our commitments under the Lisbon Agreement, but by the time that things were happening we refused to spend any more

money in other areas and in fact that money was vired to other useful items of expenditure for the general good. I think that the question of the opening of the frontier whenever that may come will require everyone in Gibraltar, not only the Government but the people, to be cautious, to be careful, and not to think that it is going to be the panacea, nor to think either that it is going to be the end of Gibraltar. The same as we have faith in the budget with a handsome reserve to be able to meet any contingencies, we have to meet the challenge with the same determination that we are going to deal with the matter collectively as a community, with robust confidence and self assurance that we can overcome whatever happens.

Thank you, Mr Speaker.

MR SPEAKER:

I now call on the Financial and Development Secretary to wind up the debate.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, there are a number of technical points that were raised in debate that I would like to reply to.

The first was raised by the Honourable Mr Restano and also taken up by the Honourable and Learned Leader of the Opposition, saying that they couldn't link the increases in import duty in 1980-81 with the figures I had given for the economy increases in import in my budget speech. Well, this is not really surprising because the import figures in the budget speech of course relate to the calendar year, whereas the figures in the estimates relate to the financial year 1980-81 which begins in April. And a second reason is that whilst the amount of ad valorem duties will increase with increases in prices, specific duties on drink and tobacco of course only increase with increases in bulk not increases in cost or increases caused by inflation. And, thirdly, the figures will differ even if you took them on a financial year basis because one has a large number of goods which are imported and held either in the Queen's warehouse or in private bonded stores, particularly again

liquor and tobacco, on which no duty is paid, and over the year this can amount to a significant part. So it is very difficult to link the figures together. I hope that this has clarified the point made. If it hasn't then I am sorry I haven't made it any clearer.

One point that the Honourable Gerald Restano said that the increase between 79-80 and 80-81 on customs duty had only been 6.3%. In fact it is 18%.

HON G T RESTANO:

If the Honourable Member will give way. It was 18.5% between 79-80 and 80-81, between 80-81 and 81-82 the forecast is only 4.8%. But the 18.5% was between the actual revenue between 79-80 and the revised 80-81.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry I misheard him. As to why the projected increase is lower for 1981-82 than that for 1980-81 this is that there is a heavy amount of over-stocking. With the announcement of the opening of the frontier, as I have mentioned in the budget speech, traders in Gibraltar ordered a lot of goods in advance, they were caught with a lot of this. Some of it has been moved, not all of it, and many of the warehouses and transit shed, Queen's warehouses stock are very heavily stocked with goods, as well as the inventories in stores in town, and in our view the increase that was shown in 1980-81 over 79-80 is not likely to be as large and, therefore, we have allowed for this. In fact in the budget speech I did say that possible variations on import trends in 80-81 had been taken into account. And that was the variation that I meant.

Now another point was on rates, which was raised by the Honourable and Learned Leader of the Opposition. He referred to an increase of 3rd in rates for housing but only 17% overall in the amount for rates appearing under revenue. Of course the rating for houses only accounts for about 47% of the total amount of rates collected, the balance is on non-domestic rates, and this accounts for the difference in percentage.

The Honourable Mr Restano also raised the question on departmental tenders. Under the

HON P J ISOLA:

I did ask, I don't know whether the Financial Secretary is in a position to clarify this, I did ask for information as to the actual level of rates and whether in fact they had gone up 33rd percent.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

On housing, yes, Sir, that is approximately right, yes.

HON G T RESTANO:

I would like to ask a question, Mr Speaker. The balance of 53%, are those business premises, and if so have not the rates for business premises gone up even more than for the dwelling?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

My understanding from the Rating Officer is that business premises have not gone up more than dwellings. The projected figure for 80-81 is that on domestic properties we shall get the sum of £1m, and on non-domestic properties, including of course the MOD, £1.24m.

Turning to the departmental tender procedures, the Tender Regulations provide that no tender procedure is required where an article is purchased locally for an amount of £250 or less. For a quantity of different articles the Public Works Department need not go to tender for expenditure up to £750; and other departments for amounts up to £500. For works and services, local works and services, no tenders are required up to the amount of £1,000. Other than that, of course, departments must go to tender, over a certain amount it must go to the Treasury Tender Board. If the Honourable Member would like to draw my attention to specific cases where he believes that a purchase should have gone to tender and didn't do so

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I will look into it happily.

The Honourable and Learned Mr Haynes, if I understood him correctly and I stand to be corrected if I didn't, mentioned on Housing that much of the expenditure on housing this year would of course be met by ODA grants. Now this is not strictly so, because up until March 1980, the two financial years 78 and 79 and 79-80, ODA expenditure represented some 87% and 76% respectively of total expenditure on Housing, but from 1980-81 there was a switch, and in fact the Government took up some 47% of the cost of Housing in that year; and in 1981-82 the Government will in fact meet about 82% of the cost of Housing. The total projected cost is £3.7m of which only £.68m. is from ODA grant in aid.

The Honourable and Learned Mr Haynes also asked for some details about captive insurance. I wonder if I might suggest that it would be better to examine this in Committee Stage in the context of the provision made by the Treasury for insurance purposes.

The Honourable and Gallant Major Peliza said that whilst the effects of world and UK factors were interesting they were of only marginal significance to Gibraltar. I am sorry, I don't agree. The correlation between United Kingdom and Gibraltar rates of inflation is quite definite: there has been a rather wider gap than usual with the British Government U-turn, if I may use the in-phrase, from direct to indirect taxation which pushed up VAT prices and domestic prices but were not reflected in the prices of the goods that we purchase here, obviously. Also the effects of sharp exchange rate movement on sterling have changed our import costs tremendously, but they have also hit our hotel business, so much so that the Managing Director of one of the hotels in Gibraltar wrote suggesting that possibly the Gibraltar pound should not be on par with sterling, a suggestion with which I did not agree, may I hastily add, because whilst it may have been useful for the hotels in one area they would have felt the draught in another one, rather severely, I think.

Finally, the Honourable Mr Bossano in his speech enquired whether the revenue figures are based on the I & D programme as presented to the House. And the answer is, yes, Sir.

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The other important point which Mr Bossano made is that it will now be some £16m which we will be spending on the I & D Fund this year: about £6.3m. is in respect of UK goods and services. Now some of those services will have a marginal spin-off for the economy of Gibraltar, because of the pay and allowances of UK employees sent out by Hawker Siddeley and other companies to work here and live here, but this of course is as I say marginal and not a large amount.

And, finally, the Honourable Mr Restano threw out, rather casually perhaps, that he thought that even the Treasury's estimates for direct taxation was low. Well, it is very easy to make a statement like that, it is very difficult to substantiate it. The projections for revenue from income tax and from indirect taxation are prepared by the departments in consultation with the Economic Advisers office, and then my own staff and I myself go into them, and we go into them very carefully. We make no attempt to - if I may use the term - cook the books by either inflating or deflating or whatever else, we make an honest judgement as to what we think revenue will be in any area. Events prove that we are wrong very often and I am glad actually that we have been wrong because it has brought in rather more money than we had expected. If it would have been the other way then the House would have been beating us rather severely, and rightly so, more severely than they have done at the moment.

I hope, Sir, that I have answered the main technical points that arose in debate. Of course if any member wishes to ask any further questions I am also available to discuss in detail outside the House.

Mr Speaker, Sir, I beg to move.

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

The Bill was read a second time.

COMMITTEE STAGE

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move that the House resolves itself into

Committee to consider the Appropriation (1981-82) Ordinance, 1981, clause by clause.

THE APPROPRIATION (1981-82) ORDINANCE, 1981.

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

The Schedule

MR CHAIRMAN:

Well, gentlemen we are now going to deal with the itemised individual Heads of the expenditure. I don't think that any member of this House, be it from Government or the Opposition, can complain of the fact that I have not been liberal on the Second Reading of the Bill. You have said everything you wanted, sometimes I have wondered whether it has been relevant or not, but I have kept my silence because I think it is a time that you are entitled and should not be inhibited particularly in a debate of the Second Reading of the Appropriation Bill in any manner or form. We are now dealing, and I would like to sound a word of warning, with the itemised Heads of Expenditure. We will ask every single question which is relevant to the particular item which is being discussed but not the policy or say anything else.

I will ask the Clerk to call the Head and the different Sub-Heads, Personal Emoluments; Other Charges; and Special Expenditure, and we will take them in numerical order so that we know where we stand.

Mr Clerk will you call the Head No. 1 then.

Head 1 Audit - Personal Emoluments.

HON G T RESTANO:

I would like to come back to the point of the staff of the Audit Department. I didn't want to say anything when the Chief Minister was speaking during his reply

because I wanted to raise it in Committee. It is not a question, I don't think, as the Chief Minister said, that the Principal Auditor can in his report make his own case for his own department, but it is a very vital department I think for the Government. It is a department which goes through all the books of all the departments and it is I think absolutely essential that that department should be sufficiently staffed to be able to carry out its duties properly. Now, I don't think that the Principal Auditor would make false statements in his report by saying that he cannot do an audit properly if in fact he cannot. And I think that if he says that in his report those comments must be taken very seriously, and I would ask the Government to look very carefully into the possibility of increasing the establishment of this department.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, I think the point at issue is that the Principal Auditor is not content with the report of a staff inspection held on his department. As the Honourable and Learned the Chief Minister mentioned in his winding up speech many heads of departments are not content. If I may say so, making use of my privileged position too, I am not content either with some of the reports which come out and I argue fiercely against them. In this particular instance I believe that papers are with the Deputy Governor as to whether a separate review should be made on the Audit Department outside the Gibraltar Staff Inspection Team, and if so by whom and with what terms of reference. So the Government is not treating this lightly, it doesn't treat any staff inspection lightly, or the comments of any head of department. It is just a question that often heads of departments see things because they are working on the ground in a very different light to the staff inspectors.

If I may take up the time of the House by telling them a brief story, there is a staff inspector in the United Kingdom Civil Service Department who, when he was making his farewell speech, a presentation was being made to him, said that the one remark that had been with him for 40 years was: you should have come yesterday, because every time he went to a department in-trays were empty, there was very little work to do, but everyone always said: ah you should have come yesterday, you would have seen how much work we have to do. I am sorry to have taken up the time of the House but this is the sort of thing that does happen in a department.

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HON G T RESTANO:

I am glad that some investigation is going to be made into the department, but what I want to say is that of course if this department carries out its job properly and does proper audits, can produce very good results for the Government in cost consciousness and value for money. That is why I think it is important that it should be fully staffed.

HON P J ISOLA:

I would like to ask a general point on personal emoluments. I notice that provision has been made for £1½m. generally for the salary review. Or is it the wage review. £1½m.....

MR CHAIRMAN:

I am not with you Mr Isola. For Audit?

HON P J ISOLA:

I am saying that for the 80-81 pay settlement provision has been made.

This really applies to all the department so I ask it here. There is quite a substantial increase on the revised estimates estimated for next year, from £86,000 to £112,800. What is the explanation for that bearing in mind that the salary review is not there?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Because, Sir, the salary review, the 1980 Salary settlement was only for nine months and not for 12 months. This applies to all departments.

HON P J ISOLA:

That is one point Mr Speaker. The other point is, in the

230.

revised estimates I notice that the details are not put down, in fact this was followed last year as well, so that we do not know, as far as salaries are concerned, the breakdown in the revised estimates between salaries, allowances and overtime. That is so we never Head. That is why I was asking if there is any particular reason for excluding them, because I think it is of some interest to us, the point of overtime and allowances of salaried staff.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I don't know, going back a long time, whether the figures were ever put in in Gibraltar. In my experience they are not put in anywhere because of the amount of work involved in preparing this, the administrative costs.

Personal Emoluments were agreed to.

Other Charges were agreed to.

Head 2 Customs - Personal Emoluments.

HON W SCOTT:

Mr Chairman, here we find the reverse on personal emoluments. It shows a decrease to that which appeared in the Audit and most other sections. There is a decrease between the revised 80-81 and the estimates for 81-82. On total Personal Emoluments. I know there is a drop of two in the staff.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The reason is, Mr Speaker, that when the Estimates came to me as the Head of the Department, I took a very tough line on overtime and reduced it to an amount which I thought was correct. This is overtime which is paid for by the persons using the Custom officers after hours, but it might be we will be able this year to hold it and so I held it.

HON W T SCOTT:

One further question, Mr Chairman, on allowances. That seems to have gone up quite substantially.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, this is the result of the 1980 pay review when changes were made in allowances. The House will remember that during the course of the year I had to come twice for supplementary provision on additional allowances for Customs Officers. Telephone allowances were raised in particular.

HON J BOSSANO:

Mr Chairman, the Government has had representations from the staff side on the need for extra staff to deal with the increasing volume of yachts. Can the Government say what is their view in this matter in the context of the provision for emoluments for the coming year?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, we are hoping during the course of the year and provision was made in the Estimates, to have a central yacht reporting station at Waterport. We have to buy a couple, at least one, possibly two, porter cabins to put in there and we hope that this will mean that all the yachts coming in will then report to this central point, which will be manned by Police and Customs jointly. This we hope will reduce the number of officers required for this work. At the moment whenever a yacht comes in officers have to leave their work and go chasing round to one of the Marinas to check the yacht. By having a reporting centre the amount of work will be reduced.

HON J BOSSANO:

What about, Mr Chairman, when the yachts are provided with duty free goods. I mean, for example, we have got a situation where in the Bayside Marina there is a supermarket and there is not going to be any customs supervision in the area. What sort of control is there going to be there.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, yachts will not be able to get duty free goods from the Liptons Supermarket, they will have to go through a Bonded Store. I wish they could, certainly not as a revenue collector, and they will have to go through a Bonded Store to arrange this, and when they go to a Bonded Store of course they will have to be accompanied by a Customs Officer who will seal the package on the yacht before it leaves. The cost of this is picked up, Honourable Members may remember that we introduced a wayleave last year to meet the cost of this. What we are looking at, and I am not certain whether it will be practicable, is that when we have a central yacht reporting station whether they could pick up packages from that point on leaving, so that it will save the time of Customs Officers going down. This is possibly essential in the event of an open border situation where we will have Customs Officers on the border too.

Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure.

HON J BOSSANG:

Can I ask for the Government's views on the proposal that there should be dog's trained in drugs detection obtained for the department? This was put forward by the staff side. I would like their views on this.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No definitive view has yet been reached on that, Mr Chairman.

Special Expenditure was agreed to.

MR CHAIRMAN:

We will now recess for a short 10 minutes, for coffee.

THE HOUSE RECESSED at 10.35 a.m.

THE HOUSE RESUMED at 11.00 a.m.

MR CHAIRMAN:

Mr Clerk, will you now call Head 3 Education.

Head 3 Education - Personal Emoluments was agreed to.

Other Charges.

HON A J LODDO:

Mr Chairman, on subhead 9, Sharing of Running Expenses of Gibraltar and Dockyard Technical College. I notice there is a slight drop there. Is that due to a lesser number of students?

HON MAJOR F J DELLIPIANI:

That is our actual share as costed by the MOD.

HON A J LODDO:

It has gone down, slightly.

HON MAJOR F J DELLIPIANI:

I don't prepare the estimates I just accept the share billed by the MOD.

HON A J LODDO:

The Minister cannot answer that?

HON MAJOR F J DELLIPIANI:

No.

HON A J LODDO:

Well how many students have we got this year?

HON MAJOR F J DELLIPIANI:

I have absolutely no idea.

HON W SCOTT:

Mr Chairman, on the same subhead, could we have some further information from the Minister insofar that I think the Government at some stage over the last few years were going to take over the running of the Technical College, if I remember rightly this coming September, and I think there were some developments on this quite recently. Can we have a time of scale from the Minister as to when the Gibraltar and Dockyard Technical College will revert to Government completely.

HON MAJOR F J DELLIPIANI:

At this stage I cannot give you a time scale. We still need to complete negotiations on the question of land and building.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If it might help the Honourable Member seeking information on this. In the running expenses of the Gibraltar and Dockyard Technical College they do

include special equipment and also the cost of maintenance of machinery and building. So that the cost can fluctuate from one year to another depending on what special equipment or the cost of that item are brought in. I notice for example this year that they have brought in their equipment costs special equipment, 50 typewriters at £200 for example. I haven't unfortunately got last year's figures in front of me but you will get a variation because of the special equipment and the maintenance of the building elements.

HON A T. LODDO:

Mr Chairman, subhead 13, the Running Costs of the Teachers Centre in

MR CHAIRMAN:

No other items before that?

HON A T LODDO:

No.

MR CHAIRMAN:

Right.

HON A T LODDO:

There is again a slight drop there. Is it that the different subjects being offered are being reduced?

HON MAJOR F J DELLIPIANI:

No, the adult continuity classes are still the same, no subject has been dropped. What we have cut down on is the number of classes dropped. Say we have 5 classes for book-keeping, we think that the requirement might now only be for 3 classes of book-keeping; we haven't cut the subjects.

MR CHAIRMAN:

I think what the Minister said that is that they had cut down on the frequency of the classes and not on the subjects. Is that correct?

HON MAJOR F J DELLIPIANI:

Well, Sir, we might have a demand this year for only 3 for book-keeping whilst last year we had five.

HON P J ISOLA:

Mr Chairman, on item 17 - the Education of Children Outside Government Schools. Could I ask the figure of £73,300, is that after taking into account the charges that it is proposed to level on parents.

HON MAJOR F J DELLIPIANI:

£73,300, that is the actual cost to the Government of sponsoring children to the Services' school up to the summer break in July.

HON P J ISOLA:

Why I ask that, Mr Chairman, is that I noticed the drop from last year, £15,000 drop. Is there any particular reason for that?

HON MAJOR F J DELLIPIANI:

It was explained by the Chief Minister that the Government will be responsible for the same capitation that it cost our children in the first and middle schools, and those are the costings that we have made.

HON P J ISOLA:

I thought the answer to my first question whether the

£73,300 took in the proposed contribution from parents. . . .

HON MAJOR F J DELLIPIANI:

No it doesn't.

HON P J ISOLA:

Well if it doesn't can the Minister explain why the drop in expenditure from £88,700 to £73,300. That is my question.

HON MAJOR F J DELLIPIANI:

It takes into account the fact that after September, they will have to pay the difference between our capitation and the Services capitation.

HON P J ISOLA:

I see. Now, can I ask one thing. On what basis: is Government going to bring legislation in to be able to raise this money, or is it going to be done administratively? Charging of parents for the education of their children, which seems to go contrary to the provisions of the Education Ordinance.

HON MAJOR F J DELLIPIANI:

I am sorry I do not see why it is against the Education Ordinance. We provide for our children in our schools. We have been sponsoring children to the Services Schools for a number of years. The increase in capitation in relation to the Services school has increased from I think it is £366 to £880, and what we are saying is that we are prepared to pay the same capitation as we pay for our own children, which is £415, I think, this year.

HON P J ISOLA:

I appreciate that, Mr Chairman, but as I understand the position under the Education Ordinance the education of children is free and compulsory, and the arrangement that Government has done and entered into with the relevant authorities is that the Government will sponsor Church of England children in this particular school. What I am asking is, does the Government propose to bring any legislative measures or anything else in Gibraltar on this issue.

HON MAJOR F J DELLIPIANI:

We do not require any legislation. What we require is just an administrative process whereby parents who still want their children to go to the Services school will make arrangements for the balance to be paid by them.

HON P J ISOLA:

Mr Chairman, the reason why I ask all these things is because it seems to me, as I understand the position, whilst one can have sympathy with the proposal to make some charges, one is met with the agreement that the Government, the solemn undertaking that the Government made some time ago. Can I, therefore, suggest to the Government that before unilaterally implementing these charges, the Government should have discussions with the leaders of the community concerned, because it may be, Mr Chairman, that what the Government proposes of charges £500 a year, because that is what virtually it entails, to a particular section of our community that was given to understand that they could have their children in a particular school, the Government should consider whether it is fair to put a burden of £500 per child, or whether the Government should not negotiate a somewhat lesser figure taking into account for example, I am not saying it is on the same plan, but taking into account for example what the Government is doing in the Public Works Department of making a fixed charge for a particular service, even though it is far less than the amount spent by the Government on it. I think education is something that the Government should also consider in this light, because the Government has made commitments and an agreement in relation to the education of Church of England

children and it seems to me that to tell parents; you will now pay £500 a year, unilaterally, could be taken as more or less obliging them to choose for their children a different kind of education than they are entitled to. And I would ask the Government to consider seriously speaking to the heads of the religious community concerned and coming to some agreement as to what the capitation grant, if any, should be, and not just taking a unilateral decision which seems to me to be what has happened now.

HON CHIEF MINISTER:

Sir, I think the point is that the matter has come up in the meantime and it is necessary for me to tell the House what is intended to do. Of course there will be consultations with the parents to see what is the best way in which this can be done. We want to help them, those who are particularly keen in having them in Anglican schools. But the inordinate charges that have been made to us, and let me say that this has been done with retrospective effect from the 1st April late last year, and that was after a fight, they wanted retrospection of five years, and we had to fight them on that. It is on that basis, that we will be as generous as possible in calculating the overall cost of providing education for children in our schools and pay that towards the sponsoring. The way it will be done, whether there may be representations, or if some people can afford it and others not, is a matter which in consultation with the parents we can look at in a broad sense. But I think it is only fair that the House should be informed at this stage why the provision is made and what the Government's intention is.

HON P J ISOLA:

Well Mr Chairman, I am very sorry.....

HON MAJOR F J DELLIPIANI:

To clear another point, if the Honourable Leader of the Opposition will give way. The other point is that we have just received today another bill of £50,000 in arrears. Quite frankly we are always one step ahead of the Opposition. We are already in consultation with the

appropriate authorities in Gibraltar to devise a scheme where the parents of these children will pay considerably less than the money that is required to cover the full cost of what the MOD are asking for, but I wouldn't like to give particular details in the House because it might spoil the effects that these negotiations are carrying on.

HON P J ISOLA:

Mr Chairman, may I say we are very glad to hear that because that is not the impression, certainly, that one gets from paragraph 23 of the Chief Minister's address on the Budget. It says here quite clearly "the difference must therefore be borne by the parents of such children as from the new school year." And that is what I was objecting. I think the principle, and I don't want to argue about the principle, but the principle really is the principle that the Government has agreed solemnly. It may be an unfair burden on the taxpayers in practice to have to pay so much more than a particular class of children, I can understand that argument, but I am very glad to hear, and that is not the impression one gets, I am not being critical of the Government, I am very glad to hear that there are discussions going on between a minority group in Gibraltar and the Government. It seems to me that it is traditional in Gibraltar to respect very much the rights of minorities. That is the right principle and it should be continued. Let me say that on this side of the House we do consider the charges to be inordinately high because I cannot understand how with parity as we have between Gibraltar and London there can be such an enormous difference in charges. I can of course understand overseas allowances and all this business but even so, they do seem to be inordinately high and I think this is a matter which the Government should take up at the highest level and should possibly apply the same principles that are applied by the Ministry of Defence. They should be applied in our own charges to Ministry of Defence children in the secondary schools. Once that is done that should even out and perhaps there won't be any need then to charge parents anything for the education of their children, or much less than the sum that would otherwise be asked to pay.

But I am very glad to hear, Mr Speaker, that there are negotiations because the impression that I did get and I am glad that that impression has now been dispelled, or I have been given the right impression, the impression we got in the speech of the Chief Minister, and the record is there to show it, was rather different than what we are getting now.

HON CHIEF MINISTER:

I would just like to make one little point. I was asked specifically to mention that in my speech in order that it would show the way things were going. Omission of that in my speech in a matter of principle would not then have highlighted the matter. We have every intention of doing our utmost in that respect, as I said at the beginning when the first matter was raised. It is not on the basis of any commitment for ever, it is only on the basis that is a much stronger basis, and that is in respect of people to maintain their minority views if they can. It isn't whether there is a commitment or not, it matters little in a way, it is the continuing concern that it is being expressed. That is what matters.

Other Charges were agreed to.

Special Expenditure.

HON A T LODDO:

Mr Chairman, this van for the Teachers Centre, is it a replacement van or is it the first time that they have had a van.

HON MAJOR F J DELLIPIANI:

This is a replacement van. The other one is extremely old, we have to make sure that we park it on a hill to be able to push start it. It does a lot of work in carrying out special equipment that we have in the Teacher's Centre to the different schools.

Special Expenditure was agreed to.

Head 4 Electricity Undertaking - Personal Emoluments.

HON G T RESTANO:

Mr Chairman, I notice that the allowances have more than doubled this year, from £12,500 to £30,200. Could I have a break down of what those allowances are?

HON DR R G VALARINO:

Yes, Mr Chairman. The allowances have increased. They have been due to in some part to the pay review, the rest is overtime on the part of the PTOs, the Shift Engineers, PTO III, PTO IV, Work Supervisors, Time Keepers etc. That is the overtime. On the allowances the amount is made up on the Substitutions, the Shifts Disturbance Allowances, the On-call, which is two shifts, the Proficiency Agreement and the intensive schemes with regard to the PTOs.

Personal Emoluments was agreed to.

Other Charges.

HON G T RESTANO:

Subhead 3 Engine Room Wages, Mr Chairman. Can I know what is the establishment of the industrials in the department?

HON DR R G VALARINO:

Mr Chairman, the total number of industrials is 160 men.

HON G T RESTANO:

The next item under subhead 7, Mr Chairman

HON A J HAYNES:

Is the Hon Minister saying that there are 160 men.

HON DR R G VALARINO:

160.

HON A J HAYNES:

That means that the average wage for Engine Room industrials is something just under £3,900 which seems to me rather low.

HON DR R G VALARINO:

Mr Chairman, in fact the actual amount on wages is greater because subhead 2 Engine Room Wages does not provide for all these industrials.

HON G T RESTANO:

I asked for the total established.

HON R G VALARINO:

Yes, I provided that but they are not all in the Engine Room wages. They are under the different other subheads.

HON G T RESTANO:

How many are there in the Engine Room?

HON DR R G VALARINO:

The engine room, Sir, is composed of the shift

personnel, which is 19 people; the Mechanical and Maintenance Section of KB North and KB South, and in fact all in all a total of roughly of about 62 people if I am not mistaken.

HON G T RESTAND:

The next subhead, Mr Chairman, subhead 7. Could we have an explanation of what engine spares have been purchased.

HON DR R G VALARINO:

Yes, Sir. These are routine spares, these are spare bearings to No. 13 engine, 13 valve number guides for pneumatic exhaust valves, 200.... In fact if you want me to read all that out, Sir, it would be approximately 62 items.

MR CHAIRMAN:

No, I don't think he is asking for that.

HON G T RESTAND:

No, what I wanted to know was really whether this was one large.....

HON DR R G VALARINO:

It is general spares for the station, 62 items in all.

HON G T RESTAND:

I would like to ask a general question, Mr Chairman, on Subheads 8 to 14. I would like to know what element of wages is included in all those subheads.

HON DR R G VALARINO:

Mr Chairman, Sir, in subhead 8 wages are - If you give me a minute I will work it out, Sir - it is the largest item and it covers all in all about £26,000.

HON G T RESTAND:

How many?

HON DR R G VALARINO:

£26,000.

HON G T RESTAND:

I asked, Mr Chairman, for all of them.

HON DR R G VALARINO:

On item 9, this covers all the spares, maintenances, fault finders of HT and MV cable services, and main and the Wages Section is about £46,000.

No. 10, Sir, is a very small item, Repairs and Maintenance of Cables, Sir, and it is £300 for a meter checker.

On No. 11, Sir, very little, really it allows for the substitution of one craftsman for 13 weeks whilst non-industrials are on leave, and it is approximately £1140, Sir.

Item 12, Sir, is for 4 persons, and in fact it is all wages Sir.

Item 13, Sir, is the Standby Service which is the external to the Generating Station, and it is again £13,300, and it is all wages, Sir.

And item 14, Sir, which is Repairs and Maintenance of Station Offices and Buildings, these are the wages of the Station Cleaners, Yard Cleaners, etc., which includes 7 men and some part-timers, welders mates, carpenters, painters and masons, and in fact it is nearly all wages, Sir. It is nearly all wages except for a very very small amount.

HON G T RESTANO:

Are there any other items in the Other Charges which also include wages, or have we covered all the wages of the department. For industrials of course.

HON DR R G VALARINO:

Yes, Mr Chairman, item 16 includes wages and that is £7,907, Sir. That is all, Sir.

HON G T RESTANO:

I would like to ask one question on subhead 16....

MR CHAIRMAN:

Yes, you will. Any questions before item 16. Yes go ahead Mr Restano.

HON G T RESTANO:

I wonder why in subhead 14 there has been such an increase from the approved to the revised estimates. For the Repairs and Maintenance of Stations, Offices and Buildings.

HON DR R G VALARINO:

Sir, basically this is due to increased salaries largely, and various other items of small expenditure that we are providing for the Station. At the same time lately we asked for supplementary provision which has been sought recently for the repairs to the facilities for the personnel at the Generating Station.

HON G T RESTANO:

go
Mr Chairman, if I may/back to wages just for a moment, I have been working out some figures. I find that adding up all the wages that have been quoted by the Minister, the figures I get is £787,000 odd, and for 116 industrials that comes out to an average of £94 a week, which I think, if I remember rightly, is just

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about the average earning, and that does not even take into account overtime, overtime must be included there presumably. Are we saying that the wage is in fact lower than the average wage?

HON DR R G VALARINO:

Yes in fact if the Honourable Member will forgive me there are wages further down. There is item 21 - Training of Apprentices, the wages of 3 apprentices; item 23 New Services and the Enforcing of the Existing Ones. Wages is £26,828; £11,569; £3,785. item....

HON G T RESTANO:

And items 28 and 29, any wages there?

HON DR R G VALARINO:

Yes, on item 28, Mr Chairman, there are wages which total £5,800 - which is the other one you said?

MR CHAIRMAN:

Floodlighting and Illuminations - item 29.

HON DR R G VALARINO:

Item 29 is the one I have just said. Sir, 28 on Public Lighting, there are about £26,000 of wages as well, Sir. Apart from this there are wages of the stations in the Improvement and Development Fund, and there are wages for works coming out of other departments, mainly Public Works Department.

HON G T RESTANO:

Could the Minister say how much is in the Improvement and Development Fund?

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HON DR R G VALARINO:

This is impossible to say, Mr Chairman.

HON G T RESTANO:

Why is it impossible to say? Surely the wages are being paid out?

HON DR R G VALARINO:

It is not impossible to say, Mr Chairman, but certainly I haven't got those facts ready with me at this time.

HON P J ISOLA:

May I ask just one general question. Am I right in assuming that 62 men share £620,000, that is in the Engine Room Wages, and that all the other wages the Minister has given are shared by the other 98 men? Is that the sort of correct position?

HON DR R G VALARINO:

No, Mr Chairman, in fact I think the Honourable member is going back again to subhead 3 Engine Room Wages, isn't he?

HON P J ISOLA:

Yes.

HON DR R G VALARINO:

Well Engine Room Wages cover the shift personnel, it covers the mechanical maintenance, it covers the station auxiliary services, it covers the efficiency payment to all departments, it covers the holiday, injury and sick pay to the Generating Section, the Distribution Section, the Consumer and Electrical Section, and it also covers

Electrical Section, Sir.

HON P J ISOLA:

I see. So in the item Engine Room Wages there are 62 men who work in the Engine Room but the £620,000 is not shared by these 62 men, it is in fact a lot of other things that the Minister has said.

HON DR R G VALARINO:

That is right, Sir, it is a global figure.

HON CHIEF MINISTER:

It is Engine Room Wages, there is a dash there.

HON P J ISOLA:

Well it says Engine Room Wages, and if there are 62 men in the Engine Room I don't think it is an unreasonable assumption to say that they get the £620,000.

MR CHAIRMAN:

The answer is, no.

HON P J ISOLA:

The answer is no, in other words we cannot really tell very much.

HON CHIEF MINISTER:

No.

HON G T RESTANO:

May I ask, Mr Chairman, why is there not a separate item, as has occurred shall we say in the Public Works

Department, for sick leave? Would it not be better to rationalise the accounting systems of different departments.

HON DR R G VALARINO:

Mr Chairman, Sir, we have prepared the estimates in this manner previously and it has always been put down to Engine Room Wages. Certainly I am not responsible for the presentation, but I will look into what the Honourable Member says, and will see whether there is any way in which we can rationalise the comments that he has made.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, I must say that when I came to Gibraltar I was surprised to find under the Public Works Department that separate provision was made for sick leave. It is not usual in presenting estimates to the Assembly to do this, and the way in which the Electricity Department is presented it would be the normal way, under Wage Bill you would make some provision, provision would be included for the sick leave etc. As it has been raised we will look at this.

HON G T RESTANO:

Is the incidence of sick leave as great in this department as it has been in the Public Works Department, for example.

HON DR R G VALARINO:

I do not have the incidence of sick leave with me at the moment but I can assure the Honourable Member that the incidence of sick leave is much lower than that in the Public Works Department.

HON P J ISOLA:

The Honourable Minister mentioned the Improvement and

Development Fund, the element of wages there. What I would like to know is can I ask the Minister the element of wages in relation to the installation of the skid generators, the running of them, the repairs and everything else that had to be done incidental to the skid generators. Does any of that find itself in these particular estimates that we are dealing with now, or is it all in the Improvement and Development Fund. And next year, is it here or in the other place? As a matter of interest.

HON DR R G VALARINO:

Mr Chairman, it was on its own head last year, which at the time was sub-head 80.

HON P J ISOLA:

So that nothing of that is in this year's estimates.

HON G T RESTANO:

Well, some of the wages paid to the men for doing the work of the installation of the skid generators, isn't some of that reflected in the wages here?

HON DR R G VALARINO:

No, not at all.

MR CHAIRMAN:

Any other items on other charges?

HON G T RESTANO:

Yes, Mr Chairman, item 16, may I ask how many vehicles the department is running at the moment?

HON DR R G VALARINO:

We have 16 vehicles, Sir, we have two Bantam carriers; one Commer pick up diesel van; 4 mini vans; two sherpa vans; one landrover; one landrover with a hydraulic platform for the street lighting; two Toyotas; one van; and one Toyota Dina diesel tipper lorry; and one Austin mini van, in all 16 vehicles.

HON W T SCOTT:

On the same subhead, Mr Chairman, subhead 16, the Running Repairs and Maintenance of Vehicles and Mobile Plant. I think the Minister earlier on said that there was a wage element there of £7,907. In fact the figure doesn't really matter that much, it is just the principle involved here in that that charge surely is the charge levied presumably by the PWD garage to the electricity authority?

HON DR R G VALARINO:

No, no, Mr Chairman, the wages section of it is our own wages but part of it is levied by the Public Works garage.

HON W T SCOTT:

I asked that, Mr Chairman, because there are similar items which occur in quite a number of other heads of Government.

HON G T RESTANO:

The £15,600, one has got to deduct to get the actual cost of the repair and maintenance, £7,900 which is wages. What other items are included there?

HON DR R G VALARINO:

Item 16 this is, Mr Chairman?

MR CHAIRMAN:

Yes.

This is the hire of a contract lorry for 100 days at £32 per day, that is £3,200; the amount of petrol and diesel consumed by the engines and the compressors that we have at the Station; moreover, that includes also an item for repairs and maintenance and changes of filters: oil changes.

HON G T RESTANO:

Could the Minister say how much is for petrol and how much is for repairs and maintenance.

HON DR R G VALARIND:

I make it about £4,555 yearly for petrol and diesel and about £1,500 for the spare parts, and the repairs and maintenance.

MR CHAIRMAN:

Any other matters?

HON W SCOTT:

Mr Chairman, there seems to be quite a lot of confusion between different subheads, and indeed different heads, between this head and the wage element on the I & D Fund insofar as it applies to industrials of the Electricity Department. In fact what we are really looking for as a matter of interest is and would the Minister say whether he has any information as to the average wage of the industrials? Is it possible for Government to give this figure?

HON A J CANEPA:

I think that information may be obtained from the Employment Surveys, it is just a question of updating it.

MR CHAIRMAN:

I think that is a matter which perhaps can be brought to the House at a later stage.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, industrials, Electricity, number employed 139; basic pay £628,000; overtime £119,000 and other costs, that would be allowances etc, £101,000; total industrials £848,000. If the Honourable Members would indicate what they are after I would have been happy to give them the figures earlier.

HON W SCOTT:

Thank you I am very much obliged.

HON G T RESTANO:

I think the Financial Secretary said 139 industrials?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, that is on the Head, 139 the Minister gave a figure of I think of 160. The Minister mentioned that there was work done for other departments and under the I & D Fund, which will be charged through those departments in accordance with their demands on his department. So it is extremely difficult to say now, at the beginning of the financial year, what demands will be coming in from other departments. One might be able to look back to see what they were but it is difficult to look forward.

HON G T RESTANO:

I don't know whether the Honourable Member understood, he said that the establishment was 139.

HON CHIEF MINISTER:

No, they are working on this fund.

MR CHAIRMAN:

Well any further items on this head?

HON P J ISOLA:

I am not surprised, Mr Speaker, because we have been given averages all through the budget speech, when I start talking about it we were told you cannot apply that, it is not valid. Is it the same situation here?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think that the Honourable and Learned Member the Leader of the Opposition has taken what I said out of context. I have a breakdown which shows the wages and salaries bill for 81-82, there may be slight differences because there may be amendments to the Estimates at the last moment, but they are basically factual, and it shows the total number of industrials employed by the Government under the recurrent budget. It shows basic salaries in thousands of pounds, then overtime and other allowances, and the total cost, and insofar as the Electricity Department, Head 4, is concerned it shows that there are 139 industrials employed under that Head, that £628,000 is for basic salary, that £119,000 is earned in overtime, or is projected for overtime, and other allowances come to £101,000, and the total is £848,000.

HON P J ISOLA:

It would show an average earning of £113 a week, would that be right? That is what it has seemed to us. It certainly gives the lie to the sort of rumours that have been circulating. Would therefore our figure of an average earning of £117 a week be correct for those 139?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, they would be correct on the basis of these figures for that department, but I think that what one must understand, looking through these details of the department which I have from the Estimates, the department includes a lot of skilled industrials as compared to other departments. You have got craftsmen, craftsmen, craftsmen, all the way through under each subhead, so that it may be that compared with the average figure which I may have given for industrials in my budget speech it would be high, but then there is a high

proportion of craftsmen.

MR CHAIRMAN:

I think we mustn't go on. I think what the Financial and Development Secretary is saying is that due to the structure of the department the average earnings may not be relative to the average earnings of industrials as a whole in the Government. I don't think we must pursue that subject further.

HON J BOSSANO:

Mr Chairman, perhaps I may be able to help. I think, and perhaps the Government will agree, that to try and produce an average figure in fact for the Generating Station industrials is meaningless because in fact the composition of the condition of work of different sections of the Generating Station are totally different. For example, the people employed on shifts are conditioned to working seven days a week and they get a shift premium of 20% on top of their basic wage and they get payment for Saturday and Sunday working at premium rates over and above the 40 hour week. Now if one wants to arrive for example at a figure as to whether the amount of overtime - it all depends on what is he aiming for - but if one wants to arrive at a figure as to whether the overtime level is excessive or normal in the Generating Station one would need to take out of the equation the group that is involved in working a seven-day week because we are not talking there about overtime working we are talking about having electricity over the weekend or not having electricity over the weekend. And, therefore, I think the average figure would be a distortion if it included the amount of money people working seven days a week get who are working on a roster where they work 24 hours a day and there are three shifts a day of 8 hours. Similarly we have got another section for example, the Jointing Section, where there is a standby duty from 5 o'clock until midnight in order to deal with emergency breakdowns. Now those people again cannot be considered to be doing normal overtime because whether there is any work available or there isn't any work available, either you provide a service after 5 o'clock when you have somebody on tap to deal with an emergency, or else you only provide a service if a breakdown occurs before 5 o'clock and you keep people working late. So I think the average, Mr Chairman, would not be of any use I think to the House unless it was broken down into

the different sections making up the Generating Station.

MR CHAIRMAN:

Yes, but I am afraid we have now been debating, and with due respect, whether it is important, not whether it is relevant and in context that I am interested in. We are discussing the vote of a particular subhead - nothing else.

We are not talking now of how the average compares with other departments.

HON P J ISOLA:

I am not asking how the average compares with other departments.

MR CHAIRMAN:

Well let us have the right question.

HON P J ISOLA:

I am not asking what is the average compared with other departments.

MR CHAIRMAN:

Now I am asking you; what are you asking?

HON P J ISOLA:

I can understand what the Honourable Mr Bossano said, I can see the thing, but if one is trying to get an average earning among 139 men, it may be one is earning much more than the other. If I took the average earnings, for example, for the salaried staff.....

MR CHAIRMAN:

No, Mr Isola, with due respect, what has been asked and was is being debated is how does the average earning in the department compare with the average earnings of

industrials in other departments.

HON P J ISOLA:

No, Mr Chairman I am not asking that question at all. I am not asking that question. The comment I made, which perhaps I shouldn't have made because that has brought all the confusion, was that the average of £117 seemed to be substantially lower than what one heard was going on in the department. I wasn't comparing with other departments.

HON A J CANEPA:

They are asking for the department that are earning perhaps the sort of figure that the Honourable Member has heard.

HON P J ISOLA:

Well I am asking...Can I ask my question?

MR CHAIRMAN:

Yes.

HON P J ISOLA:

The Financial and Development Secretary has given us figures in respect of 139 men and he has given us wages, overtime, and allowances. Are there any other figures may I ask that he should have put in for these 139 men, or is that it?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Not that I am aware of.

HON P J ISOLA:

Now, all I am asking is am I, therefore, right in saying from the figures that I have been given that those 139 men, forget anybody else in the department, I know there are 160, but as far as those 139 men, their average

earnings - and this may be quite meaningless - may be so, but am I right in saying that their average earnings would appear to be £117.32 a week? That is all I ask.

MR CHAIRMAN:

That information you can get by making a division.

HON P J ISOLA:

I know but I am asking for confirmation, Mr Chairman.

HON CHIEF MINISTER:

Mr Chairman, the matter has been complicated, as he has said. The point is that some may earn £250 and another may have £85 or £70.

MR CHAIRMAN:

Now I am clear and my answer is that that is information which is easily available to the Leader of the Opposition by just dividing one figure into the other.

HON P J ISOLA:

Mr Chairman, I know, but my division comes to £117.32, my division may be wrong and I am asking for confirmation. I am asking the Financial Secretary whether I am right. He is the expert not me.

MR CHAIRMAN:

Mr Isola, he is not the expert in mathematics.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I haven't got my calculator with me.

HON P J ISOLA:

Could I ask for confirmation, Mr Chairman, because we would like to know, and that is why we are asking

260.

all these questions, how it is that the Electricity Undertaking costs the people of Gibraltar £3,809,000, and we want to elucidate facts. We are not going to say that they are paying too much or too little....

MR CHAIRMAN:

With due respect Mr Isola you have been given the facts from which you can get the answers now, and I do not think it is correct to ask for confirmation. Ask for confirmation of the facts that you have been given by all means but not of the result.

HON P J ISOLA:

Anyway we seem to get confirmation regularly of this sort of thing. Then can I go on from there, that leaves another 21 industrials who are unaccounted for. Have we got figures for those wages, overtime and allowances?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The figure was £117 Mr Isola.

HON P J ISOLA:

Thank you. Has the Financial and Development Secretary got a similar breakdown for the other 21 men involved in that department - industrials.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Sir.

MR CHAIRMAN:

Right. Let us move on then. Mr Restano?

HON G T RESTANO:

The amount of wages in the Improvement and Development Fund, could the Minister find out how much that is and let us know?

261.

HON DR R G VALARINS:

Mr Chairman, the Honourable Member has requested and I shall try and get the details for him.

MR CHAIRMAN:

Right, next item.

HON J BOSJANG:

On the item Electricity Accounts, the appendix. There is a token provision in Appendix A, Electricity Undertaking. Fund of £70,000 for pay increase. Now in fact, since that token provision is based on a hypothetical percentage one can work back the total wages bill for the department from that. If one knows the total figure of the individuals and the total wage bill then this might be a more useful way of getting at the information the Honourable Members are looking for.

HON CHIEF MINISTER:

Mr Speaker, if any member wants a particular kind of information which is useful for them for their presentation and we are asked for this we will provide it, but it is very difficult across the House.

MR CHAIRMAN:

This is not the sort of information - yes Mr Isola?

HON P J ISOLA:

Mr Chairman, I wanted to ask something. Can one ask about the Electricity Fund here or do we take it separately?

MR CHAIRMAN:

We are going to take it separately.

HON P J ISOLA:

Because I was going to ask, am I right in saying that the figure of public lighting and floodlighting and

illuminations are not included of course in the Electricity Undertaking Fund. Am I correct?

HON CHIEF MINISTER:

They are not included.

HON P J ISOLA:

They are not included.

MR CHAIRMAN:

I think we should now recess because it is two minutes to 12. I was wondering are there any other items in this particular Other Charges? There are. Then perhaps we should recess now until 1.45.

THE HOUSE RECESSED AT 12 NOON.

THE HOUSE RESUMED AT 1.55p.m.

MR CHAIRMAN:

Perhaps before we go on with Other Charges in the Electricity Department, the Clerk has circulated to members the times of the meetings for the beginning of next week. As we all know we are all going to be heavily engaged in other matters in connection with the granting of the Freedom of the City to the Royal Artillery, so in consultation with the Chief Minister and the Leader of the Opposition, it has been agreed to vary the times. We circulated these memos so that everyone knows when we will meet.

Right, we are on Other Charges in the Electricity Department.

HON G T RESTAND:

Can I refer to subhead 23, which is New Services and Reinforcement of Existing Ones, and can we have some details of what those £48,000 will be spent on.

HON DR R G VALARINO:

These are connections of new consumers to main cables and minor distribution improvements to either underground networks or rising mains. It is divided basically into the Distribution Section and the Consumer Section, and if the Honourable Member would like a breakdown I can give it to him, but mainly these are wages in the region of £36,828 and materials which are in the region of about £11,000.

HON G T RESTAND:

The only query I have there, Mr Chairman, is that for £11,000 apparently of new equipment we are paying £36,000 in wages. That seems to be a lot for the distribution. Perhaps the Minister could make a comment on that.

HON DR R G VALARINO:

Mr Chairman, this is mainly cable laying and certainly as the Honourable Member knows this is extremely intensive labour and this is why the wages are higher than the amount of materials concerned.

HON G T RESTAND:

Is the Minister satisfied that three times higher is a viable and economic service?

HON DR R G VALARINO:

Mr Chairman, not only have I gone into this in detail but also the Financial Secretary and my City Electrical Engineer have gone into details and we are satisfied that the figures presented are the right ones.

HON G T RESTAND:

I did not ask whether they are the right ones, but is he satisfied that this is an economic service?

HON DR R G VALARINO:

Mr Chairman, I have said I am satisfied.

HON W T SCOTT:

Mr Chairman I wonder if I can ask the Minister in fact whether on the same head new services there is an element there for work undertaken by the department in any project that comes under the Improvement and Development Fund?

HON DR R G VALARINO:

No, Sir.

Other Charges was agreed to.

Special Expenditure.

HON G T RESTAND:

Sir, I am sure the Minister will not be surprised if I ask on subhead 80, what the £260,000 in temporary generating plant will go towards.

HON DR R G VALARINO:

Yes, Mr Chairman. Since the replacement of the column of No. 8 engine is going to be very expensive the possibility of hiring further plant to make up the loss of No. 8 has been considered and is under active consideration. No firm decision has as yet been made.

HON G T RESTAND:

I did ask, Mr Chairman, for details of what the £260,000 is made up of.

HON DR R G VALARINO:

Mr Chairman, the details are simple enough if the Honourable Member will look at it. It is the cost of

the present temporary generating plant plus an added amount for any temporary generating plant that we may consider in the future.

HON G T RESTANO:

Mr Chairman, can I ask a third time for the details of the breakdown of the £260,000. That is what I am asking.

HON DR R G VALARINO:

Mr Chairman, the hire of the temporary generating plant for the next year will be £140,000. The added £120,000 is the possible cost of hiring further generating plant to cover No. 8.

HON G T RESTANO:

Can the Minister say on this.... Let us take the first of all the hire of the present plant. £140,000, and we have already spent £143,000. So now we are getting very near to £300,000. That I think is the correct reading of the figure. So would the Minister not now agree that the plant that we have there already is costing us very close now, between last year between 80-81 and now 81-82, to what it would have cost if we had purchased them outright in the first place.

MR CHAIRMAN:

No, let us not go round in circles. I think that question must be qualified. The vote that has been asked for, for £260,000, has nothing to do with the plant which has already been hired, it has got to do with the new plant. So perhaps you have not phrased your question properly.

HON G T RESTANO:

The Minister, Mr Chairman, said, that £140,000 of the £260,000 was for the plant that we already had. £140,000 and £120,000 for new plant.

MR CHAIRMAN:

No, I think you misunderstood. The £140,000 is for a further plant and the £120,000 for possible further.

plants over and above this.

HON CHIEF MINISTER:

No, Mr Chairman, £140,000 is this year's hire charge of the four skids, and £120,000 is for the possibility of supplementing that to make up for No. 8 for this coming year only.

HON G T RESTANO:

My question was, would the Minister now agree, and I have been asking the same question time and again, whether now we are getting very, very close with the existing plant to the price that we would have had to pay if we had bought the skid mounted generators outright instead of hiring them.

HON DR R G VALARINO:

Mr Chairman, the answer to that is 'no', when we consider that in the light of the new Generating Station which is being built at the present moment. We went into this in detail, we explained this to the Honourable Member in detail especially what happens when we use the sets for a considerable number of times and then we are unable to see the sets.

HON G T RESTANO:

Mr Chairman, I am sorry, one cannot take it in the light of further developments and looking at it in the light of the figures actually spent and the figures that the Government is estimating that they will spend. Now we are getting into £283,400 provided there aren't any extra charges during the year, and that is that not much more than what this side of the House are lead to believe would cost Gibraltar for the hire of the four skid mounted generators.

HON DR R G VALARINO:

Mr Chairman, no.

HON G T RESTANO:

Mr Chairman, that is ridiculous, I think this is not so.

We were never led to understand, we were never told in this House, that between 80-81 and 81-82 it would cost up to nearly £300,000.

HON P J ISOLA:

Mr Chairman, I support my Honourable Friend because I am sure the Financial and Development Secretary will recall that after we were given all the estimates of costs on hiring charges of the skid generators, I think it must have been in December or whenever it was last year, we voted only recently supplementary provision of about £70,000, so that the answer the Minister has given is self-evidently wrong. When we were recently told the charges, they were not included in that, the odd £70,000 we voted. And what the Honourable Minister is answering is telling us that it is exactly the same as what the Government has told us. That is absolutely wrong otherwise the Government would not come to the House for £70,000 about a month ago.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, hire charges for the skid mounted generators for last year and for this year will be £200,000 and not £280,000, because subsumed into this figure for last year was a figure of about £70,000 for actually installing them. That would have been necessary whether we had purchased or hired them, that amount would have been the same. That is not included. The total cost of purchasing the generators would have been about £470,000.

HON P J ISOLA:

Mr Speaker, I am sorry to have to say this. When we agreed and when the House voted the money for the skid generators, we were given estimates of the total cost and hiring charges including installations and so forth. After that, about a month ago, it transpired that for the current year instead of the £90,000 or whatever it was we were asked to vote, we had a supplementary of £77,000 - odd and this only happened a month ago. Now if that had been envisaged at the time the Government came for provision to the House we would have been told. Something went wrong requiring this additional expenditure. Let us not be told now that that was what we were told originally because it is just

not a fact, that is not correct. We voted twice for the generating station, the first time for the skid generators we were told the hiring charges, as the Honourable Financial and Development Secretary has said correctly, we were told this would be the full cost and three months later we were told, no that is was a mistake, £77,000. We voted them. It must be in the mind of all members.

HON DR R G VALARINO:

Mr Chairman, with due respect to the Honourable Member the amount that he is referring to is £27,000 and not £87,000. It is £27,000 the amount that we have brought to the House to be voted on. The rest was the virement on which I was asked a question by the Honourable Mr Restano.

HON P J ISOLA:

But a virement, Mr Chairman, is the same thing as with the additional cost of that. Anyway it doesn't matter, I suppose it doesn't matter, what is a few £50,000 or £60,000 more!

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I think it is important that we get this point right. The reason why the cost of installing the generators was more than was originally considered was because the Electricity Department were unable to put them near the Naval Hockey pitches where they originally wished to put them and they had to be mounted on the battery along the promenade, Sir Herbert Miles Promenade, and that is why there is the additional cost.

HON G T RESTANO:

Mr Chairman, I cannot accept that. I am sorry. I cannot accept that because when the announcement was made that the skid mounted generators were going to be brought into Gibraltar it was before any meeting of the House of Assembly, I think it was last autumn, it was stated clearly by the Government - I read it in one of the local newspapers - that they would be sited where they are sited. There was no question then of their being sited elsewhere where the installation cost would be lower. And when we had a meeting of the House subsequent to that announcement we were told clearly that had they been purchased the cost would have been £395,000. There was no question of it ever

having been stated, at least that I can remember in this House or in any of the local press, that the Government wished to place those skid generators elsewhere. Certainly not when it came to this House.

MR CHAIRMAN:

I must most definitely mention in this House that another site had been considered. Of that I have no doubts at all.

HON G T RESTANG:

But when the cost was given to us, Mr Chairman, at the meeting after the announcement there was no question that it would have cost less if it had been taken elsewhere. I cannot accept that statement by the Financial and Development Secretary.

Mr Chairman anyway I think one has to decide whether one is going to vote for or against a particular item, it is as simple as that.

HON F J ISOLA:

Mr Chairman, of the additional provision being asked for, £120,000, can the Honourable the Financial and Development Secretary or indeed any Minister of Government point out an occasion where the House has been asked to provide a sum as large as £120,000 to guard against the possibility of expenditure. Is it the intention of the Government to have the additional generators in which case.... Well, the Chief Minister says, yes, but the Minister has been saying; the possibility of getting additional equipment. We should not be asked to vote money on the possibility unless it is a firm intention. If it is a firm intention to have additional equipment, can we be told: (a) how many skid generators are involved; (b) where the Government proposes to locate them; and (c) is it possible.

HON DR R G VALARINO:

Mr Chairman, the only thing I would like to say on that matter is that it is a firm possibility, and this is why it has been included in the estimates. As to the exact details of the plant and the amount of plant, and the power produced by the plant, is still under discussion and I am afraid I cannot give the Honourable

Member any further details at the present moment.

HON MAJOR R J PELIZA:

Mr Chairman does this mean it is really tantamount to a token vote, it might even be more than that when the Government has decided. Also could the Minister say if any amount, with regard to the installation of one or more of the skid generators he seems to be thinking about, are included in the vote.

Well Mr Chairman the Minister for Economic Development is saying this. I am not saying it, it is the Minister himself who is not making himself clear. Therefore, I can only make deductions from his confused thinking.

HON DR R G VALARINO:

Mr Chairman, I fail to see the Honourable Major Peliza's argument. Maybe I fail to see Major Peliza's arguments all throughout the meeting, but let me say that the City Electrical Engineer is actively pursuing the matter and as soon as we have details of the temporary generating plant which will be available the House will be informed.

HON MAJOR R J PELIZA:

Mr Chairman, he says that the City Electrical Engineer is pursuing the matter, the matter of what-1, 2, 3, how many, 1 or 2? If it is one maybe it may be £120,000, if it is two, it might be £240,000. And now is the installation cost included in that figure, that is what I would like the Minister to say. It is simple.

HON P J ISOLA:

What we want, if I may interrupt what my Honourable and Gallant Friend is saying, we want a breakdown of the figure of £120,000 which is a substantial figure.

HON DR R G VALARINO:

Mr Chairman, at this present moment I am unable to give a breakdown of the figure of £120,000.

HON G T RESTANO:

Mr Chairman, certainly we shall be voting against this vote.

May I also ask him to confirm that this is extra burden on the Gibraltar taxpayer by the Government not having in 1976 followed the Preece, Cardew and Rider recommendation.

MR CHAIRMAN:

No, no. Order. Do you wish to vote on this particular subhead now or do

HON P J ISOLA:

We want to go on talking about it.

MR CHAIRMAN:

It is not a question of talking, it is a question of seeking information on a particular item. If you have any questions most certainly, but we are not going to debate it in any way.

HON P J ISOLA:

I am not suggesting we debate at all. I think the Government is asking the House to provide money against the possibility. It has asked us to provide £120,000, it could have asked us for £1,200,000, it could have asked for £20m, I suppose. I think the House, before being asked to appropriate or to vote for any money, is entitled to know on what basis the Minister's Department is asking for £120,000. What is the basis for this request, because, Mr Chairman, if one looks at the £140,000 as the hiring charges for four skid generators, £120,000, by deduction, would seem to appear as if the Government was looking towards three skid generators. Are we right in these deductions? Is the Minister unable to say the sort of enquiry the City Electrical Engineer is making? Is it so secret that we have to wait? Is it that the Government envisages more power cuts in Gibraltar and is insuring against that? Does the Minister not think that the public

were entitled to have uninterrupted supply of power; are entitled to have an explanation of the way the Government is thinking and what it is doing in case there are power cuts? Are we to have no information from the Minister at all? Is that democracy?

HON DR R G VALARINO:

Mr Chairman, Sir, nobody has talked about skid generators except the Opposition. I have never mentioned skid generators. You assume everything. Let me say that the £120,000 I am able to illustrate to the House in this way: the hire around £80,000 and shipping, spares, installation and transport, about £40,000, bringing the total amount to £120,000.

HON P J ISOLA:

The hiring of what, can we ask that?

HON DR R G VALARINO:

Mr Chairmen, the hiring of the equipment that we have to look for in order to be able to make up the shortfall of No. 8 Engine.

HON P J ISOLA:

Can I ask then what is the equipment that Government is seeking? Do they know the equipment they are looking for?

HON DR R G VALARINO:

As I said before, Mr Chairman, we are actively pursuing the matter. Various options are available and it is impossible to say at this present moment of time what exactly the equipment will be. I have said to the Hon and Learned Leader of the Opposition that as soon as I have details I shall provide them to members opposite.

HON P J ISOLA:

Can the Minister tell us what are the various options open to the Government other than skid generators? Let me put it that way. Does he know?

MR CHAIRMAN:

In fairness to the Minister, I know what is worrying the Opposition and perhaps I shall stick my neck out. If the Government says they need this money to hire something and they know what the hire is going to cost they should be able to tell you what it is they intend to hire, but they have not in any manner or form mentioned the words "skid generators", it is the Opposition who have done so.

HON P J ISOLA:

I know it is the Opposition. I am saying that if it is not skid generators the Government is seeking can the Government tell us what is the equipment they are seeking in view of the fact they seemed to have made estimates for installation, for freight, for carriage, they must know what they have made all these provisions for? Surely, why is the Government so secretive on this? They are asking us to appropriate £120,000 of public funds without telling us any facts.

MR CHAIRMAN:

The Minister is being asked whether he can give details as to the equipment that he intends to hire.

HON DR R G VALARINO:

Mr Chairman, the options as I said are under debate, the options could be a gas turbine, could be further diesel engines, it could be somewhere in this region. As to the final decision on what type of generator and options we are going to take, no firm decision has been taken, so, therefore, I am unable to report to the House at the present time. But as far as the Honourable Member is concerned the options are either more diesel plant or something in the region of a gas turbine.

HON G T RESTAND:

What is the rating of the machinery which they are planning to bring in?

HON DR R G VALARINO:

By the rating the Honourable Member obviously means the

amount of power that the engine will produce. Obviously this will be the highest rating that we can get for the money available.

HON G T RESTAND:

What is it for £80,000? How much new generating power will we get for £80,000?

HON DR R G VALARINO:

It certainly depends on the decision taken by Government as to whether the engine will be diesel or whether it will be....

MR CHAIRMAN:

You are being asked what is the generating power of the plant that you intend to bring out?

HON DR R G VALARINO:

It is impossible to define.

HON G T RESTAND:

Mr Chairman, if it is impossible to define how is it that they have estimated £80,000 for the purchase or the hire of this equipment?

HON CHIEF MINISTER:

Mr Chairman, this is a matter which is under debate between the technical people in London and Gibraltar. This is the best information we have of what it is likely to cost. We cannot give more information. If we had not provided anything and had had to come back for a supplementary the answer would have been, why didn't you raise it at Estimates time. Because it is at an early stage in the negotiation we cannot give more details. We could be here until doomsday asking the same question backwards and forwards. It is just not possible. It is the best estimate that can be produced by any Chartered Engineer who knows what he is saying, who are in consultation with the suppliers and the people in England who are helping us in this matter and we cannot go any further. Hon members who want to vote for it are perfectly entitled to do so but that is all we can say now.

MR CHAIRMAN:

I think we are not going to get any further information.

HON G T RESTANO:

I would like to ask something else. The £40,000 which has been estimated for the installation; where is it intended to instal any such equipment that may come in?

HON CHIEF MINISTER:

That is another matter which is still under consideration. It will depend on the size of the plant.

HON P J ISOLA:

Could I ask, perhaps, what is the generating capacity of No. 8 Engine that we have lost?

HON CHIEF MINISTER:

One megawatt.

HON P J ISOLA:

So it is not unreasonable to assume since the Government told us when they installed the skid generators that that was all they required, all being well and no other engine conking out until they installed or created the new power station, would I be correct, in view of the fact that only one engine has conked out of one megawatt, that that is all the Government is looking for. A one megawatt generating capacity or was the statement made to the House when the skid generators were announced wrong, inaccurate and misleading?

HON CHIEF MINISTER:

No. The point is quite clear. We are out for something in this region and we will see the best we can get. Obviously if we could get 1½mW or 2mW and the size and the price are right, it may well be a good investment for a year's hire, and that will ensure, the continuity of supply which we hear so much. This is all at a stage of study and negotiation. We cannot go any further.

HON P J ISOLA:

Mr Chairman, we are concerned on this side of the House that there should be a continued supply of power. We are also concerned that we should be given accurate information and that the public should be given accurate information. The Government should not come on television and say that they are going to get something and it is going to be alright and then we are told today they are only replacing what has been lost by No. 8 Engine and the Chief Minister, in his brief intervention which leads us to think they know rather more than they are willing to tell, tells us if we can get two megawatts, another extra megawatt, Mr Speaker, so much the better. We are already talking, if the Chief Minister gets two megawatts, of the whole five megawatts that he promised we would have by April 1981. This is not just one megawatt, if we need another megawatt, perhaps they will get another four megawatts and we would all be happier. But it is costing £7m/£8m to have ten megawatts and the Chief Minister is talking of another megawatt as if it was peanuts. It is quite a considerable amount, and when I think the public are entitled to know, and the House since the Government is not willing to tell us, the public should be told the truth, and this is why this side of the House has been hankering after and asking for a public inquiry, because we must be very concerned that at this time last budget there was no question of any other temporary generating capacity, and by the time this budget has come we have two requests from the Government for extra generating capacity for funds to be voted and that is a matter of concern.

MR CHAIRMAN:

I accept that, I'll ask you whether you want to take a vote on this item now or when we finish this particular subhead. I will not allow any further discussion on this matter.

HON P J ISOLA:

May I say that we are going to vote against the whole departmental vote to show our thorough dissatisfaction with the way that department is run.

HON G T RESTANO:

Item 83. Can I have clarification that it is because Government intends to hire more plant than it has

estimated that the supplies from the Inter Services Generating Station will be only £50,000 when last year it cost them £119,900?

HON DR R G VALARINO:

Mr Chairman, obviously because this year we have more available plant.

HON G T RESTANO:

But that means therefore that a decision has been taken to hire more plant, otherwise the £50,000 figure is....

HON DR R G VALARINO:

If the Hon Member will give way. Mr Restano tends to forget things so easily. He tends to forget that No. 13 had a major overhaul last year lasting 12 to 13 weeks when we had to rely on the Dockyard for help. No. 11 Engine will be ready towards the beginning of May and this will be an extra amount, and that we have four skid generators. Therefore, the amount that we intend to rely on the Inter Services Generating Station will be much less than we have relied this year, this is without taking into account the possibility which the Honourable Members have debated about of the additional generating capacity that we want to see regarding No. 8 which is presently out of action.

HON G T RESTANO:

Can I take it then that what the Government is forecasting is that all the remaining engines, particularly in King's Bastion (North) and the remaining ones in South, will continue.....

MR CHAIRMAN:

With due respect, I am going to be very ruthless. You are entitled to say exclusively whether the Government is forecasting that the only amount they will need to pay the Inter Services Generating Station is £50,000 for the coming year, for whatever reason, but we are not going to go into details that we have discussed in this House before. It is as simple as that. In other words if they are satisfied that with £50,000 they can meet their requirements

for the use of the Inter Services Generating Station, it is as simple as that, that is what we are discussing.

HON G T RESTANO:

It is my own question which has been re-interpreted by yourself, Mr Chairman, but if they don't even answer that one, a detailed answer.

HON DR R G VALARINO:

The answer to that question, which was re-interpreted by you, the answer to that is, yes.

HON G T RESTANO:

Could we merely know on what basis that answer has been given.

MR CHAIRMAN:

I think the basis has been given already, that there has been an overhaul of No. 13 which has already been completed and, therefore, they do not expect to have to rely on the Services.

We will now take a vote. I did hear the Honourable and Learned Leader of the Opposition say that they were going to vote against the whole of the Departmental vote. You cannot do this, for the simple reason that you have already taken votes on Personal Emoluments and Other Charges, but you most certainly can vote against Special Expenditure and this is what we are going to proceed to do.

HON P J ISOLA:

All we are interested in is, Mr Chairman, to show our deep protest at the incompetence of the Government where power generation is concerned, which continues unfortunately for the people of Gibraltar.

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

The Hon I Abecasis
The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon J S Perez
The Hon Dr R G Valarino
The Hon H J Zammit
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 Member was absent from the Chamber:

The Hon J Bossano

Special Expenditure was passed.

Head 5 Fire Services - Personal Emoluments.

HON G T RESTANO:

On Personal Emoluments I wish to repeat what I said earlier during the general debate and that is to congratulate again the members of the Fire Service for their excellent work throughout the year.

Personal Emoluments were agreed to.

Other Charges

HON G T RESTANO:

I would just like clarification on one, Mr Chairman, subhead 11. Is that the in-service training which the Minister referred to during his contribution to the general debate?

HON DR R G VALARINO:

Mr Chairman, that vote of £3,000 is one officer on a six-week Fire Prevention course in the United Kingdom and one officer on a three-week shipboard Fire Fighting course, plus the staff training here in Gibraltar.

HON G T RESTANO:

With due respect to the Minister, all I asked him was whether that was the in-service training that he had brought up during his intervention during the general debate?

HON DR R G VALARINO:

Yes, part of it is.

HON G T RESTANO:

Was there something more to the in-service training?

HON DR R G VALARINO:

Yes, obviously part is the in-service training and part is the out-service training that we have to pay for.

Other Charges were agreed to.

Special Expenditure

HON A T LODDO:

On subhead 18, purchase of a Range Rover. What kind of vehicle is this?

HON DR R G VALARINO:

Mr Chairman, I hope the Honourable Member has seen the Range Rovers that we have doing an excellent job throughout Gibraltar. This is a Range Rover the same as the other Range Rovers. The problem is that at least one of the other Range Rovers is getting beyond its period of usefulness, and this is a token vote so that we can order a Range Rover this year for delivery next year.

HON A T LEGG:

Mr Chairman, the reason why I ask this is that I have been led to believe that this was a vehicle mainly used in cases of road accidents. Not a recovering vehicle, a vehicle used mainly in rescues in traffic accidents.

HON DR R G VALARINO:

Mr Chairman, if I may. This is a replacement for the Sedford Fire Tender which was bought in 1959 which is now far too expensive to maintain...

MR CHAIRMAN:

You are being asked, is this the fire tender?

HON DR R G VALARINO:

It is the fire tender. Nothing more than a fire tender.

HON G T RESTANO:

Mr Chairman, can I have more details on subhead 81 Purchase of Foam Making Equipment?

HON DR R G VALARINO:

Yes, Mr Chairman, this is a viable piece of equipment and consists of two sections, a Turbot High Function Foam Generator and a portable monitor. These pieces of equipment are required to deal with incidents in the Port area and other marine risks which have now become the responsibility of the local Fire Service as a result of the handing over of the North Mole. This equipment is most adequate for the production of foam and will replace some of our obsolete foam making equipment.

HON G T RESTANO:

Will this be used exclusively by the department or will it be for sale to the general public.

HON DR R G VALARINO:

Mr Chairman, this will be exclusively for the department as

it has a very essential service really for foam making equipment as far as the Port is concerned.

Special Equipment was agreed to.

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

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 7 House of Assembly - Personal Emoluments.

HON MAJOR R J PELIZA:

Mr Chairman, as you know I raised in the general principles of the Bill the question of the indexing of Hansards. I just wondered where I shall be able to raise it with the Chief Minister along these estimates I just don't know where I should do it, now under Personal Emoluments.

MR CHAIRMAN:

You should not raise it with the Chief Minister; you should raise it with the Speaker. You should raise it with the Speaker. I would suggest that you write a letter setting out what you feel should be done and then I will consult the Rules Committee as to whether they feel that such a service should be granted.

HON MAJOR R J PELIZA:

Mr Chairman we have already gone into this in the past. I have a feeling that you were going to look into this in fact. This goes back about two years and I have in fact been raising it consistently.

MR CHAIRMAN:

I know that you have approached not only me but the Honourable Chief Minister and the Leader of the Opposition

on the matter, that I most certainly accept. I think you have mentioned it in the House I think for the past few years but no firm commitment has been entered into in any manner or form. I feel that if you feel strongly on this one you should lay your claim and if you write me a letter setting out your feelings and what you want done then I will take the appropriate steps.

HON MAJOR R J PELIZA:

I mean I can write a letter, Mr Chairman, but it is simple. All I am asking for is an index of the Hansards.

MR CHAIRMAN:

It is not as simple as the Honourable and Gallant Major Peliza thinks. May I suggest it is one thing to say that you want an index, it is another thing to say what kind of index you want because an index can be of subjects, of topics, of departments, how do you prefer an index. You have not specified in that respect.

HON MAJOR R J PELIZA:

I say an index, and I am sure that the CPA in fact where I have seen them before, have a system of their own which I think is very simple and I have in fact, if I remember rightly, mentioned this to you before. Now, whether you want me to go into how the index should be done, which is not what I suggest I think that the House....

MR CHAIRMAN:

No, no, with due respect to the member I have not suggested that you should say how it should be done, I have asked you to tell me what particular kind of index you want.

HON MAJOR R J PELIZA:

But it is laughter that we get from the Chief Minister, Mr Chairman, and I wonder what is so funny about an index of Hansards that makes him laugh.

HON CHIEF MINISTER:

What is funny is that the Honourable Member should not know

that there are various kinds of indices and that is what I am laughing at, that shows his big ignorance like everything else on which he speaks here.

HON MAJOR R J PELIZA:

There are different kinds of indices, I am not suggesting any kind of index, all I am saying is an index. Which is the best kind of index I think one can give in our circumstances for people who know about that. I am not an expert I don't know, perhaps the Chief Minister is an expert on indexing. If he is he could tell the House now and tell us what and how we should do it. I am not an expert but I do expect this House, if we really believe that we should have an index, that the House should decide if necessary to employ a person who is knowledgeable on the subject and decide what is best for this House and not expect me to do it. After all I have put a suggestion, but I cannot see why the Chief Minister should find it so funny.

MR CHAIRMAN:

No I don't think that it has ever been suggested that the Honourable and Gallant Member should prepare an index. I think that in the light of what has been said I will give an undertaking to this House that I will write to the Rules Committee giving them an extract of what has been said and asking for suggestions.

HON MAJOR R J PELIZA:

That is a much more satisfactory situation. I am much more pleased with your answer.

HON CHIEF MINISTER:

Mr Speaker, I think in fairness, because you are responsible for this, it will be less than justified if I do not mention the efforts that you have made with the Establishment and with your staff, and so on, to be able to get Hansards out quickly, and it is perhaps a little unfair that one should be so critical about the fact that there has been this request for an index for a long time and it has not been obtained, because we have improved as a result of your efforts in the production of the Hansards. If it is a matter of "subject matters," as far as the Honourable Member is

concerned he doesn't really need an index because he speaks on everything.

HON MAJOR R J PELIZA:

I am in no way Mr Chairman being critical on how the Hansards have been produced or how the staff have been working. I think the Chief Minister is assuming a lot of things that I haven't said. What I suggest Mr Chairman, is that if we need more staff now that the Chief Minister, who is the Leader of the House, should propose that more people be employed at the House. That is his duty, Mr Chairman, he should not pass on the burden to me.

MR CHAIRMAN:

Order, order. I think that in fairness to the staff as such that we have in the House, which is basically the Clerk, an Audio Typist and a Clerical Officer, I think we produce Hansards exceptionally quickly. I can say this because it is no credit to me but credit to them. On the other hand if an extra burden is going to be placed on us, and we are being put in a position where we can hardly cope with work now due to the work that is being done by the different Select Committees and particularly the Public Accounts Committee which require its own Hansards, then we must have a look into the adequacy of our staff, no nonsense about it. I think we have said enough on this one.

HON G T RESTANO:

As Chairman of the Public Accounts Committee, I realise the enormous amount of work that the Clerk of the House does have to do, the added work that has been given to him since the last elections, he is the Secretary to the Public Accounts Committee, there is a Select Committee on the Matrimonial Causes which I understand also takes up a lot of time and I wonder whether in fact it would not be the right time to have an assistant for the Clerk.

MR CHAIRMAN:

Without wishing to say more, without wishing to disclose things that I mustn't, I was very taken by the words that the Honourable the Financial and Development Secretary said this morning about

recommendations by staff inspectors and that he himself has had occasion to disagree with recommendations from the staff inspection unit, I will say no more, but let us hope that what has been said in this House this afternoon will be conducive to achieving improvements in our staff that we very much require.

HON P J ISOLA:

Mr Chairman, I am very glad to hear that because I think despite the furor that has gone round what my Honourable and Gallant Friend asked, the indexing point is a good one, precisely because the House or your staff, Mr Chairman, has given such superb service in producing Hansards, we are finding ourselves with volumes of them and I think indexing would be very useful, not just for ourselves, but as the Honourable and Gallant Member said, for anybody who wants to look at our records. So don't you think, Mr Chairman, one could invite the Government to put a little money in the estimates to guard against the "possibility", in inverted commas, of this being required and agreed to and thus prevent them from the boring exercise of having to come to the House with Supplementary Provisions as in the previous vote!

MR CHAIRMAN:

No, no. I think we should rely on supplementaries.

HON CHIEF MINISTER:

The elected Government initially has nothing to do with the enquiries that are required on the staff and the administration to do that. As you yourself have said we are not concerned directly. Of course if it is recommended we will provide the funds. It is not a question of our providing the funds and then other people having to do the selection and so on. It is extraordinary that a man who has been in office for some time that he should still think that we can provide a little money out of a hat and the rest follows.

HON P J ISOLA:

Mr Chairman, if the Chief Minister will forgive me, I am only following the example that the Government have set in the previous vote where they have put £120,000 to guard

against possibilities.

MR CHAIRMAN:

No, no, we will leave the matter as it stands and I am sure that if we need supplementary funds they will be voted in due course. Now, back to the House of Assembly, Personal Emoluments.

Personal Emoluments were agreed to.

Other Charges.

HON CHIEF MINISTER:

Mr Chairman, I think I should highlight item No. 5, which is the cost of meeting the Regional Conference this year which we are hosting and which covers not only the expenses of their coming here but of putting of the chamber and the Lobby, particularly the lower lobby, and the whole building in a reasonable state. It is always good that something like this should happen from time to time so that there is an urge to do the things that are required, and we are grateful to you for the interest you are taking in this.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head B Housing - Personal Emoluments were agreed to.

Other Charges.

HON P J ISOLA:

Mr Chairman, item 6 Supervision of Crown Properties, that goes up on the revised estimates by over £30,000. When we are talking of Crown Properties are we talking merely of Government Housing, or does this include schools, and other Government Buildings.

HON H J ZAMMITT:

Mr Chairman, the whole amount refers to Housing.

HON P J ISOLA:

Can I ask what is the sort of supervision that the Honourable Member is talking about now that the Lands and Works Department does all the maintenance. Could

I ask who is the chap who does the supervision? Is it one of the officers in the establishment of Housing or from some other department?

HON H J ZAMMITT:

They are all employees of the Housing Department forming part of the Warden Structure. We have Wardens in all the different estates and in Centres, Sir.

HON P J ISOLA:

Is this just the Warden Structure vote?

HON H J ZAMMITT:

The Warden Structure in its entirety together with the Cleansing Section of the Warden Structure.

HON P J ISOLA:

All employed by the Housing Manager.

HON H J ZAMMITT:

That is right. Yes, Sir.

HON A J HAYNES:

On this maintenance for Government Housing we have this very large decrease which is as I understand from the Chief Minister's contribution due to the Public Works taking over a large section. What is £47,000 for?

HON. H. J. ZAMMITT:

Mr Chairman, Sir, I will not go into the decrease since it has been explained I think by the Chief Minister in his opening speech and by the Financial and Development Secretary about this going back to Public Works Department. The £47,300 is the salary for four craftsmen. We have a small maintenance gang consisting of four craftsmen and four labourers and one driver that do the emergency minor repairs in the rehabilitation of houses, normally in pre-war accommodation.

HON. A. J. HAYNES:

And does this substantial decrease in finances also mean considerable less responsibility for the department?

HON. H. J. ZAMMITT:

No, Mr Chairman, what it means is as can be recalled some years ago, the then Financial Secretary thought it appropriate to bring the upkeep of the Housing Maintenance Vote into the Housing Vote from a Funding point of view to see how much Housing was costing. As was mentioned, I think, by some members opposite yesterday, it was that although the money was under Housing it was really controlled by the Director of Public Works. It is now considered more appropriate that money should go back to Public Works because really the Housing Manager had no control over that particular vote. So Public Works will still continue to do the maintenance on Housing but it will come out of their vote and not out of the Housing Vote.

HON. J. BOSSANO:

On item 7. Could I ask the Minister to what extent the department has got discretion in deciding whether minor maintenance jobs should be done by the labour that they control directly rather than being given to Public Works.

HON. H. J. ZAMMITT:

Mr Chairman, Sir, the maintenance that Housing prefers to carry out are those jobs that do not entail obviously major repairs. Now, the maintenance gang originally was brought into the department to carry out the small jobs in cases of emergency. When refurbishing a vacant pre-war house we put our gang in and within two or three days the

pane of glass and the little bits here and there that required doing up could be done as a matter of urgency, and knowing Public Works commitments it meant that we had occasions where houses, particularly pre-war houses, were left unoccupied for too long a period. Now the kind of job the maintenance gang does is mainly the doing up of Transit Centres, when people are moved around the pre-war minor jobs, we certainly do not go into big jobs, we have only got 4 craftsmen, a plumber, a mason, a carpenter and an electrician, the maintenance gang is composed of that, and of course the PTO IV; a supervisor and four labourers. They do very small repairs, minor plastering, tiling and the like.

HON. J. BOSSANO:

I think the Honourable Member has not answered the point that I was making. We have got a vote that has a ceiling on it, we have got provision for a certain number of people in a department, now what I am saying is, to what extent can the Housing Manager can the department decide that it is more beneficial to have the works done by its own labour rather than put it out to Public Works, and if in fact the Minister recognises that the priorities will be different in the Public Works from what they could be in his own department then clearly exercising that direct control means that if he has got a number of properties that need to be brought up to the necessary standard to be allocated, he can devote the resources, if he controls the labour to the properties which are more important to him whereas the priorities in the Public Works Department might be different. I am asking to what extent the Housing Manager or the Minister can channel work to his own gang rather than to the Public Works Department and whether there is not a case in fact, if the directly-controlled labour is producing a more effective return, for putting more work in their way, perhaps decreasing the amount of money devoted to Public Works, and increasing the amount of money devoted to the gang which is controlled by the Department itself.

HON. H. J. ZAMMITT:

Yes, Mr Chairman, I take the Hon Member's point, it is a point which I have made before and may I say the Public Works Department has on occasion, they have said OK, well

you can take the whole housing maintenance. We feel that it was not necessary. We certainly have a say as to priorities, that I can assure the Honourable Member opposite. We always have some complaints about it but we do ask the Public Works Department if there is a specific place that we want done as a matter of priority, we can of course, and they do in all fairness try to assist and accommodate as best they can by giving preference to that particular house if it is of a post-war standard that requires possibly a little more work. But going back to the maintenance gang of course the Housing Manager is in total control of them and he puts them round as he feels his priorities are, but if the question the Honourable Member is asking is do we have a say in housing maintenance, I would like to say, yes. In all honesty I must say that when they have asked Public Works to do something as a matter of urgency they have done it for us.

HON J BOSSANO:

I think the Hon Member still misses the point, Mr Chairman. If in fact the Housing Department has got a number of properties that need to be renovated in order that they are brought up to the standard necessary to make them suitable for allocation, the amount of money, the resources available within the Department are limited by this vote. What I am saying is that to the extent that the Department may be getting a better product, a better return for the money, by the flexibilities it enjoys with a small gang, is the situation that the Housing Manager finds that there are other places which he just cannot deal with because the money is not there and he has only got four craftsmen and four labourers and therefore he has to put those out to the Public Works whether he likes it or not, and if this is the case, is it not the situation then one where we should be looking at the possibility—the revised estimate is £1,033,000 in fact if we look to the Public Works vote we find that there is £1,152,000 this year in the Public Works vote on Housing Maintenance. So effectively we are spending £1,200,000 on maintenance of which £47,000 is going to be controlled directly by the Housing Manager and £1,152,000 is going to be controlled by the Public Works Department. The division between the two is determined by the fact that you have got eight people directly employed in the Housing Department and the number of people that make up the £1,152,000 employed in the Public Works. What I am saying is that in terms of the flexibility that this gives the Housing Department to decide their own priorities

and the deployment of a staff that is under their direct control, in terms of the return that they get from the expenditure of this money, is there not a case for putting more of the money under this Head and less of the money under the other Head without affecting the overall ceiling of the amount that is being spent on maintenance, if in fact this would give a better return for the money.

MR CHAIRMAN:

You are being asked a simple question, whether by increasing this vote at the expense of the Public Works vote you would be getting a better service for your requirements?

HON H J ZAMMITT:

I take the point. Yes, possibly so, Mr Chairman. I feel very proud of the little gang that we have but what I would like to tell the Honourable Member opposite is the fact that mainly this small gang deals with pre-war accommodation which is every day, getting smaller and smaller. In all honesty, despite the fact that I could say, yes, if we could go into the post-war housing, certainly there would be a case to augment this gang by decreasing the Public Works side. But at this present moment I don't think it is really necessary. It is something I have certainly considered in the past, Mr Chairman, and in fact my colleague the Hon Minister for Public Works has said, well, alright there is no reason why we should not pass this over to you, but at this stage I don't think it is necessary. But it is something I will always bear in mind.

HON M K FEATHERSTONE:

Could I just explain, Sir, that there is a slight difference. The main amount of the money that the Public Works has in their vote against Housing is to do requisitions from the tenants. As my colleague has said what his squad mainly do are minor rehabilitations. When they are major rehabilitations then the Public Works do them. A minor rehabilitation would not need, for example, any work done in the Carpenter Shop etc., etc., whereas if the work that had to be done is more of a major necessity, or a major re-wiring job, it is then done by the Public Works Department. If it is a small job, a piece of property has been left and it just needs the walls painting and a little bit of plastering and perhaps a

plug fitted in, then my Friend's squad do it.

HON A J HAYNES:

Head No. 8, Housing Estate Staircase Lighting. Can I have a break down of that figure as to wages, or is it just all lighting?

HON H J ZAMMITT:

This is the cost to the Housing Department on staircase lighting. I would say of course that there is an element of this clawed back within the rent structure. If I may from memory, Mr Chairman, I think people pay something like 10p. There is no wage at all, it is just electricity consumed.

HON A J HAYNES:

Is the Minister satisfied that the Housing Estates under his control are properly lit?

HON H J ZAMMITT:

I think they are properly lit, Mr Chairman. It is costing the Government an enormous amount of money.

HON A J HAYNES:

In Question 87 of 1981 I asked the Minister for Public Works to enquire into the staircase lighting of Jumper's Building and I was wondering whether in fact that has been looked into and whether this now reflects expenditure for lighting which until now was not being spent.

HON H J ZAMMITT:

I cannot remember the Jumpers Building...

HON A J HAYNES:

Question No 87 "Will Government state whether it is satisfied of the present condition of Jumper's Building and if not what measures are proposed for its improvement". After the reply, I asked "Apart from the structural problems" a question on lighting. "Would the Hon Member,

that is the Minister for Public Works "look into the smaller or more trivial problems which seem to haunt that building," and the reply was "I haven't been aware that anything to do with lighting as a problem but if it does exist I will look into it" Now I would like to know whether the staircase lighting vote will include sums to be spent on the lighting for that building.

HON H J ZAMMITT:

Mr Chairman, the lighting is for all Government-owned properties in Gibraltar and all that we are doing here is....

MR CHAIRMAN:

With due respect, we are talking at cross purposes. We are not talking about a vote to improve the lighting system in Public Buildings, we are talking about the actual consumption of electricity.

HON H J ZAMMITT:

That is what I am concerned with, Sir.

HON A J HAYNES:

Will this consumption include consumption from Jumper's Building?

HON H J ZAMMITT:

Most certainly, yes.

HON A J HAYNES:

Well it can only include consumption from Jumper's Building if somebody has gone round there to repair it. Has anybody been?

HON H J ZAMMITT:

I am afraid I am not responsible for the repairs of the lighting. If it has been out and it has been reported to the Warden Structure I am sure they will have been round and repaired them, Mr Chairman.

HON A J HAYNES:

It has been reported by me in Question No. 87 of 1981.

HON H J ZAMMITT:

Yes, Mr Chairman, but I don't send demand notes because the Hon Member asked a question. If tenants there find that the staircase lighting is not operative then they should contact the Warden Structure, which is about two yards away from them, and let them know.

MR CHAIRMAN:

The answer is that he doesn't know, because he is not responsible.

HON A J HAYNES:

Item 9, Rent Relief Differential Scheme. This is the money that Government pays to make up for the people who don't pay full rent, am I right?

HON H J ZAMMITT:

That is right, yes, Sir.

HON A J HAYNES:

It is also true, I imagine, that among those who are receiving rent relief are a number whom the Minister would like to participate in his game of musical chairs, am I right?

HON H J ZAMMITT:

That is absolutely right, yes, Sir.

HON A J HAYNES:

Does the Minister send a letter to these people asking them to move, and is it the same letter as he sends to any other tenant of a Government Housing Estate?

HON H J ZAMMITT:

We have only sent letters, Mr Chairman, in circumstances of people on rent relief that have been overhoused, when they undertake, by way of final form, that they will accept smaller accommodation when

this is made available. In such circumstances when we have smaller adequate accommodation to give them, we send them a letter saying that we are now in a position to offer them smaller accommodation.

HON A J HAYNES:

Will the Minister look at this matter because I have reports that there is an element of bullying, and even if it does not exist as bullying direct, that the people who are on rent relief are not exactly aware of their rights as to whether or not they should be obliged to move and I would rather like the Minister to enquire into this.

HON H J ZAMMITT:

I very much doubt that, Mr Chairman, because I have been present on many occasions when people have come in, I think it is every three or six months, in applying for rent relief where they undertake to move to smaller accommodation when offered. On those grounds they get rent relief. It is not a question that people do not know their rights, their rights are that if we offer them adequate, and I emphasise the word adequate because it must be of a post-war standard with all the modern conveniences, before we are able to ask anybody to leave an overhoused situation to go into something which suits their requirements.

HON J BOSSANO:

On subhead 9, I would like to ask the Financial and Development Secretary whether he would not agree that there is a case for dealing with this really as used to be done going back to the times when we had National Housing Accounts. Going back to 1972/73 the Rent Relief Differential Scheme was chargeable to Head 9, subhead 11, under the Labour and Social Security. Under the Landlord and Tenants Ordinance, the Rent Relief Scheme applies to rent-controlled private sector dwellings as well as to Government dwellings, and there seems no reason why this should be met by the Housing Department and be part of the expenditure of the Housing Department. I think if we are looking at the economics of the Government provision of housing with Government acting as a landlord then clearly there is a logic to the social expense of meeting the shortfall between what a person can afford and what the rent should be being a social payment coming out of Labour and Social Security rather than out of the Housing Account.

HON H J ZAMMITT:

Before the Financial and Development Secretary replies, the Member is absolutely right. It used to be under the Social Security and this is what I referred to in 1977 when it was considered to bring the Public Works Maintenance Vote into Housing, and the Rent Relief into Housing, because the then Financial and Development Secretary was trying to find out the total cost to Housing, but I take the point fully because we do pay for non-Government Housing out of that particular vote. It is a social need more than a Housing need.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, this is a point that can be looked at but I would emphasise that this cost is not reflected in the Housing Fund.

HON J BOSSANO:

Well, in fact it is shown because it is part of the expenditure on the debit side of the Funded Account, is it not? When we have the Housing Fund at the end of the Estimates surely the total charges under Other Charges includes this figure since it is part of the expenditure on the Estimates.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Sir, it doesn't.

Other Charges were agreed to.

Special Expenditure

HON MAJOR R J PELIZA:

The £900 of Furniture and Equipment. I remember seeing that office about three years ago and it was in a terrible state. In fact I wondered how people could work there. Is the Minister satisfied, unless there have been great changes since I saw it, that those £900 is going to make the position any better, or substantially so?

HON H J ZAMMITT:

I can assure the Member that since three years ago we took over the offices that belonged to the Statistician and we have improved slightly the appearance of the office. I

I think the Honourable Member may be a little better disposed than he was a few years ago. But the £900 comprise the need of one desk, four calculators, one typist's chair, four filing cabinets, and one typewriter.

HON MAJOR R J PELIZA:

Let the Minister get me right. What I was suggesting was, was it necessary to spend more money on it.

HON H J ZAMMITT:

That is most generous of you.

Special Expenditure was agreed to.

Head 5 Income Tax Office - Personal Emoluments

HON A J HAYNES:

A general question, I do not know where I should put it, can the Minister tell me how many taxpayers there are in Gibraltar?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Twelve thousand.

HON A J HAYNES:

And how many companies are there paying tax in Gibraltar?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry, Mr Chairman, I take note of that question and let the Hon Member know.

Personal Emoluments were agreed to.

Other Charges

HON MAJOR R J PELIZA:

Subhead 4, Rent of Office and Service Charges. I am looking right across the line of those charges, Mr Chairman, and I find that the approved estimates 1980/81 was £10,300; the revised was £11,200; and now the estimated one for 1980/81 is £10,400. I do not know how that works, but I wonder if an explanation can be given, and also the 1979/80 was £7,300, quite a jump between 1979/80 to 1980/81.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, the jump between 1979/80 and 1980/81 is because rents and the service charges, which is included under this head, went up considerably. The fall in the amount between the revised estimates and the provision now sought is, I believe, and if I am wrong I shall let the Hon Member know, the fact that each year we make a provision for a shortfall on the service charges. The service charge is set at a figure and the actual figure is not known until later in the financial year. I think that last year the amount to be paid was rather higher than expected and we came for a supplementary and got it. This year the actual rent is £7,300, service charge £2,560, and the provision for the shortfall is £540, making the £10,400.

HON MAJOR R J PELIZA:

Since obviously I doubt whether the Income Tax Office will ever not be required, it seems to me that this is going to go on for some years, are there any plans in the Government's mind at all for acquiring an office the property of which will be that of the Government without having to pay such high rents which obviously will be on the up and up all the time?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, there is an Accommodation Committee in the Secretariat working to the Deputy Governor and they are looking at the longer term requirements of office accommodation for the Government Service with the aim of getting rid as quickly as possible of the rented accommodation, which I agree is expensive. We should rid ourselves of this burden as quickly as possible. Unfortunately, and I stand to be corrected by the Minister for Economic Development, but I think that the chances of getting any move until the Girls' Comprehensive School is completed and the chain move then begins are very unlikely, and that is possibly not until this time next year at the earliest.

HON MAJOR R J PELIZA:

That is very satisfactory. Finally, this other one which is rather an interesting one: Remuneration to Agents in the United Kingdom £1,800. What is this?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

We have an agency in the UK who operate on our behalf and collect taxes etc for us there. But perhaps whilst I am on my feet, which is much more pertinent, is a new subhead Investigation Expenses of £5,000. It is possible that a member would have asked on this but if I may I would like to explain it because it is rather important. With investigations which are being undertaken now by the Income Tax Department, it can arise that we would need in a specific case to make enquiries in a number of financial centres throughout the world. To send our own investigator round where he is not known, and the cost of this, would be very difficult. We have put this amount of money in so that we can hire a firm of Chartered Accountants who have offices in the countries concerned who can make the enquiries on our behalf and report back to us. I think I can assure the House that any money that we lay out on these expenses would be amply recouped by the tax that we hope to get.

HON MAJOR R J PELIZA:

When you say 'collectors' in the UK what does it mean, I just do not follow? I understand the investigating one, I just do not understand the work of the agents.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

We have had an agent in the United Kingdom for many years and this has gone on £1,500 without any change for a long time, and he merely acts on the instructions of the Commissioner of Income Tax here to pursue any tax case where an element has arisen of taxation here where a person returns to the UK. If, for example, I return to the UK at the end of this financial year and I am paying tax and it has to be pursued he pursues it on our behalf.

HON MAJOR R J PELIZA:

Thank you very much.

Other Charges were agreed to.

Head 10 Judicial - (1) Court of Appeal

HON P J ISOLA:

On the Court of Appeal, I would like to raise, and I think it is equally applicable to the Supreme Court and to the Magistrates' Court, I suppose I should better declare an interest, Mr Chairman, as a member of a firm of lawyers, but I think I ought to bring it up, it is the question of legal aid and assistance.

It seems to me that the votes for legal aid and assistance is fairly modest by any standards, which seems to show that not many people are getting legal aid, and I just wonder whether the rules for obtaining legal aid ought not to be locked at because one has the experience of people who seem to require assistance but don't take it because of the difficulty of getting legal aid; that is one side of it; the other side of it, and perhaps I should declare another interest in this although I do not do the work myself personally, I do not normally do any legal aid work, is the rates that are being paid for legal aid which seem to me from what I hear to be low. I am not worried, well, I am worried obviously because people should be paid for their work, but what worries me is that if fees are not reasonable in legal aid you will get the position of lawyers not being very happy about it at undertaking legal aid and as a result defendants who should be properly defended and advised may find that they have difficulty getting such assistance. I mention this because I had heard complaints from younger members of the Bar about the rates of fees that are paid, and I think that, everybody being human, must then not be very happy about undertaking legal aid work and as a result you may get a lot of people who should be represented and are not because the level of remuneration does not seem to be reasonable. I would like the Attorney-General, if he would look into it or say something about it. The other point of legal aid and assistance does seem to me to be low. Have the rules been amended for granting legal aid? Does the Government get any complaints of people feeling they cannot take cases to court because they do not qualify for legal aid and are unable to afford it? I would like to hear something about this.

HON ATTORNEY-GENERAL:

Can I take the two points in reverse order. On the first point I am aware of the situation represented by the Hon and Learned the Leader of the Opposition. The matter of raising of legal aid has been under review, he may be aware that there has been a committee doing some work on it. I know that younger members of the Bar feel that it is not sufficiently remunerative and it is true that it is sometime since it was last reviewed.

I can only simply say that the matter is under review and will be pursued.

On the other point I am not sure I have fully taken the point but if the point is that the scope of legal aid, the range for which legal aid is available is not wide enough, if that is the point, I am not aware of any problems in the area, but I would certainly be happy to look at it and see whether there are. I cannot say I am aware that there are any feelings that people who ought to be qualifying for legal aid are not qualifying.

HON CHIEF MINISTER:

Perhaps I can clear this as I was present, perhaps the Honourable Member was not present at the Bar meeting when the young members formed themselves into a committee to go and see the Chief Justice about it. Is he directing his attention mainly to criminal cases or civil cases or to both?

HON P J ISOLA:

I think it applies mainly in criminal cases.

HON CHIEF MINISTER:

In the case of criminal cases, though the suggestion was that they should be reviewed it was also decided to recommend that the stage at which they would be entitled to legal aid in civil cases would be according to your income.

Court of Appeal was agreed to.

(2) Supreme Court - Personal Emoluments - were agreed to.

Other Charges were agreed to:

(3) Magistrates' and Coroner's Courts - Personal Emoluments were agreed to.

Other Charges were agreed to.

Head 11, Labour and Social Security - Personal Emoluments

HON W T SCOTT

If I can go back to the establishment for a minute, unfortunately the left hand side of that particular page on the establishment 1980/81 has not come out at all well, but I see that the establishment is the same, 54.

I seem to remember in answer to a question from myself at the last House in March we were talking about the Family Care Unit staff being increased. Can the Minister say where the increase is reflected please?

HON MAJOR F J DELLIPIANI:

Mr Chairman, I was going to make a statement and the Hon Mr Scott has pre-empted me. Where you see Item 10 of the establishment Welfare Assistant, that in fact should read 2 Trainee Welfare Officers. The total at the end will be 55. I did assure, Sir, the Hon Member that this in fact would be monitored throughout.

HON W T SCOTT:

I am very grateful, Mr Chairman, and I hope the Minister will make his statement in any event later on, if there is anything that he has to add to it.

HON MAJOR F J DELLIPIANI:

No, that is the statement.

Personal Emoluments were agreed to.

Other Charges

HON W T SCOTT:

Again, Mr Chairman, on subhead 4, presumably that is the charge made by PWD, Maintenance and Running Expenses of Motor Vehicles.

HON MAJOR F J DELLIPIANI:

The maintenance and running of motor vehicles, we have three vehicles. We calculate that the licences, petrol and small repairs for the three will cost us about £1,000 a year, but we also have to undertake certain major repairs on the vehicles and we have provided about £700 for this.

HON W T SCOTT:

On the Public Utility Costs, Mr Chairman, I notice that this has gone down.

HON MAJOR F J DELLIPIANI:

Yes, this is because it is a shared item with the Public Works Department who share the same premises as us. I think we were paying rather more than we should.

HON MAJOR R J PELIZA:

Item 4, I notice that the actual expenditure of 1979/80 was £600 and the estimated 1981/82 is £1,700. It is a tremendous rise. Could the Minister explain please.

HON MAJOR F J DELLIPIANI:

I have just explained it, we are going through major repairs on the three vehicles.

HON MAJOR R J PELIZA:

Oh, major repairs, I did not hear the word 'major'.

HON W T SCOTT:

On another subhead. On Supplementary Benefits, may I ask the Minister, Mr Chairman, how many people are in receipt of Supplementary Benefits?

HON MAJOR F J DELLIPIANI:

I haven't got the numbers but I will give you the weekly amounts.

HON W T SCOTT:

What I am really after, Mr Chairman, is whether there is a pattern of the number remaining stable, whether it has been increasing over the last year or two or decreasing.

HON MAJOR F J DELLIPIANI:

It has increased from last year.

HON W T SCOTT:

Does Government have any intention of increasing the rates of Supplementary Benefits as of the 1 January, 1982 and is it reflected here in this particular subhead?

HON MAJOR F J DELLIPIANI:

Yes, Mr Chairman, it has. I already gave an indication on the question of the Elderly Persons Pensions and a similar formula will apply to Supplementary Benefits. In fact it will probably be more than 17% increase, I probably misled you, it will probably be between 17% and 20%.

HON W T SCOTT:

I think I asked it last year, subhead 9, Expenses of Sponsored Patients Sent for Treatment to the United Kingdom. I would have expected this to come under the Medical and Health Services Head. What substantive reason is there to put it into that particular Head?

HON MAJOR F J DELLIPIANI:

Because we are really dealing with the social side of the matter. We deal with the air tickets, the finding of accommodation in UK, the escorts, we look after the social side and investigate the social family side of the case.

MR CHAIRMAN:

The medical expenses are not included?

HON MAJOR F J DELLIPIANI:

No, they are not included.

HON W T SCOTT:

So, in fact we are looking here also at the maintenance allowance whilst they are there.

HON MAJOR F J DELLIPIANI:

That is right, which you will remember was increased.

HON W T SCOTT:

On Retirement Pensions, subhead 10, Mr Chairman, presumably these are for civil servants retiring but only from that particular Department? Could I have an explanation of that?

HON A J CANEPA:

No, these are for a very small group of people who when the Social Insurance Scheme started in 1955 were too old. They were young enough to contribute in the sense that they were aged below 65 but they were too old to meet the necessary number of minimum contributions that would have qualified them for a pension at the time, which was ten years or 500 contributions, and therefore, transitional interim arrangements were made whereby they qualified for a pension on a smaller number of contributions of 250 and instead of those pensions being paid from the Social Insurance Fund - they are really

Social Insurance Pensions - but instead of being paid from the Fund they are paid out of revenue and the maximum rate of pension is equivalent to a person getting an Old Age Pension with an average of 40. The number is dwindling rapidly, I think there are only about 70 of those left.

HON P J ISOLA:

These are received tax-free, of course?

HON A J CANEPA:

These are tax-free and they are the third category of people that we were debating last autumn.

HON W T SCOTT:

So in fact it is not exclusive to civil servants?

HON A J CANEPA:

They are very likely not civil servants at all. It will help the Honourable Member if I point out to him that the former employees of the Government, ex-civil servants, he will find the provision being made for those pensions on page 20. It is a small matter of £1.7m!

HON W T SCOTT:

Mr Chairman, on subhead 15

HON J BOSSANO:

Mr Chairman, on Family Allowances, it is £657,000, and the estimate for 1981/82 is £700,000. Is it the intention to increase Family Allowances, or is it because we are making provision for 12 months and the rate was increased in the middle of last year?

HON MAJOR F J DELLIPIANI:

No, we are not increasing it, this is the full total calculated for 52 weeks.

HON J BOSSANO:

Well, can the Government say why it is not increasing it then, because effectively when we have any social benefit and that social benefit is not increased in a situation where there are rising prices we are talking about an effective decrease, are we not? We are talking

about people with families being able to buy less with the £5 Family Allowance in July this year than they were able to buy twelve months ago. I mentioned in my budget speech that if the Government was not going to be doing anything on Family Allowance they should seriously look at the question of doing something on allowances for children under the Income Tax Ordinance which would not then be limited to taxpayers whose children are resident in Gibraltar. I want to make the point again, Mr Chairman.

HON MAJOR F J DELLIPIANI:

Although we did not think it right that we should do it this year, the increase has been in the order usually of about 8% inflation. We did not think we should increase this by £1 to £5 this year because of the package that we have on income tax structure. The increase is virtually on the number of children that would qualify. I shall certainly bear it in mind for next year and we shall combine the two years that we have missed.

HON J BOSSANO:

I shall wait until I see the package, Mr Chairman.

MR CHAIRMAN:

Mr Scott did you want Subhead 15?

HON W T SCOTT:

No, Mr Chairman, I will return to Subhead 13 if I may. Accommodation of Labour. If I can refer the Minister to page 10, subhead 5, Imported Labour Accommodation Charges, and if we look at the two figures there for the approved estimate 1980/81 and the revised estimate, and then we look back at the expenditure side on exactly the same two columns, we see the same figure but reversed. Is this sheer coincidence?

HON MAJOR F J DELLIPIANI:

Yes, Sir.

HON W T SCOTT:

In other words what I am saying is that on the revenue side we have lost £55,000 and on the expenditure side we have received £55,000. Is it a coincidence that the figures are identical?

HON MAJOR F J DELLIPIANI:

Yes, Sir, it is just coincidence.

HON A J CANEPA:

The loss of revenue is due to the late completion of the works at Casemates.

HON W T SCOTT:

I see.

Subhead 15, Elderly Persons Pension. Can the Minister say how many people were in receipt of Elderly Persons Pension this time last year and also today?

HON MAJOR F J DELLIPIANI:

I have not got last year's figures but I can give you this year's figures: 898, it was probably a bit more last year - 935.

HON W T SCOTT:

Can the Government say what is the tax yield on that amount?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, we could not say what that figure is, without going into each specific case and this would take some time. We would have to go through 898 case files.

HON P J ISOLA:

I think that in the course of the debate, when we moved an amendment to make the Elderly Persons Pension tax free, we were given a figure of tax loss of about £50,000.

HON A J CANEPA:

It was a level of revenue, it was the nearest the Commissioner of Income Tax could arrive at without having laboriously to go into the cases involved. It was the nearest figure he thought he could come up with, of that order, £50,000.

HON W T SCOTT:

Mr Chairman, subhead 16. I notice that although £1,000 was voted last year for training courses in the United Kingdom not a single penny was spent. Can we ask what the training courses were and why the money was not spent?

HON MAJOR F J DELLIPIANI:

This was a social worker who in the end didn't want to go to the course, in fact, she has resigned.

HON W T SCOTT:

So the social worker has resigned? Are we talking about the social worker shown on the establishment here?

HON MAJOR F J DELLIPIANI:

This is a welfare assistant, not a social worker.

HON W T SCOTT:

Mr Chairman, subhead 21 and possibly subhead 20. I did bring this up earlier on in the debate where the amount of £47,000 for the Construction Industry Training Centre is exactly the same as last year and I mentioned the point whether the Government had had any regard to the amended motion on industrial training passed at the November Meeting of the House, and if not, why not?

HON MAJOR F J DELLIPIANI:

Mr Chairman, the reason why the sum is more or less the same is that we meet demands on the Centre and the demands have not increased at all. We have in mind the question of your motion and if we need to improve by getting extra staff we shall do it. We do not know what the situation will be like as yet.

HON W T SCOTT:

I am grateful for that answer, Mr Chairman, but the fact is that the House has passed a motion on this and it is not a question of demand. One would have expected to have seen an increase there precisely because there will be some extra demand.

HON MAJOR F J DELLIPIANI:

We don't know, Sir.

HON W T SCOTT:

Perhaps you might not know the extent, certainly.

HON MAJOR F J DELLIPIANI:

Well, we think we can cope with it until we know whether we can or otherwise. If we cannot we shall come to the House for supplementaries.

HON J BOSSANO:

If we are talking about the amount of money that needs to be spent in the running of the Construction Training Centre that might not require any extra funds but we would probably need a new vote if we are going to be paying the people who are doing the training who would otherwise not be doing the training. This provides for the cost of the people who are employed to provide the teaching, but apart from that there would be the cost of the people who are taken on who would otherwise not be taken on to do their learning as it were. This might well require supplementary expenditure once we know the situation later in the summer.

HON MAJOR F J DELLIPIANI:

I am not going to confirm whether we are going to pay trainees who are not going to be employed.

HON J BOSSANO:

Well, I think the motion did talk about financially supporting these people, that there would be some payment whilst they were there, and that is not provided for here because we have never done it before.

HON MAJOR F J DELLIPIANI:

The thing is that this matter is at too early a stage, we have not really given it much thought, this is why I do not wish to commit myself about paying anybody for being trained. The main factor is that we have spare capacity for training and this is why we are not asking for any more money.

HON W T SCOTT:

Yes, Mr Chairman, but coming back to the Head on which he spent a lot of time a few minutes ago on Electricity and the £120,000 that the Government did not know exactly what direction it was going to be moving into, there was at

least \$120,000 voted there and yet there is not a single penny here, not even token provision.

HON MAJOR F J DELLIPIANI:

That money was for equipment, here we are talking about people.

MR CHAIRMAN:

The explanation given is that with the present training capacity they can cope with extra bodies coming in and therefore they do not need any further expenditure in that respect, but should they need expenditure for the purposes of paying trainees, or for any other purpose, they will come to the House on supplementaries.

Other Charges were agreed to.

Head 12, Lands and Surveys - Personal Emoluments were agreed to.

Other Charges

HON J BOSSANO:

Mr Chairman, I would like to raise a matter of principle on the question of lands and surveys and I am not quite sure that there is a specific subject that I could link it to but what I would like to know is this question of the extent to which the Lands and Surveys Department seems to have, or whether it has in fact, its own ideas as it were on the use of land. We passed a motion in the House not so very long ago regarding the criteria that should be applied in the tendering process as regards the use of land put out to the private sector. This was, I think, at the stage when we were between the Woodford Cottage Scheme and the one that came out earlier, Buena Vista Cottage. I would like to be clear, from a statement from the Government side, to what extent the criteria for the use of land is determined by the ideas of the people in the Lands and Surveys Department or to political decision making.

HON A J CANEPA:

I can answer that. The criteria will be determined by the Development and Planning Commission. The Development and Planning Commission is made up of myself as Chairman, the Minister for Public Works, Mr Abraham Serfaty, the Chief Planning Officer, the Surveyor and Planning Secretary and two representatives of the

Ministry of Defence, the Regional Estate Surveyor and the Captain of HMS Rooke. The Financial and Development Secretary is a member but he does not attend our meetings, he is represented by the Economic Adviser. The voting members of the Commission are the three appointed by the Chief Minister, that is, the Chairman, the Minister for Public Works, Mr Serfaty and the two M.O.D. representatives. The other people do not have a vote and therefore, by and large, it is the political side, if you like, that determines policy.

With regard to the specific matter of Buena Vista site, I can confirm that the spirit of the motion which was passed by the House was very much kept in mind when the Development and Planning Commission was consulted by the Tender Board in respect of the tenders that were received and we did recommend the scheme that was second in respect of density, the second highest density. There was another scheme where there was higher density but the scheme was very rudimentary and it did not comply with a number of town planning statutory obligations and therefore once the Commission would have expressed a preference, in fact we expressed a preference for a slightly higher density scheme, one of twelve or sixteen dwellings but provided it met the statutory requirements. In the event the Tender Board awarded the tender to a scheme with nine dwellings which went fairly close to the optimum that we would have liked to have seen. The scheme that was awarded the tender was a very good scheme, a very imaginative scheme, but having regard to the fact that that is a reasonably large site, you could have a tower block of 12 or 13 floors, but having regard to what existed there, the one quarter, to get nine superior dwellings we felt, and I now feel in the event, that we were limited to the extent that we had something to do with the decision, but having regard to the considerations that I have mentioned I think it has gone pretty far in meeting the spirit of the motion of the Hon Member. I can tell him it is very uppermost in the minds of the Commission.

HON J BOSSANO:

Would the Hon Member in fact not agree that the motion was drafted in such a way that it was not intended to be restrictive but rather to lay down parameters, and therefore, although I myself feel the question of density is a very important one and that one should not have.....The Hon Member knows that I am not very enthusiastic about this idea of zoning, nevertheless in

terms even of nine units, is there any consideration about whether these are units available to people coming from outside Gibraltar or is there any limitation on their being available to people who are entitled, like in the Woodford Cottage Scheme, to applicants in the housing list only?

HON A J CANEPA:

In the case of Buena Vista the position is different, this is purely private sector development, and therefore, none of the considerations that apply to Woodford Cottage whereby the people who would be able to purchase these dwellings do not have to be applicants on the housing list. So this is more akin to the situation that we have in Gardiner's Road except that architecturally and so on the scheme is a rather better one. I can say one thing, the Commission did express preference for higher density but having regard to the schemes that were submitted, that was not possible.

HON J BOSSANO:

But, in fact, Mr Chairman, looking at density, I myself support the concept of higher density as the ideal to which we should move within the parameters of what is considered to be necessary under building regulations and so on. If we have to choose between two schemes, one with lower density and one with higher density, the higher density is one which is not going to provide any impact on the housing problem, then in fact the lower density one within the context of the housing problem is the better one. But if we have two schemes both of which would provide facilities, I understand that one of the schemes included provision for fairly low mortgage facilities, I would have thought that if there were things that made that scheme attractive and things that that scheme did not comply with it would have been within the terms of reference of the Planning Commission to say, well, look, let us go back to the people making these proposals, we are not happy with what you are proposing because of the following reasons, you don't stand a chance unless you can meet us on these points, given that what we want to achieve is the maximum return on the limited land we have got available, which is the spirit of the motion.

HON A J CANEPA:

I agree with the Hon Member, the trouble is that there are a number of considerations which we would like to take account of in the disposal of land and in the use and allocation of land, that the existing machinery does not

quite adequately allow us to do that because you have a Development and Planning Commission which is being asked by the Tender Board to advise in respect of town planning and economic considerations, but there are other considerations which the Development and Planning Commission cannot take into account, or it should not, such as, for instance what is the premium that is being offered. That is a matter for the Tender Board and because the position is not entirely satisfactory the Financial and Development Secretary and myself and the Economic Adviser are giving some thought to this matter. The intention is to make proposals to Government to adopt different machinery. Ultimately it could well be, and I am only expressing a view, we will see what comes out in the wash, it may well be a matter for Gibraltar Council to take a decision having regard to all these considerations. It may well be that instead of the Tender Board adjudicating on these matters it may well go to Gibraltar Council because there are serious, political and economic considerations and it is just as well that the people who have been put into office to take those decisions should be the ones ultimately responsible for defending their decisions and for taking them. Those are the lines on which we are thinking and we may be moving in that direction in the not too distant future.

HON J BOSSANO:

Effectively when we are taking about the limited amount of land that we have in Gibraltar, it is political and social consideration that must carry most weight rather than whether one gets £1,000 more or less for the house. In the final analysis that is not going to make that much difference in the economic situation.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

May I, as Chairman of the Tender Board say that the Tender Board feel very strongly that a committee of officials are not the right body to adjudicate on these matters and this is why I have made representations to Government for a new system.

Other Charges were agreed to.

HON A LODDO:

Mr Chairman, I notice that there has been an increase in the Legal Staff of some 66%, that is from three to five. I realise that these are changes arising out of staff inspection but does this mean that the volume of work has increased that much?

HON ATTORNEY-GENERAL:

Mr Chairman, I am not sure percentages mean a great deal in an establishment the size of my Chambers, but there is work that we should be doing and which we are stretched to be able to do. A lot of work that we do I would rather see done in greater depth and with more reflection. Without going into it I think if the Hon Member were to look at the history of the establishment of my Chambers over the years it is a long time since there was a significant change and in my view this is a submission I made to the Staff Inspectors, they accepted it and the Government endorsed it. It is time, having regard to Gibraltar's contemporary needs, to strengthen the legal services to the Government and that is why there is a proposal - in fact it was the second stage of the proposal which was put into effect last year.

Nevertheless, the effect of the proposals is to strengthen the professional staff and also to a lesser extent the clerical staff. I might say that if this is carried into effect I myself do not see any need for a further increase in the foreseeable future. I think this will bring the strength of the Chambers up to what is appropriate for Gibraltar in contemporary circumstances.

HON A LODDO:

Mr Chairman, is all the work undertaken by Chambers for the Gibraltar Government or is there work undertaken other than the Gibraltar Government.

HON ATTORNEY-GENERAL:

The work is virtually all taken on behalf of the Gibraltar Government. We are legal advisers to the Gibraltar Government. There is a very small amount of work, an insignificant amount of work, which is done for the Ministry of Defence in relation to very minor claims. This is something which I for various decisions do not entirely find suitable that we should do it. It appears to have been done by us traditionally. It is not a major area of work, it does not appear to burden us in the office but I think it is not the best arrangement to have because we are really there to serve the Government of Gibraltar.

The matter I meant to refer to and which I meant to do is that one of the functions of the first of the two new officers being proposed will be to take under charge the land work of Government, the legal side of land work, the specific transactions, because I myself have a continuing interest in the more general aspect of land work, but this officer's first task will be to deal with the legal aspects of land transactions involving the Gibraltar

Government.

That will not be a full-time occupation by any means but it will be a significant part of his work and that was our first objective in providing for that post.

HON A LODDO:

Mr Chairman, presumably the Gibraltar Government is paid by the Ministry of Defence for this work undertaken, and if that is the case where is the payment reflected.

HON ATTORNEY-GENERAL:

Mr Chairman, I would like to stress - let me answer the question first: we are not paid for it. I would like to stress that it is a very minor element of work. I really think it is correctly described as a historical facet on the way in which our Chambers are run. I have already indicated, and I am sure the Ministry wouldn't misunderstand me, but I have indicated what my own thinking is on this, but it really is not a significant part of our work.

Personal Emoluments were agreed to.

Other Charges were agreed to.

Head 14, Medical and Public Health - Personal Emoluments

HON J B PEREZ:

Mr Chairman, If I may. There is a small amendment to the heading (c) Establishment and Salaries. There should be included an extra body totalling the establishment of my Department to 404, by way of a Clinical Tutor. This increase in the establishment is due to the forthcoming recognition by the General Nursing Council of our locally-trained nurses and in fact I made a mention of this in my contribution earlier on. Another point I would like to make, and I would refer Hon Members to page 127, in connection with the scales: under Scale 1, in which it says, Consultant, and then in brackets (without private practice), the words in brackets should not be there, they should be deleted. There should not be any mention of private practice. The Hon Mr Scott brought this to my notice last year.

HON G T RESTANO:

Well, Mr Chairman, I must admit that I feel rather disappointed. Just now when he said that his establishment had been increased by one, I was hoping to hear that he had at last taken the decision to appoint a seventh doctor at the Health Centre, but anyway! Mr Chairman, on the

emoluments, how is it that there is such a minute increase between the Revised Estimates of 1980/81 and the Estimates for 1981/82, for the whole of the Department. From £2.564m. to £2.565m., just £1,000 difference.

HON J B PEREZ:

Because that is in fact the estimated expenditure for this year. We are not dismissing anybody, we are just applying the same rates of wages and salaries as we had for this year. We haven't estimated for any possible increases in salaries during the year. The estimated expenditure for 1981/82 for salaries, overtime and allowances, are just based on this year's salaries.

HON G T RESTANO:

That is, Mr Chairman, a different policy from most of the other Departments that we have gone through, where there have been more substantial increases than in this.

MR CHAIRMAN:

Isn't there a difference reflected in allowances?

HON G T RESTANO:

I am looking at the total personal emoluments.

MR CHAIRMAN:

Yes, but the answer, I think, to your question is that there is less provision for allowances and less provision for gratuities.

HON G T RESTANO:

Yes, but the total at the end of the day is virtually the same?

MR CHAIRMAN:

Oh yes, I accept that.

HON G T RESTANO:

This is entirely different to most other Departments and I wondered why this particular department was handling this somewhat differently.

HON J B PEREZ:

There is no particular reason.

Personal Emoluments were agreed to.

Other Charges

HON G T RESTANO:

Subhead 9, Drugs, Dressings and Pharmaceutical Sundries. It is a very heavy amount, £630,000. Can the Minister say in what way he will be attempting to hold any possible increases during the coming year.

HON J B PEREZ:

I think, Mr Chairman, that I mentioned what we had done and had achieved during the last year. I mentioned two particular things that we had achieved, and that was primarily, I think we have been successful through the cooperation of the GPMS Doctors and the chemists, and the work of the Administrator and the Director, to control the element of over-prescribing which was rampant during the last two years. We have kept the number of items on prescriptions on the same level. I also mentioned in my contribution, Mr Chairman, that in most cases we had informed the doctors to prescribe generic names and not particular trade marks, like, for example, Panadol and Paracetamol, and we have even gone to the extent of telling chemists that if they find that there is a particular prescription, a particular item in a prescription, which, for example, say, Panadol, and Panadol is in fact dispensed, when it comes to payment by us we will only pay for Paracetamol. These are two of the main things in which we have been successful in the last year of trying to implement.

In fairness, I think I ought to inform the House that I am giving very careful and serious consideration to the question of increasing prescription charges. I think it is fair to inform the House that this is very uppermost in my mind and this is something I will have to make up my mind on in the very near future, because I think that prescription charges are rather low at this particular moment of time. We are only charging 20p per item and in a way by increasing the prescription charges sometime later in the year, we may be able to achieve a very real element of constraint on this particular subhead.

HON G T RESTANO:

Mr Chairman, can the Minister say how much of the £630,000 is spent in Gibraltar and how much direct purchase is made from abroad?

HON J B PEREZ:

I think we can divide the £630,000 into three headings and it will answer the question made by the Hon Member. Under the GPMS, which is the first heading, that is the money we are paying to chemists, so obviously we have nothing to do with the source of purchase, that is left to the chemists. We have another element there included in the £630,000 which is due to Chemists' Duty Fees, that is, for opening in the evenings and during weekends, and I shall give the members the exact figures now. The GPMS we have estimated at £417,000, around £8,000 a week; Duty Fees paid to Chemists £7,000; that is for opening after hours. On Other Drugs, which are drugs purchased by the Government from the UK or in certain cases in Gibraltar, we provide a total of £86,000. I am afraid I have not got the information in connection with the £86,000 available at this particular moment of time but I will let the Honourable Member have it later on in these proceedings. I think he wanted to know of the £86,000 how much we purchase from local people and how much we purchase from UK. I will give him that later on.

HON G T RESTANO:

Thank you, Mr Chairman. Can I have the same breakdown for the next item, subhead 10, Medical and Surgical Instruments Apparatus and Appliances.

HON J B PEREZ:

I regret I have not got that information either but I shall give it to the Hon Member later on.

HON G T RESTANO:

Can the Hon Minister say, I see there is a small explanation at the bottom saying that this is for essential replacements, could he give us details of what sort of replacements these are?

HON J B PEREZ:

Surgical, medical and surgical, and it also includes laboratory equipment as well. For example, we have split that vote up into repairs and replacements £23,000; spares for equipment £8,500; X-Ray £600; and laboratory equipment at around £9,000 to £10,000. That is all types of apparatus like pipettes, test tubes etc.

HON G T RESTANO:

Subhead 15, Staff Wages £485,000. How many industrials does this apply to?

HON J B PEREZ:

Mr Chairman, I gave the exact amount in my statement only two days ago but for the benefit of the Hon Member, I think it was 107, but I can check.

HON G T RESTANO:

Subhead 18, Expenses of Visiting Consultant. Could we have a breakdown of the £24,000?

HON J B PEREZ:

This is based on previous performance throughout the last two years, on the number of visits made by the various Consultants. In that vote we have also included an element for locum which are temporary reliefs. The exact amount for the locums is around £8,000, the remainder, which is £16,000, is in fact for visiting Consultants as such. For example if one of our Consultants goes on holiday he has to get a locum to replace him during his holiday break. The way we have estimated the £16,000 is that we have taken the number of visiting Consultants, we have six visiting Consultants, most of them come four times a year and in fact we pay them the total sum of £500 per visit. Apart from that we also pay for their passages and we pay them subsistence allowance of £27 a day. On the whole we estimate that we will have approximately twenty visits during this coming year, but then again this may vary because there are, I can mention for example Dr Bromley, who comes as and when required: during one month he may come on two or three occasions, there may be a particularly bad case which may need his expert services and we just 'phone him and he comes straightaway. There again, for example, Dr Shaw the ENT Consultant, comes around four times a year; the Radiologist, Dr Craig, he normally comes every three months as well; and also the Psychiatrist, Dr Grossman, who comes three or four times a year. It is an estimate and we estimate around twenty.

HON G T RESTANO:

Subhead 19, could we have an explanation for the increase of 112%?

HON J B PEREZ:

Mr Chairman, I think there is a change between the approved.

and the revised from £6,900 to £4,900, there are £2,000 less there. That was due to the fact that we were unable to find the type of kennel which we were going to have and which were recommended by the Anti-Rabies Committee, and this year instead of purchasing four kennels we intend to purchase six, and we already have a site earmarked for this particular purpose.

Other Charges were agreed to.

Special Expenditure

HON G T RESTANO:

Could the Minister explain the new equipment to be purchased under subhead 80?

HON J B PEREZ:

Mr Chairman, I have a very long list which I can undertake to give to the Honourable Member to save the time of this House, but let me add that this year what we have done is that we have specifically requested each and every head of each Ward and of each particular department, like Maternity, the KGV, the ENT to submit to the Director a list of everything they would like in this particular year. What we have done is we have prepared a very large list, we have sought quotations for the different pieces of equipment that they have sought and once the money is voted and once we have all the quotations, the Director, in consultation with the senior members of the hospital, will in fact select which particular equipment we shall buy for this particular year. But I can let the Honourable Member have the list.

Special Expenditure was agreed to.

Head 15 - Police - Personal Emoluments were agreed to.

Other Charges

HON W T SCOTT:

I think it was at this stage last year at the budget session that was projected the opening of the frontier. I think the House talked at some length of trying to substitute some of the uniformed personnel performing clerical duties within the Police Force by white collar workers, and I am wondering in fact in relation to the report on the Police published recently and the call made by the Commissioner, whether in fact over the last year there has been any move in that direction.

HON ATTORNEY-GENERAL:

Mr Chairman, no progress has been made in the last year in that direction.

HON W T SCOTT:

Can we have some reasons. Are we waiting for the frontier to open before any move is made?

HON ATTORNEY-GENERAL:

I think the present position is, Mr Chairman, that a move in that direction, to bring in civilians for the clerical side, is something which the department is not ready to proceed with at the moment.

Other Charges were agreed to.

Special Expenditure.

HON A J HAYNES:

Mr Chairman on this Personal Expenditure vote, I see there is a purchase of two new engines for the Police motor boat Gulloch, but I find also under the Head 4 Maintenance and Running Expenses of motorboats.....

MR CHAIRMAN:

No, no, we have taken a vote on that already.

Special Expenditure was agreed to.

Head 16 - Port - Personal Emoluments were agreed to.

Other Charges.

HON DR R G VALARINO:

Mr Chairman, could I point out that due to an unfortunate oversight the explanatory note (a) against Item 5 should be deleted.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 17 Post Office Savings Bank Philatelic Bureau:

(1) Post Office and Savings Bank - Personal Emoluments.

HON MAJOR R J PELIZA:

Mr Chairman, on the establishment I see that three Clerical Assistants have been disposed of. The establishment is down from 63 to 61.

HON H J ZAMMITT:

Mr Chairman, as a result of staff inspection it has been recommended that we do away with the Philatelic Clerical Assistants in the Post Office and likewise the reduction of another Clerical Assistant in the Philatelic Bureau. Like the Honourable the Financial and Development Secretary, and like you, Sir, I am not completely satisfied with the staff inspection and I am taking the matter to Council of Ministers, because we have since found that in the Philatelic Bureau we are receiving about 100 new accounts on average per month. When the staff inspectors did this about 6-7 months ago, they tried to establish a figure of accounts that each Clerical Officer would have to attend to: now in fact they are doing far beyond what they then suggested, so I will be bringing a paper to Council of Ministers to try, and I hope succeed, in recouping these Clerical Assistants.

HON MAJOR R J PELIZA:

I was just about to congratulate the Minister on his productivity, Mr Chairman, but I will now have to wait!

HON W T SCOTT:

Can the Minister say whether these 3 Clerical Assistants are still employed by Government, there has been no redundancy.

HON H J ZAMMITT:

Oh, no, Sir, they were going to be posted elsewhere.

HON W T SCOTT:

And is it not a fact that some of these Clerical Assistants have been promoted to Clerical Officers under subhead 12 on the establishment.

HON H J ZAMMITT:

It could well be the case, Mr Chairman.

HON P J ISOLA:

Could I ask about the manning of the counters. We

continue to receive complaints at the fact that there are five windows and rarely more than two are manned. Can we be told what is the manning position on a daily basis at the counters.

HON H J ZAMMITT:

There are 3 positions open and a fourth position in the Savings Bank. I do accept of course that on the occasion of the official tea-break there could be the closing down of one of the positions.

HON P J ISOLA:

If I am asked I can tell people that there are three windows open all day, is that it, except for tea-breaks. This is what we want to know.

HON H J ZAMMITT:

The Hon Member could say that. It is certainly an argument that I would have to place before my colleagues, that the clerical assistants that they are trying to get rid of do in fact cover such things as illness when it occurs down in the counter. I accept that there is a time in the morning when the pressure there is quite bad, I accept that.

MR CHAIRMAN:

Of these positions one deals with registered mail, is that right?

HON H J ZAMMITT:

Yes. One does registered airmail and express letters.

HON P J ISOLA:

So from what the Minister is telling me, is it really that although there should be three permanently, because of tea-breaks and illnesses and sick leave, we must not expect more than two on average. Is that it or would that be wrong?

HON H J ZAMMITT:

Well, Mr Chairman, it could be right and wrong. We attempt to have the three open but there are circumstances, and I accept this is a case that I will have to make to my colleagues, that as happened not so long ago, one employee fell sick and had to go away and we had no one to cover the counter. I am afraid that the

staff inspection said that that was enough and, therefore, I have to appeal to my colleagues now.

HON P J ISOLA:

Can I ask then. There is one for registered mail but there is no registered mail being taken: is that the position still?

HON H J ZAMMITT:

I am told, Sir, that the possibility of the industrial action that commenced a few days ago may be off by Monday. I think the persons concerned, on hearing what I had to say here in my contribution on the Second Reading of the Bill, I think that something has happened since then, and some temporary measure is being done and they are going back, but I think that up until today they were not accepting registered airmail.

Personal Emoluments were agreed to.

Other Charges.

HON MAJOR R J PELIZA:

Mr Chairman, I don't know whether the Minister remembers, I am sure he does, about the renting of vans for collection and delivery of mail. I suppose that the item on the Maintenance and Running of Vehicles is not part of it and that nothing has been included in the Estimates for that sort of thing. I think he said that they were going to do away with that altogether and they were going to have their own van.

HON H J ZAMMITT:

Yes, Mr Chairman. If he cares to look down at Special Expenditure Item 81, he will realise that we are buying a further mail van, and last year we bought two vans instead of one. We were able to make a saving last year and there were two vans purchased and a third mail van is being purchased this year. I think unless we are very very unlucky with three or four breakdowns, there will be no need certainly this year to have to hire transport.

HON MAJOR R J PELIZA:

And therefore no provision has been made.

HON H J ZAMMITT:

No provision has been made because we have two new cars already.

Other Charges were agreed to.

Special Expenditure was agreed to.

(2) Philatelic Bureau - Personal Emoluments

HON MAJOR R J PELIZA:

May I, Mr Chairman, take the opportunity of congratulating the Minister and his Department for the successful venture. I said so yesterday and I would like to emphasise it now.

HON H J ZAMMITT:

I will accept all compliments provided it goes to all my colleagues here who has done all the spade work and hard work.

Personal Emoluments were agreed to.

Other Charges

HON MAJOR R J PELIZA:

On the question of the commission and I think we have had this before, £120,000, which is of course a very high sum. I was looking at the percentages in the past and I notice that the Approved Estimates of 1980/81 came to 16.66%, then the Revised went up to 18.96%, and now 1981/82 it is 18.46%. Is there a set percentage at all?

HON H J ZAMMITT:

Yes, there is, Mr Chairman, but where the Hon Member has gone wrong is that he has probably not given any percentage from the direct sales that the Bureau itself makes. The Bureau sells about £200,000 per annum, on which of course we do not pay ourselves commission, and there is a difference between Crown Agents and the other agents.

HON MAJOR R J PELIZA:

Subhead 8 which is Printing and Stationery. Could the Minister say what the £12,500 is for?

HON H J ZAMMITT:

Yes, Mr Chairman, Printing and Stationery is that we have to provide an enormous amount of literature which we send out to all our 14,000 accounts, and of course we keep them up to date with new issues coming out and remind them of course how their accounts stand, and out of sheer nicety it is done on a nice sort of paper and not just on ordinary. . . .

HON MAJOR R J PELIZA:

Finally, Mr Chairman, on item 9, which is Rent of Offices. What is this?

HON H J ZAMMITT:

Our Bureau as you know is in Leon House in Secretary's Lane and, therefore, we pay rent for that.

HON MAJOR R J PELIZA:

I suppose that is something that is being taken into account by this committee which is looking into it.

HON H J ZAMMITT:

Yes, Mr Chairman.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 18, Prison - Personal Emoluments.

HON W T SCOTT:

Last year, we see from the Approved Estimates, the incidence of overtime expressed on salaries in fact is rather large. It is something which works out to almost 37%. This year it is even greater, it is in excess of 40%. Can we have some explanation from the Minister into this, what at first sight appears to be pretty excessive element of overtime?

HON MAJOR F J DELLIPIANI:

Mr Chairman, Prison Wardens work a 48-hour week and, therefore, anything over 40 is considered as overtime. One of the big problems we have is that when prisoners are in hospital we have to provide for the security of that

prisoner and that entails a 24-hour watch and that incurs a lot of overtime. When we are talking of a relatively small staff of 20 and when you have just one prisoner it means three Prison Wardens really looking after one prisoner on a 24-hour basis. We have had quite a few cases last year of prisoners in hospital and they require supervision.

HON W T SCOTT:

What certainly from this side of the House, Mr Chairman, appears to emerge is that there is a need to employ more Prison Officers.

HON MAJOR F J DELLIPIANI:

It could be but once you employ a Prison Officer and we have taken one more already this year, but if you start increasing the establishment of Prison Officers afterwards it is very hard, if the population comes down, to get rid of them.

HON W T SCOTT:

We want to get rid of the prisoners!

HON MAJOR F J DELLIPIANI:

That is it. It is better to be able to control the establishment rather than increase the establishment and find that because the crime incidence has gone down that we are left with 30 Prison Wardens and two prisoners. I think it is better to control it this way. It is a fluctuating situation.

HON W T SCOTT:

Yes, but I did qualify, Mr Chairman, I did say originally that the pattern seems to be emerging over the last few years.

HON A J CANEPA:

Perhaps I can help the Hon Member, Mr Chairman. The Expenditure Committee did an exercise with a view to seeing whether the whole of the overtime could be eliminated, work a forty-hour week and employ more people. The net savings in a year, by employing more people and cutting overtime completely was £4,000. But that did not take into account long term expenses, such as if you increase the number of staff then you've got commitments in respect of pensions and gratuities at a later date, not to mention uniforms which is a fairly expensive item in the Prison Service; accommodation which you have to try to

find these people and so on. So it was hardly worthwhile, and from the point of view of incentive this has become a rather difficult job in the last few years and to make it sufficiently attractive, you have to ensure that earnings are high. So if people are just going to be working the basic 40-hour week you may have recruiting problems, either you may not be able to find the number of people that you need or the people of the necessary calibre, so this is a consideration that also had to be kept in mind.

HON W T SCOTT:

Yes, perhaps the Honourable Minister for Economic Development has misunderstood me. I didn't advocate in fact that we should cut out overtime altogether. I know the problems, obviously, I'm certainly familiar with some of the problems that people working in this department might experience. What I was trying to suggest is cutting down the level of overtime.

HON A J CANEPA:

Well, the increase of staff by one is precisely to at least try to keep the overtime nearly to 48 hours because it is running higher than 48 hours because of other problems.

Personal Emoluments were agreed to.

Other Charges

HON A J HAYNES:

Under Item No. 4 Rehabilitation and Education of Prisoners. Could we have an explanation as to what this entails?

HON MAJOR F J DELLIPIANI:

Mr Chairman, we have done some work over the year in making certain rooms, certain space, available within the prison complex whereby we can provide some kind of training for prisoners in the sense that they could do a little bit of carpentry, brick-laying and things like this which we could control. The item basically would be on expenditure of materials. In fact, we have trained officers to be able to carry on this kind of work.

HON A J HAYNES:

Is the Minister satisfied that this in fact is enough to warrant the item being called Rehabilitation and Education of Prisoners? Is there nothing more they can do?

HON MAJOR F J DELLIPIANI:

Well, you know, it's an item on its own because we want to distinguish that we are doing some kind of work. We also get a teacher going to the prison and in fact I've only recently had, under my other hat, our Curriculum Coordinator going to the prison and he has come up with some suggestions on the educational side of prisoners. So we are working in that context too. Maybe next year it will be slightly larger.

HON A J HAYNES:

Is the Minister thinking of having a Rehabilitation Centre some time in the future?

HON MAJOR F J DELLIPIANI:

Some time next year.

HON A J HAYNES:

Another point, Mr Chairman, a question which in fact I'm not sure how to fit into the item: it's the question of whether the security measures in the prison have now been relaxed after the prison riot, or whether prisoners do spend a large proportion of their time in cells? Could the Minister tell us how long the prisoner is expected to spend in a confined room?

HON MAJOR F J DELLIPIANI:

The prisoners are outside their cells most of the time except when they are locked up at night. We have a common room with a television and a video machine, so they are quite well entertained. The atmosphere has changed considerably from being confined to one room where the atmosphere is not conducive to good security. As to the question of television, what happened was that viewing time for them was when they were in the cells, so they were missing out on television programmes etc., and now with video they can watch the television at the hours when they are normally outside their own cells.

MR CHAIRMAN:

The restrictions imposed after the riot have been lifted now?

HON MAJOR F J DELLIPIANI:

Yes.

HON A J HAYNES:

Sir, I understand the video was in fact an anonymous donation. But, what I'm getting at is that apart from being able to watch the video as I understand it, the prisoners do not all watch the video all the time.

HON MAJOR F J DELLIPIANI:

No, we have working parties too which the prisoners can join.

HON A J HAYNES:

What I am getting at, Mr Chairman, is I understand that it is possible for a prisoner to be locked in his cell up to 12 or 16 hours in one day of 24 hours.

HON MAJOR F J DELLIPIANI:

I have never heard of that.

HON A J HAYNES:

Well, can you give me the rundown of when the prisoners are in their cells?

HON MAJOR F J DELLIPIANI:

They are locked from about 7 or 8 in the evening until about 7 or 8 in the morning.

HON A J HAYNES:

And for the rest of the day they are free?

HON MAJOR F J DELLIPIANI:

They are free, yes. They're free and they are out in work parties plus the maintenance that they do within the prison.

HON A J HAYNES:

On the question of Clothing for Prisoners, Item 7. There has been quite considerable changes in expenditure here, over the years. Can the Minister inform us whether there have been or not warm weather clothing for the prisoners during this winter.

HON MAJOR F J DELLIPIANI:

Yes, in fact we purchased army-type jerseys for them.

Other Charges were agreed to.

Special Expenditure was agreed to.

HON H J ZAMMITT:

Mr Chairman, before my colleague stands up, I am pleased to report that I have just received information that the industrial action at the Post Office has been lifted.

Head 19 Public Works - Personal Emoluments were agreed to.

Other Charges

HON W T SCOTT:

Sub-head 6, Mr Chairman, Unallocated Stores, which includes purchases, freight and other charges and so on and so forth. If I can relate that to sub-head 7, surely once the stores reach their destination, Government Stores, the element of lighterage and landing is reflected in them already. Can I have some explanation as to what is meant by lighterage and landing charges, therefore, in sub-head 7?

HON M K FEATHERSTONE:

What it says, what is paid to the shipping agents who handle the lighterage and landing.

HON W T SCOTT:

Yes, but the lighterage and landing on what?

HON M K FEATHERSTONE:

On the various stores that come in.

HON W T SCOTT:

This is exactly why I introduced it that way, because once the stores are in the stores in fact, the value of the stores includes the element of lighterage and landing surely. Or it should.

HON M K FEATHERSTONE:

No Sir, they've always been kept separate, I think afterwards they will be included in the total costs. But the lighterage and landing has for some unknown reason been kept as a separate item all the way through.

HON W T SCOTT:

So in fact, therefore, the lighterage and landing of £3,000 only refers to the £50,000 and not to the whole total of £440,000.

HON M K FEATHERSTONE:

No, it refers to the whole £440,000.

HON W T SCOTT:

But I can't see the consistency then, Mr Chairman. There are only £50,000 out of £440,000 on the allocated stores, only that part is put in into that particular column, and yet in the next sub-head some of the charges of lighterage and landing, the charges there reflect on the whole of the £440,000, and yet it comes under that particular sub-head. Shouldn't this go to other sub-heads and services.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, since time immemorial, this has been the way in which it has been done, I have just enquired from one of my staff. We'll look at this. I think the Honourable Member has a very good point. We will look into it.

HON MAJOR R J PELIZA:

Item 11, Mileage Allowance. I notice that there has been an increase of £4,000 on the approved estimate: but I also note that in 1979/80 it was £4,700. Can the Minister explain the jump, there's quite a big jump, and also to whom is this mileage allowance allotted?

HON M K FEATHERSTONE:

Part of the reason for the jump is the increased cost of fuel and oils for motor vehicles. This is paid to officers who use their own vehicles to get from one place to another. A very detailed list is kept of every journey they make and this is sent in every month so that one knows what mileage they are doing.

HON MAJOR R J PELIZA:

It's nearly 100% jump of fuel and oils, is that correct?

HON M K FEATHERSTONE:

Last year it was under estimated as you see the revised estimate was £8,300.

HON W T SCOTT:

Sub-head 12 Protective Clothing for Non-Industrials. I see it has gone up from £400 to £1,800. Is it new duties that are going to be assumed by the non-industrials, or is it the possibility where non-industrials requiring the protective clothing in the past did not have it and thereby putting some of them at risk?

HON M K FEATHERSTONE:

Sir, this runs on, I think, a yearly cycle. Every three years we have to replace certain items and that is why for the other two years the figure is relatively low: when the third year comes round and you have to replace for example, raincoats for everybody, it is a big expense in that year. And this is the year when we have to do the big replacement.

Other Charges were agreed to.

Head 20 Public Works Annually Recurrent

Beaches

HON W T SCOTT:

Mr Chairman, can I have the wages element contained within the £144,000 appearing under the sub-head, please?

HON M K FEATHERSTONE:

Yes, £123,232.

HON A J HAYNES:

Is it to keep the beaches clean or not?

HON M K FEATHERSTONE:

As I said, it depends on the rate at which people dirty

them. If people dirty them to such an extent that you cannot cope, then it doesn't keep them clean. Under normal circumstances, it does keep them clean. But when people bury such things as melon rind etc in the beach, and you don't trace it for two or three days then perhaps it gets a little dirty.

HON P J ISOLA:

How many people are involved in beach cleaning?

HON M K FEATHERSTONE:

Nineteen, Sir.

HON A J HAYNES:

This appears to be one of the vital FOUR'S's as stated by the Minister for Tourism.

I do hope that the Minister rather than blaming those who dirty the beaches, will make an effort to ensure that the beaches are kept clean.

HON M K FEATHERSTONE:

The Minister does not blame those who dirty the beaches, what the Minister does say is that there is ample provision on the beaches for bins etc, and I hope that the general public will use them at all times and not leave, as they do on occasions, broken bottles in the beach, melon rinds and various other unpropitious articles. There are plenty of bins, and I would ask the general public, and any member of the opposition, and indeed of this side of the House, if they have the opportunity to speak to anybody about the cleanliness of the beach, to insist that those bins should be used.

HON P J ISOLA:

Sir, if the people did that would there be need for such a labour force on the beaches?

HON M K FEATHERSTONE:

Well, the beaches would be much cleaner, and if they were so clean, we might be able to cut down the labour force, but as the number of people are spread out fairly well, it might mean that some people would have a little bit of an easier time. I don't think it would cut the labour force very much.

HON A J HAYNES:

Sir, I am not quite certain on this: is the Minister saying that if people do things like throw glass and bury rind, that nothing will be done about it?

MR CHAIRMAN:

No, no, the Minister will not answer that.

Beaches was agreed to.

Maintenance of Buildings

HON W T SCOTT:

Mr Chairman, on the Government Offices and Buildings, are there any offices or buildings there that are not occupied by the Public Works Department?

HON M K FEATHERSTONE:

I don't quite understand that question.

HON W T SCOTT:

In the maintenance of buildings under that sub-head, is it buildings occupied by Government generally or just occupied by the Public Works Department?

HON M K FEATHERSTONE:

No. This is the maintenance of all buildings occupied by Government.

HON W T SCOTT:

Should not therefore the maintenance of the building say in the Secretariat, come under the head of the Secretariat?

HON M K FEATHERSTONE:

I think that to do that would be rather an invidious task because then every department would have their own separate little bits of maintenance, and since all that work is done by the staff of the PWD, it would seem rather strange to have it split up a little bit in the Education Department, a little bit in the Labour and Social Security etc. Since the labour and materials are provided by PWD then I think its in the right place.

HON W T SCOTT:

Surely, in fact, the same thing happens, on rather the opposite happens to this when the PWD Garage maintains the vehicles for other Government departments and charges them, and it appears in the other heads.

HON M K FEATHERSTONE:

Well, this is the way that it has been done for many years and I cannot see any great help in changing it.

HON W T SCOTT:

Well, except perhaps that we come up to a situation Head by Head when we have a more realistic figure.

HON M K FEATHERSTONE:

I think it might be more realistic in one way and less realistic in another.

HON P J ISOLA:

The £1,152,000 from housing. That, I presume, is exclusively spent and utilised in relation to Government Housing and nothing else.

HON M K FEATHERSTONE:

Yes, that is made up of the repairs to Housing under requisitions that come in, re-habilitation of housing, and heavy back-log of maintenance of housing, all Government housing.

Maintenance of Buildings was agreed to.

Emergency Service and Stores was agreed to.

Gardens

HON A J HAYNES:

Can the Minister give a breakdown of the figure as to the Upkeep of the Upper Rock, what that costs?

HON M K FEATHERSTONE:

About £25,000.

HON A J HAYNES:

Does this area include the pathway to the Upper Rock from Devil's Gap Steps?

HON M K FEATHERSTONE:

The repair of that pathway would basically not come in this Head, it would come under Roads etc.

HON A J HAYNES:

Can the Minister be more illuminating on the Upper Rock as to the areas that it includes?

HON M K FEATHERSTONE:

Yes. We have all the roads etc, the walls and the various other things in the Upper Rock that need such work as cementing etc, and for that there is a mason and 5 labourers employed. These labourers keep the roads etc, clear of debris, leaves, what have you, and they also undertake to make the firebreaks which we make every year so that if there is a fire it doesn't jump from one area to another.

Gardens was agreed to.

General

HON G T RESTANO:

Can the Minister say what coastal protection entails?

HON M K FEATHERSTONE:

Coastal protection, Sir, varies very considerably depending on the way the sea has behaved, especially over the winter period. Naturally, there is always some erosion that takes place and we tend to try and combat that as it goes along, but should anything severe happen in one winter then we might have to put in a bigger figure.

The idea this year is to improve the sea defence works to the north of the Lido at Catalan Bay where there is erosion all the time, it is undermining the road, and I invite anybody to go along and see that area. We have made quite a considerable advance to the works of the promenade between Catalan Bay moving northwards where

there is much more space now for people to sunbathe etc. We will also be doing more work to Keys Promenade at Camp Bay, and if you care to go down where the old Refuse Destructor used to be you can see quite a number of rather strange shaped pieces of concrete. We manufacture these and we plant these around in various areas to stop erosion. Those are the three main heads of expenditure.

HON W T SCOTT:

Mr Chairman, subhead 16. Again I did mention in my contribution on the Second Reading sick leave for workmen. I would like to have some form of assurance from the Minister that his Department, and he in fact, will be having a very close watch on this and monitoring it closely to see if the Department can reduce the 2.25 hours a week.

MR CHAIRMAN:

I think we have belaboured that point already.

HON M K FEATHERSTONE:

I am happy to answer that, Sir. We worked it out. Last year, as I said, it was .3 of a day, we have worked on a basis of .275, and figures this year have dropped from .317 down to .278 and the last average figure on 10 April was .273. If we can hold to that we have achieved our target. But we are not satisfied with that target of .273, we hope to make it even lower still.

HON P J ISOLA:

Can I ask, 1273, what is that in terms of hours per week?

HON M K FEATHERSTONE:

.273 of a day per week. If you multiply that by 8 you get the number of hours.

HON P J ISOLA:

2.18 hours per man per week. And that the Government considers a satisfactory level?

HON M K FEATHERSTONE:

No, that is what we estimated for this year which was an improvement over last year of some 10%, but obviously we

are not satisfied with that, we are going to try and get it lower than that figure. If it is lower then there will be a saving which you will see at the end of the year.

General was agreed to.

Highways

HON MAJOR R J PELIZA:

Mr Chairman, the Minister mentioned yesterday four car parks, Rosia Road, Varyl Begg, Moorish Castle and Winston Churchill Avenue, and that is going to cost £50,000. Can the Minister explain if this means we are going to have new places for cars, or it is just tidying up the area?

HON M K FEATHERSTONE:

In the main it will be new places for cars.

HON MAJOR R J PELIZA:

Can the Minister say how many, approximately?

HON M K FEATHERSTONE:

I think Moorish Castle is about 30; Winston Churchill Avenue is about 30; Varyl Begg is about 25; and Rosia Road will be about 30.

HON P J ISOLA:

As far as the Varyl Begg is concerned, I understand the Tenants' Association are concerned at the fact that the result of placing the Public Works Garage where it is now has resulted in a lot of cars coming into the area of people working in the Garage, thus contributing to the chaotic condition of parking in Varyl Begg. Does the Minister think that the additional 25 spaces is going to alleviate that situation at all?

HON M K FEATHERSTONE:

I am working very closely with the Tenants' Association of Varyl Begg. They have not represented this point to me. I think it has a certain amount of merit during the day time but of course the main need for parking space at Varyl Begg is at night and that is when those cars will not be there and the extra 25 spaces will be of value to the residents of the Varyl Begg Estate.

HON P J ISOLA:

During the day isn't there a problem because of people going away for lunch and coming back and a lot of car spaces are being taken by others.

HON M K FEATHERSTONE:

No, because the people from the garage will move away at lunchtime. I think there will be a reasonable interchange of traffic. It may make the road traffic heavier.

HON A J HAYNES:

Can the Minister tell me whether the pathway to the Upper Rock has now been repaired to their satisfaction?

HON M K FEATHERSTONE:

I have not been up there to inspect it myself but I will enquire for him.

HON W T SCOTT:

Mr Chairman, on Maintenance and Improvements to Roads, we see, and we are glad, that the Approved Estimate for last year was improved on and that almost £.25m. is being spent on improvements to roads, which I think Gibraltar sorely needs. But can I ask the Minister one question in particular, I think it is Europa Road and the paving of it, is the continuation of paving of that road reflected in the £231,000?

HON M K FEATHERSTONE:

May I ask the Hon Member what section of Europa Road he is referring to?

MR CHAIRMAN:

I think the one you referred to in your speech on the general principles, the paving of Europa Road....

HON W T SCOTT:

I am sorry, Mr Chairman, it is Rosia Road, not Europa Road, I beg your pardon.

HON M K FEATHERSTONE:

The paving of Rosia Road has got to a point where it will

more or less cease to continue because the rest of that road, all the way down to where Red Sands Road come into Rosia Road, will be moved back into the waste ground there to provide car parking space.

Highways was agreed to.

Mechanical was agreed to.

Pumping was agreed to.

Sanitation

HON A T LODDO:

On sanitation we have £35,000 on Toilets and Public Baths. May I ask which public baths? Where are these public baths? If my memory serves me right they were done away with over a year ago.

HON M K FEATHERSTONE:

Public shower baths, Sir.

HON P J ISOLA:

There is a substantial amount being voted, as the Minister has mentioned on collection and disposal of refuse, can we have a statement please on the position at the moment with regard to the collection of the rubbish dumps that are swiftly mounting all round Gibraltar?

HON M K FEATHERSTONE:

May I ask your indulgence and the Hon Questioner's indulgence to leave this till Monday when I hope to be able to make a comprehensive statement on it.

Sanitation was agreed to.

Salt Water Supply was agreed to.

Potable Water Supply

HON P J ISOLA:

I notice that we are paying for water importation.. The supply of water to shipping, is that what it is?

HON M K FEATHERSTONE:

Yes, when we supply water to shipping we have to pay certain people for various jobs, the water checker, there

are three labourers and they get overtime, but of course we get all this back through revenue.

HON P J ISOLA:

On the importation of water, I notice that £662,000 for 1980/81, for 1981/82 a lesser amount is expected, is it that the Minister expects rain at the end for the end of 1982 because with all the dry weather we have had presumably there will be a continuing need for importation?

HON M K FEATHERSTONE:

Yes, Sir, the reason that it was more expensive is that the £662,000 takes in the dry weather we have had up till the end of March. We hope in the next winter period we will not have such a dry period especially with the rain dance fellow that I am going to bring here and, therefore, we will not have so much need to import water.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, may I just make a point on the importation of water, £662,000, I have had to sign a Contingency Warrant for some £90,000 to add to this at the end of March, after the House had sat, because of the urgent need to bring in more water. I thought I should inform the House of this.

Potable Water Supply was agreed to..

MR CHAIRMAN:

I think we shall now recess, but before we do so I would like to remind Members that I circulated a table of times that we are going to meet as from Monday. There is a slight error, Monday and Tuesday we commence at 9 am and not at 9.15 am as stated in the paper.

So we will now recess until Monday morning at 9 o'clock.

The Committee recessed at 5.00 p.m.

MONDAY THE 27TH APRIL, 1981.

The Committee resumed at 9.05 a.m.

HON CHIEF MINISTER:

Mr Chairman, with your leave may we proceed with Secretariat just for a few minutes until the Minister for Port is here.

MR CHAIRMAN:

I was going to say that when we recessed on Friday we had finished Head 20 and we would go to Head 21 but we will now call Head 22, Mr Clerk.

Head 22, Secretariat - Personal Emoluments was agreed to.

Other Charges

HON P J ISOLA:

Transport and Travel, can I be told what it generally consists of?

HON ATTORNEY-GENERAL:

I think that will include the vehicle the messengers use to deliver documents.

HON P J ISOLA:

So it is exclusively internal transport and travel?

HON MAJOR R J PELIZA:

Mr Chairman, I see that the jump in this instance for the rent of flats and offices is in the region of £59,000, a jump from £95,500 to £154,700.

I know that the Financial and Development Secretary said that they were looking into all this but given the substantial increase now, and the very high amount that it is costing us every year, can the Financial and Development Secretary give an indication of by when he thinks he might be able to overcome this problem?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, I think I said in answer to the original question asked by the Honourable and Gallant Member that it was not until the new Girls' Comprehensive School was completed in 1982 and we are able to move the girls from their present school to the new school that the buildings at that end will become available and some of those will become available for office accommodation.

No one regrets more than myself the fact that it will be delayed to that period and the Government generally but this is a matter of fact and we cannot speed it forward.

HON G T RESTANO:

May I ask which flats and offices will be vacated when the move occurs?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, no decision has been taken yet on this because as I said earlier in this meeting there is an Office Accommodation Committee which is chaired by the Head of the General Division and they are working on the moves that will be made. It is not possible to say at this moment of time which rented accommodation will be given up, but obviously one will need to look at leases and costs in doing this.

HON P J ISOLA:

Information Department expenditure? Does that include entertainment expenditure.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Particular Entertainment is under subhead 12, all Official entertainment should come out of that.

HON G T RESTANO:

On Subhead 13, could the Government say why there has been such a large increase in Printing and Stationery?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

This is a heavy increase in printing and stationery costs generally.

HON G T RESTANO:

Is it the costs which have gone up, Mr Chairman, or is it that there is more stationery being used and more printing being used and advertising being used?

HON CHIEF MINISTER:

No, I may say something on this as I keep an eye on this one. No there is no extra other than may be required by the bureaucratic process. In fact on the question of Official Notices etc. the matter is being rationalised so that the expenditure is kept to the minimum though the information is carried on. Sometimes it has been found that the same Notice appears more in one paper than in another and it is being shared out in such a way that it will be rationalised much more than it is now. Some people take it for granted that notices are published in very big print or that they are duplicated etc. We did have an exercise on that aspect of the matter and that is being rationalised.

HON G T RESTANO:

The reason why I ask, Mr Chairman, is that with the introduction of photocopies, which as I have raised before is a very easy matter to make use of, I wonder whether that comes into this vote and how much of the increase of £35,000 is due to photocopying.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, I do not think that it is possible to break down the cost on photocopying. The main cost there, of course, is on the actual stationery and in fact there is no great increase there. However, when Council of Ministers were looking at the Draft Estimates they did note the heavy increase in printing and stationery and I was instructed to issue a letter to all Heads of Departments telling them to reduce the amount of photocopies that were being made and stationery generally and to cut back expenditure on this.

HON P J ISOLA:

Mr Chairman, still on Printing and Stationery, I would like to ask whether I am right in thinking, and if not could the Government give us some assurances on this, that printing and stationery given out by Government, especially printing, is restricted to companies trading in Gibraltar and producing the stuff in Gibraltar. We feel that the one way to help the local printing industry, which seems to be quite a young but nevertheless fairly

virile industry, is to ensure that the tendering is mainly between them where possible.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, I take the Honourable and Learned Leader of the Opposition's point. The only case that I know, and I am speaking now as Chairman of the Treasury Tender Board, that went outside Gibraltar was in fact given to a firm in Gibraltar but we then found that the work was in fact being done outside Gibraltar and the Treasury Tender Board have taken note of that fact.

HON A T LODDO:

Subhead 14, Recruitment Expenses, could the Government clarify two things: one, could they explain the size of the increase; and, two, what exactly are recruitment expenses?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, when we are recruiting overseas the recruitment is done through the Crown Agents. They advertise and this is the cost of the advertising and the selection procedure which is run by the Crown Agents.

HON A T LODDO:

That, Mr Chairman, explains for this fantastic jump?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, I have just heard before I came into the meeting that the costs of advertising for a Computer Manager and a Programme Analyst, comes to £3,500. It is very, very expensive.

HON G T RESTAND:

May I just ask why is it then, if these expenses are for the computer staff advertising, why doesn't it not come under the general expenses of computer expenses.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Because, Mr Chairman, all recruitment expenses are brought under the Secretariat vote because the recruitment procedure is carried out by the Secretariat and not by the Treasury.

Other Charges were agreed to.

Special Expenditure

HON P J ISOLA:

May I ask if it is two motor vehicles that are being bought?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman.

HON G T RESTAND:

Mr Chairman, on subhead 82, the inquiry into Departmental Functions and Efficiency, are these £15,000 expenses for the Inquiry into the Electricity Department?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, it is a provision for inquiries generally into departmental functions and efficiency but of course the first of these, as the Honourable and Learned the Chief Minister has announced, will be that into the Electricity Department. Whether or not it will be possible to have an additional inquiry during the year it is not possible to say at this point in time.

HON G T RESTAND:

Presumably, the £14,000 in the Revised Estimate of 1980/81 was for the Public Works Department, so is it expected that the whole of the £15,000 will be taken up for the Electricity Department, and if not how is the £15,000 being worked out?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, the £15,000 is based on the projected costs. In costing these exercises one works on the basis of current salaries, and salaries have gone up since last year. The Chairman, for example, will probably be paid on the daily basis of an Assistant Secretary or Grade 2 Officer in Gibraltar.

HON G T RESTAND:

Could we know, Mr Chairman, when this particular inquiry will commence?

HON CHIEF MINISTER:

I did say in my speech that I had approached a number of people, independent persons, to this enquiry. We have already made tentative arrangements through the Foreign and Commonwealth Office about people coming from outside on the industrial side and on the technical side. We are hoping to get an independent local Chairman. I have approached a number of people, there is one prominent Gibraltarian who is at present considering whether he will accept it. I may say that the three persons which we have approached were quite happy and ready to do it until they found the nature of the time that might have to be spent on it and then they declined because of excess work which I could well understand. There is somebody now who is prepared to do a one-and-for-all exercise, who had to withdraw from other public committees because of his commitments, and he has undertaken to look into the matter and to report back. He was attracted by the idea of doing it. We have another one who would have done a very good job and was prepared to take it on but unfortunately it could then have been said that he had some direct or indirect interests in the result because he carries on his business reasonably near the Power Station.

HON G T RESTAND:

In the event of no local chairman being prepared to take this on what would Government's policy then be?

HON CHIEF MINISTER:

Reluctantly I would have to ask for advice from outside to get it. I would like these inquiries if possible to be chaired by local people who have the local knowledge and the idiosyncrasies etc, but if we are stuck against the wall because we have no one who will take it, we must have the inquiry and we must have it early, and then reluctantly I would have to go for advice to London for someone to come out to do it. But I very much hope that that will not be necessary.

HON G T RESTAND:

Does the Chief Minister have a deadline?

HON CHIEF MINISTER:

The deadline will be the result of the next candidate's reply. I encouraged him to have a word with the Chairman

of the last inquiry so that he would know more or less what kind of commitment he was entering into. I think it is only fair when you ask somebody to do a job of work like that, when you cannot tell him what he has to do, to ask somebody who has done the same work before of a similar nature, although of course I did emphasise that certainly from the point of view of scope the scope was much more limited than the one on the Public Works Department, in the sense of area of responsibility. I did encourage him but as it happened the Chairman of the last inquiry was away from Gibraltar, - I think he is coming back today or tomorrow - so I cannot get a reply until some time next week. But if that fails then short of somebody coming out of the blue, so to speak, whom we had not thought of and probably we should have thought of before, but I do not think so, because we have gone through the list very thoroughly, then I would have to have recourse to outside help for this.

HON G T RESTAND:

Would the deadline be about two or three weeks from now?

HON CHIEF MINISTER:

Certainly, insofar as the decision on whether we have a local Chairman or not, yes.

HON W T SCOTT:

Presumably the Government has the intention of making all information available to this subsequent committee. Can the Government state whether in fact this committee, whoever is involved in it, that they will be given sight of the PC & R Report?

HON CHIEF MINISTER:

In respect of the last person I interviewed for the possibility of accepting the assignment, he asked about the terms of reference and I said that this would be completely at large for him to decide in consultation with whoever he wanted in the matter. I have no doubt that everything that is available will be made available to him for the inquiry.

HON P J ISOLA:

I hope including Mansard reports and debates on the power situation in Gibraltar.

HON CHIEF MINISTER:

I have also promised the possible incumbent the help of an experienced Secretary as a previous inquiry had, and a stenographer, and I would think that a person of experience similar to that of the one who was the secretary of the local committee would be available and he would ensure that everything which is relevant is made available. In fact, I mentioned, to give him an idea of the scope, I mentioned the fact that there had been a debate so that will be made available, there is no doubt about that.

HON P J ISOLA:

We certainly would like to say that although we are voting for these funds, the proposed inquiry falls far short of what obviously we have been asking. We feel that nothing less than a proper and formal public inquiry will clarify the situation.

HON W T SCOTT:

Subhead 83, can Government say on the Pensions Legislation Consultancy, exactly what is being consulted about, the terms of reference, the scope and so forth.

HON A J CANEPA:

This is in order to carry out and get advice into a very substantial amendment into the Pensions Ordinance in order to introduce a new Pension scheme for Government employees consequent on the implementation of parity. I would envisage a new Pension Scheme closer to what they have in the UK to replace the present Pension Scheme.

HON W T SCOTT:

So in fact this is exclusive to Government employees, for civil servants, and does not cover social pensions?

HON A J CANEPA:

Nothing to do with the Social Insurance.

Special Expenditure was agreed to.

Head 21, Recreation and Sport - Personal Emoluments

HON A T LODDO:

Mr Chairman, I notice that the Overtime and the Allowances amount to about 40% odd of the salary: can the Minister say how this is distributed amongst the employees?

HON H J ZAMMITT:

Certainly, the fact that the overtime and the personal allowances are so high in proportion to other departments is because we have to keep the Stadium going at rather inordinate hours, public holidays, etc. In fact we have to cater for the community which is normally on leave at the time and we find that we have to pay such things as shift disturbance allowance, allowances in lieu of overtime and acting allowances, and as we open on Saturdays and Sundays till eleven o'clock at night and public holidays, it is quite big. We could of course cut down by not providing the service but this we would certainly not like to do.

HON A T LODDO:

Mr Chairman, I am grateful to the Minister for that information. I did realise the reason why the overtime and allowances must necessarily be high because people want to play sport when they are obviously not working but that did not answer my question. I asked how this sum is distributed amongst the employees? I take it that this applies to the salaried staff.

HON H J ZAMMITT:

No, Mr Chairman, the only person who does not get overtime is the Sports Manager. All others are entitled to overtime.

Personal Emoluments were agreed to.

Other Charges

HON W T SCOTT:

Under subhead 2, what exactly is meant by Maintenance and Running Expenses of the Victoria Stadium?

HON H J ZAMMITT:

That means the following: the playing areas, maintenance and preparation, that includes hoses, ropes, measuring tapes, floor seals, maintenance and repairs of sports equipment, maintenance of machinery - that is the tractor - diesel

repairs, paint etc, normal maintenance, minor repairs and upkeep of buildings, cleaning materials, patch-up jobs, minor repairs, departmental transport, normally goods from UK, office furniture, equipment and cabinets, publications, postage, subscriptions to rule books and text books, clothing, cleaning materials and handyman tool replacement and equipment materials, etc.

HON W T SCOTT:

I am grateful, Mr Chairman, for that long list from the Minister. I think he mentioned upkeep of building.

HON H J ZAMMITT:

Yes, normal maintenance, that is minor repairs and upkeep of the building.

HON W T SCOTT:

And in the Public Works last Friday we had a huge vote here where I suggested to Government, I think it was in Annually Recurrent, but Government were saying in fact that they took under the Public Works Annually Recurrent vote, they took account of upkeep and maintenance of Government Buildings. I asked the Government at the time whether that vote should not go to each Department pro-rata and I find that in this particular one it seems to. I think there is a certain amount of inconsistency there.

HON H J ZAMMITT:

No, Sir, these are minor repairs. The Public Works Recurrent Expenditure goes into major repairs, not minor repairs. These are minor repairs which invariably the Public Works do or if not our own Handymen can do.

HON W T SCOTT:

I am using the expression that I was given of Upkeep of Buildings.

HON H J ZAMMITT:

Minor jobs required at the Stadium not major jobs.

MR CHAIRMAN:

Isn't that vote referred to in the Public Works exclusively for Government offices, buildings and houses. It is at page 70, Subhead 2. The Minister says it is basic maintenance.

HON H J ZAMMITT:

Under item 2, it is minor repairs.

HON W T SCOTT:

So in fact there is a wages element there as well, obviously?

HON H J ZAMMITT:

No, Mr Chairman, it is all on materials there.

HON A T LODDO:

Mr Chairman, I notice that on item 2, the Maintenance and Running Expenses, the increase is exactly 12½%. Does the Minister consider that that is enough to meet all the requirements of that list? Is that a reasonable sum to meet all the requirements?

HON H J ZAMMITT:

Yes, Mr Chairman, there is a slight increase, 12½%, and as I said mainly they are just on items which do not involve any question of labour and most of that is done by the staff at the Stadium. I think it is quite reasonable.

HON A T LODDO:

On subhead 3, Replacement of Equipment, the increase here is 20%, which seems to be more reasonable in the light of the ever-present inflation. Could the Minister say what exactly is this equipment?

HON H J ZAMMITT:

Yes, that is sports equipment, that is, nets, high jump equipment, a cricket mat, wickets, etc., corner posts, flags, marking machines, brushes like a rake that is pulled behind the trailer to comb and brush the surface, it is a dragnet thing that picks up all the muck there. This is one item we are buying this year that is not annual expenditure, it is particular special equipment that is required every four or five years.

HON A T LODDO:

Mr Chairman, on wages. Could the Minister say how many people are employed on the industrial side.

HON H J ZAMMITT:

I am afraid I haven't got that figure here, I wouldn't like to guess, but I will have the information within two jiffs.

I have it - it is 21 industrials.

HON A T LODDO:

Thank you, Mr Chairman.

HON W T SCOTT:

May I ask the Minister what element of overtime is included within the wages.

HON H J ZAMMITT:

Sir, essential overtime and weekend premiums as part of a normal working week is £18,050; public holidays is £1,100; and special sporting events, covering of absences etc is £1,500; a total of £20,650.

HON A T LODDO:

Mr Chairman, subhead 6 Official Entertainment. I assume that this is the expenses for entertaining visiting teams and the like. Will the Minister correct me if I am wrong.

HON H J ZAMMITT:

The member is not wrong.

HON P J ISOLA:

Why is there an increase in official entertainment and not an increase in contributions to Sporting Associations?

HON H J ZAMMITT:

There is an increase in official entertainment, Mr Chairman because of rising costs and the fact that we find it is difficult to keep that cost down though we do our utmost not to entertain without reservation.

HON W T SCOTT:

Mr Chairman the Government do their utmost to cut down or maintain the same level of financial assistance to sporting contribution and yet it cannot do the same thing for its own entertainment.

HON H J ZAMMITT:

We have not come to that vote yet, Mr Chairman, I will talk about the financial assistance, Sir, when I am asked.

Other Charges were agreed to.

Special Expenditure.

HON A T LODDO:

Mr Chairman, will the Minister not consider, seeing that the maintenance and running expenses of the Victoria Stadium was a very reasonable increase of 12 $\frac{1}{2}$ %, and the replacement of equipment. I would think in this day and age is an equally reasonable increase of 20%, would the Minister not consider it reasonable that contributions to sporting societies should have gone up at least somewhat, because we also have the official entertainment vote going up. Does the Minister not agree that inflation has to be taken into account when making these contributions to sporting societies?

HON H J ZAMMITT:

Mr Chairman, Government has not forgotten or ignored the fact that prices escalate and there will be a need, however, if Members will look there is £100 token there for the implementation of charges, and within that context there is a percentage of that amount going as a direct contribution to sporting associations. The other percentage will go to the obtaining of additional facilities. So upon the implementation of the charges the contribution will be probably more than doubled.

HON A T LODDO:

Mr Chairman, then I am right in assuming that they are dangling a carrot: if the charges are going to be implemented then we will take into account inflation, but if I cannot push through the charges then you will

have to do with the same as you had last year, or the year before.

HON H J ZAMMITT:

I do not think it is a question of "if", this is Government policy and Government will introduce charges at the Victoria Stadium.

HON P J ISOLA:

That was Government's policy last year, wasn't it? You said you would do it during the year and you didn't, Mr Chairman.

HON H J ZAMMITT:

Yes, Mr Chairman, we had an awful set-back, as I think Members are aware, and there is now a basic agreement that some form of charge will be made. As I said in my brief contribution a few days ago, whether the charges are to be membership, a count-per-hour basis, or charges, is a matter yet to be agreed to, but there will certainly be some form of charge.

HON A T LODDO:

Mr Chairman, be that as it may we believe that it is wrong that no provision should have been made for inflation in the grants.

HON H J ZAMMITT:

Well, I am glad the Member thinks that way but we think otherwise. We think that sports will benefit much more by a charge structure. Government does not want to make money out of the users of the Stadium, it merely wants them to contribute to its upkeep. We feel very strongly that they could benefit at least by double this amount which would be available to them as a direct contribution to sporting associations.

HON G T RESTANO:

Mr Chairman, am I to take it that that is a definite policy statement, that Government intends to make no profit at all from the charges and that all the charges will be returned to sport.

HON H J ZAMMITT:

Mr Chairman, no that is not so.

We intend to divide the takings three-fold. One third goes towards direct contribution to sporting associations; one third goes towards a further expansion to sporting facilities; and the other third goes to Government. Now the third that goes into Government is going in because whichever system we implement will require some additional staff.

HON A T LODDO:

Mr Chairman, my mathematics don't work out here. The Minister said earlier that if the charges are implemented the contribution to sporting societies would double virtually. Well, a third of £14,000 is very roughly £5,000 and I cannot see £5,000 being double to....

MR CHAIRMAN:

Why £14,000?

HON A T LODDO:

Because it is shown as expected revenue from charges.

MR CHAIRMAN:

We are talking about the increase and not the full charge.

HON A T LODDO:

No, the Minister has said that if the charges are implemented it could very well be that the contributions to sporting societies would be doubled. But it is expected, on page 10 subhead 6, that the receipts from the Victoria Stadium charges are expected to be £14,300. Now the Minister has just told us that these receipts will be divided three fold, one third of which will go towards contribution for sporting society. Well one third of £14,000 is not where double £12,500.

MR CHAIRMAN:

Well I think perhaps in order not to go on indefinitely you should ask the Minister whether he expects the charges to come to approximately £14,000, or to confirm the fact because otherwise we will get nowhere.

HON A T LODDO:

Thank you, Mr Chairman. Will the Minister confirm, he can take it whichever way he likes - that the charges if implemented will result in £25,000 contributions to sporting societies, or conversely that he has underestimated what he is going to get from charges in the Victoria Stadium.

HON H J ZAMMITT:

Mr Chairman, the charges at the Stadium, as I said before, are not yet agreed whether it will be membership, count per hour basis, or admission fee. In one instance I can tell the House the recoupment will be something close to £40,000, total recoupment. Now taking that into account we are now talking of an extra £15,000 roughly going each way. The £15,000 going into that, as I said at least would make up £37,000, the other £15,000 approximately going to further facilities, and the other £15,000 will have to come back to us as I have said before, because you have to have somebody either collecting money permanently at the Stadium or people to show cards to and this would require extra staff. We assess that by the introduction of a charges admission fee something like token £40,000 could be recouped.

HON P J ISOLA:

What is the staff required envisaged by the Minister on this.

HON H J ZAMMITT:

Mr Chairman, again it depends entirely on the scheme. If it is going to be a membership scheme then more staff would be required, we would require a Clerical Officer, and then we would require two people extra, which would probably mean four because of shift duties. If we want service we have to pay for it, there is no doubt about it, people cannot be expected to work until 11 o'clock and not be paid. We would require two people, one to examine cards and one to take money from persons who have

not become members through the turn-stiles. If there is a straight admission fee, that is everybody going in paying a fee, then of course we would only require probably one or two at turn-stiles.

HON P J ISOLA:

Is there any calculation between the rates of staff and income, because if the purpose of raising charges is to pay for staff is there any point in doing that, Mr Chairman.

HON H J ZAMMITT:

Of course we want to make sure that there is no further Government burden. No charges would ever pay the staff as such. Do not forget the Stadium is catering not just for competitive sport it caters for educational purposes too, so we can never expect the competitive sport to pay for the upkeep of the Stadium, it is just a contribution as is done everywhere in the world, Mr Chairman, Sir.

HON P J ISOLA:

We have said we don't favour the system that Minister is describing we have already given our views last year but there is now some democratisation apparently in the sporting committee in the sense that it is elected to the Sports Council so we do not wish to interfere with that sort of process of negotiations, but we have to express our concern that the Minister, who is the Minister for Sport really not Minister for Victoria Stadium, should feel that he can hold back at least giving the sporting societies the inflationary increase in costs which he is giving every other vote in his department, that he feels that he can hold that back and we wonder where that is in the interest of sport which he is meant to protect Mr Chairman.

HON H J ZAMMITT:

I don't see the argument quite honestly, I do not see why we should add more money to that particular vote when there will be more money. They will obtain an enormous amount of money, much more than they have ever had before.

HON P J ISOLA:

But the money must be put on the vote if it is going to be used surely, Mr Chairman.

HON H J ZAMMITT:

Well it is £12,500, Mr Chairman, and I think this is quite good. I think it is good money that the taxpayer is contributing towards the direct contribution to sport in addition Mr Chairman, to the facilities that are being offered. And I think, Sir, no one can complain, no one can complain about the facilities the Government offers right up to 11 o'clock at night and in addition you give Government grants.

HON P J ISOLA:

What the Minister is now saying is: now he seems to be coming out in his true colours, what he is saying really is, I don't want to increase that vote to sporting societies, we are going to stay exactly the same, that is sufficient in my view. But it is not in his view sufficient for example to keep the same amount of money for official entertainment: he pushes that up and other matters in the Victoria Stadium. What we are asking is that the contribution to the sporting societies should at least keep up with inflation.

HON H J ZAMMITT:

Mr Chairman, I would like to remind the Honourable Member opposite that way back in 1972, when I took over this ministry, there was £1,200 for that purpose which included cultural organisations; so I have had concern of raising that £1,200 to £12,000.

HON P J ISOLA:

If the Minister does the same sort of mathematics as the Chief Minister did in the budget yesterday in which he indicated a budget in 1971 of around £3m as against £50m today, if the Minister makes that sort of calculation as far as contribution to sporting societies is concerned he will find that there has been a real loss between 72 and 81.

MR CHAIRMAN:

Right, we are not going to argue any further.

HON A J HAYNES:

Mr Chairman, can I ask for some information?

MR CHAIRMAN:

Most certainly, if you wish to get some information, most certainly.

HON A J HAYNES:

On the charges structure. Will the implementation of the alterations to the charges structure allow those who pay more rights at the stadium?

HON H J ZAMMITT:

Absolutely not. If you pay a fee to go into a centre or stadium you pay a fee to go into the centre, it is not a membership scheme. A membership scheme, as I explained here in this House some time ago, entitles a member to make bookings, no other advantage. In these circumstances if we have an admission charge then there is no question of advantage you just go into the stadium and use the facilities.

HON A J HAYNES:

Could the Minister say is there any help to the sportsman who suffers from petty bureaucracy at the stadium. For instance, from my own experience and from that of others I know that if a football team books the main court and then when it arrives it is playing in the training area, if the other team does not arrive and they ask to have a game among themselves on the main pitch and they are told, no, you can only play on the main pitch when there is no other team, they say, well, can we go to the training area, and they say no you cannot go into the training area when the main pitch is booked. But they say the main pitch is booked by us and we are not playing. No, the rules are like that, and as such this team find that they cannot play amongst themselves and they have to go home, all because of some fairly minor rules. Similarly with the courts

inside the stadium, if the hour for badminton has expired and it is now the hour for volleyball even if there is no one there to play volleyball they no longer play badminton.

Now will the people who now pay to enter the stadium have any recourse to ensure that common sense is introduced to the legislation of the Victoria Stadium.

HON H J ZAMMITT:

Mr Chairman, Sir, common sense costs money. And because we don't allow any friendly games to take place under floodlight to keep costs down the fact that a team has booked the main pitch and has then been told to go into a smaller pitch I am afraid I couldn't answer that particular case at issue, I do not know the circumstances.

MR CHAIRMAN:

No, no, what you have been asked is that if a team has booked the main pitch and it doesn't turn up, or their opponents do not turn up and therefore they are not using the main pitch, they are not allowed to use the training area simply because the main pitch has been booked.

HON H J ZAMMITT:

Ah, Mr Chairman, that is not a stadium requirement, it is not a stadium condition. As I understand it, Sir, it is the Football Association when they have a game or they have a booking in the main pitch they do not want to have training on either side because the referee gets interference and in fact they do not even want athletics to take place.

MR CHAIRMAN:

Again I think you have missed the point. It is when the main pitch has been booked by two teams, one team turns up and the other one doesn't turn up, and, therefore, the main pitch is not being used, the team that has turned up is not allowed to use the training area because the main pitch has been booked, even though it is not being used.

HON H J ZAMMITT:

I do not understand the point that, if one of the two teams that have booked the centre pitch and one has failed to turn up and, therefore...

MR CHAIRMAN:

And, therefore, there is one team which is at a loose end and they say they want to go to the training area....

HON H J ZAMMITT:

I see, well I don't know, that particular one I do not know.

HON A J HAYNES:

I know because it has happened to me playing badminton. I have been told the hour is up, I can see there is no one else in the stadium, no one else is going to use that facility, yet because now theoretically it has switched to volleyball or what it was no one else can play badminton.

And similarly with football. The man in charge of the Stadium says, I know there is no one playing on the main pitch but since the rules say that when someone on the pitch or when the main pitch is being reserved, no one can play in the side pitches.

HON H J ZAMMITT:

All I do know about the badminton one, Mr Chairman, is that if somebody is playing badminton and they have a period and then the next game coming in is volley-ball, then of course there is a requirement to take those nets away and put up a volley-ball net. If the Honourable Member comes to see me on this I will take it up...

HON A J HAYNES:

Will the man who pays charges now be entitled to have the problem sorted out immediately or will he have to wait for a year before someone comes to the House and asks questions about it?

HON H J ZAMMITT:

Mr Chairman, no it is a question of policy and the staff at the Stadium carry out the policy. the Government implements and lays down.

MR CHAIRMAN:

What you are being asked is whether you are prepared to go into the matter to see that the policy is rationalised.

HON H J ZAMMITT:

I cannot promise that, Mr Chairman. Today we have a Sports Committee down there and any problems can come and be aired down with the Committee and I shall certainly consider and look at it.

HON MAJOR R J PELIZA:

In view that the Minister obviously has not got a definite plan on this business of collections, and in view also that he does not know what the cost of collection is going to be, couldn't the Minister appear to be more reasonable by saying that it is the intention of the Government to go ahead with the scheme but not necessarily say that it is policy already, before he knows what the scheme is going to be.

HON H J ZAMMITT:

I can assure the Honourable Member that I do know what the scheme is going to be, Mr Chairman. The fact is that if I said it then the Opposition would say I was not being democratic because I had not consulted the Sports Committee.

MR CHAIRMAN:

We had better leave it at that. Unless there is a question which is seeking information we are not going to debate the matter.

HON MAJOR R J PELIZA:

The only thing, Mr Chairman, is that certainly from the information given to this House he doesn't seem to know.

HON A T LODDO:

On subhead 81, £1,600 for the purchase of a Trailer Unit. Could the Minister say what this Trailer Unit is?

HON H J ZAMMITT:

Yes, Mr Chairman, this is the articulated trailer that goes on to the tractor which is now some ten years old and is being condemned. The police will not allow us to go on to the road with the trailer without buying a new unit.

HON A T LODDO:

On subhead 82, a token of £100, could the Minister say what this token is for?

HON H J ZAMMITT:

The token is for the implementation of a scheme which will necessitate a corridor being built from phase 2 of the Stadium to phase 1, a communication corridor.

HON A T LODDO:

Mr Chairman, where is the provision for the swimming pool which we were told about.

HON H J ZAMMITT:

I explained it very, very clearly, it is in Item 104, Public Works, subhead 8.

HON A T LODDO:

Mr Chairman, before we finish on Special Expenditure, I have noticed that there is no provision anywhere for benches of a more durable nature which were going to be looked into this year.

HON H J ZAMMITT:

Mr Chairman, that is in Item 104, Minor Works. If the Honourable Members kept their ears open and listened to what one had to say during one's contribution then they of course wouldn't ask such stupid questions.

MR CHAIRMAN:

Order, order! But you haven't finished your question. You have been asked why the Public Works and not this vote.

HON H J ZAMMITT:

I did, Mr Chairman, with great respect, Sir. It has been said by my Hon Colleague the Minister for Public Works, and it was in answer to the Hon Mr W Scott, that it was considered by Government that major repairs should be within Public Works and not itemised within each Department.

HON P J ISOLA:

I presume the Minister is talking of Head 104 in the Improvement and Development Fund and not the Public Works vote. Perhaps he would indicate in Head 104 which is the one? Is it Departmental minor works is that it?

HON H J ZAMMITT:

Yes, Mr Chairman, it comes under item 8, £292,310.

HON A T LODDO:

Mr Chairman, how can the building of a swimming pool be minor works?

HON H J ZAMMITT:

For a very simple reason, Mr Chairman, that the building of the pool will hopefully be carried out by the Royal Engineers through the excellent support that His Excellency the Governor is giving to this scheme. All that we will have to pay for hopefully is just materials.

HON A J HAYNES:

Does that sum also include any money for the mini-Olympics or not?

HON H J ZAMMITT:

No, Sir, we do not pay for the mini-Olympics, but it just shows you, Mr Chairman, how light-heartedly the Opposition take things regarding sport.

HON W T SCOTT:

If the Government reckon, whatever the precise details of the revenue-raising scheme on fee-paying that they have, and we accept what the Minister said that they have a scheme but obviously he is not at this stage willing to give it to the House, but he has a finite figure for revenue of £14,300 from collection of fees, and yet there is only a token sum for structural alterations to implement those charges. Can we have some ideas from the Government why this should be so.

MR CHAIRMAN:

It has been clearly said.

They only need £100 because all they have to do is build a corridor to join one part of the Stadium to the other to give access, I imagine. It is as simple as that.

HON CHIEF MINISTER:

Surely, Mr Chairman, some Honourable Members should realise that the token vote is only in order not to be able to alter the structure of the Estimates in the course of the year when we come for a supplementary and there is provision for it. It purely means an intention of which the House will have to consent to the structure of the particular expenditure.

Special Expenditure was agreed to.

Head 23, Telephone Service - Personal Emoluments

HON G T RESTANO:

Mr Chairman, could the Minister say...

HON DR R G VALARINO:

Before we start there was a slight mistake on Technician A: the five should be a three with the subsequent reduction in the total number which is 53.

HON G T RESTANO:

Could the Minister explain on Personal Emoluments why it is that for example in the other two Departments for which he is responsible, Electricity and Fire Services, the difference between the Revised Estimates for 1980/81 and the estimate for 1981/82 range between 26.5% for Electricity and 32.4% for the Fire Services, if the increases are added up together, but yet for the Telephone Department the figure is 97.7% in total increases.

HON DR R G VALARINO:

Yes, Mr Chairman, the Hon Mr Restano has obviously not read the little b. at the end of the page which says that Personal Emoluments provide for the temporary Telephone Trunk Operators previously included under the Improvement and Development Fund Head, Telephone Service. This applies to the salaries, overtime and allowances.

HON G T RESTANO:

Will the Minister say how many individuals this applies to?

HON DR R G VALARINO:

If the Honourable Member will look at the top of the page he will find out that under Temporary Assistance (14) there are eight Telephone Trunk Operators.

HON G T RESTANO:

The Minister is saying that for temporary assistants on eight Telephone Trunk Operators, that that is the reason for the difference between the average in his other two Departments of about 30% and 97% this year.

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HON DR R G VALARINO:

No, Mr Chairman, I did not say that. I gave that as the main reason. The other reasons are, as the Hon Member will see from the establishment, the five Trainee Technicians, the recruitment of the British Post Office technical staff and the salary of the temporary Trunk Operators. The rest of the increase reflects the 1980 Pay Award, annual increments and substantial increases in the on-call and other allowances, Sir.

HON G T RESTANO:

Would the Minister also say why the allowances have jumped so considerably, 67%? What is this in aid of?

HON DR R G VALARINO:

The allowances as far as I am aware, I am not as mathematically minded as the Honourable Member, but the allowances I do not think they have jumped up that high. The allowances cover temporary allowance, shift disturbance, substitution allowances, etc. All these allowances were reviewed during the last year, Sir.

HON G T RESTANO:

Would the Minister explain why it is, that he seems to think that the jumps have not been so great. I can tell him it is 67%. How do allowances jump in one year from the Approved Estimates to this year's by 67%?

HON DR R G VALARINO:

The Honourable Member still misjudges the point. I believe that little b. should be beside the allowances as well. The allowances not only cover the Telephone Trunk Operators but also the temporary Telephone Trunk Operators, therefore, the allowances cover the whole of the Trunk Operator figures. It is not only the twelve as envisaged but the whole number.

HON G T RESTANO:

For how long will this temporary assistance be required?

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HON DR R G VALARINO:

We have gone into this many times in the past and we have said that this will be required until IDD comes into service and we are able to dial straight through.

HON G T RESTANO:

Is the Minister saying that once IDD is installed these eight temporary Operators will be dismissed?

HON DR R G VALARINO:

Mr Chairman, these temporary Trunk Operators are being employed on a temporary basis. Once the IDD project has been introduced the whole situation will be reviewed and whether there is any need to retain any of the temporary Trunk Operators will then be looked into.

Personal Emoluments were agreed to.

Other Charges

HON G T RESTANO:

Mr Chairman, I would like to know first of all how many industrials are employed by the Department?

HON DR R G VALARINO:

Sir, the total number of industrials throughout the various sections of the Department is 71.

HON G T RESTANO:

May I ask, Mr Chairman, how much in wages is contained in subhead 5, 6, 8 and 9, and possibly 12?

HON DR R G VALARINO:

Mr Chairman, 5, 6, 8 and 12. Let us take subhead 3 which is wages as well, on subhead 3 the wages is £14,000; on subhead 5 the wages are £43,300, that includes wages and allowances, Sir. On subhead 6, Sir, the wages are £196,540 and allowances are £35,260. On subhead 8, the
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wages of the Apprentices are £5,250, and on subhead 12, wages are £24,310 with allowances of £3,360.

HON J. BOSSANO:

What is required is the total cost of employing the 71 industrials. Surely there is a figure that can be produced without everybody having to do individual additions for every subhead?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The figures which I have, Sir, total £351,000 for the basic pay, overtime and allowances.

HON G T RESTANO:

May I ask how much staff is in fact employed in the connection of new telephones.

HON DR R G VALARINO:

Mr Chairman, Sir, the connection of new telephones is done mainly by the external staff, it depends very largely on the external staff, and not only that, it has to vary according to a fine ratio between the amount of faults that industrials have to cope with and the amount of telephones that they have to instal, Sir.

HON G T RESTANO:

What I asked was how many were employed in the connection of new lines.

MR CHAIRMAN:

You have been told that none of them are employed in connections. There is a work force which deals with faults, installation of new telephones and such like and it depends on the load of work on one as to how much time they can dedicate to the lines. At least that is the answer as I understood it.

HON G T RESTANO:

Well, how much time would they normally dedicate to the

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installation of new telephones.

HON DR R G VALARINO:

Mr Chairman, this is really a supposition because an industrial...

MR CHAIRMAN:

If you do not know - I don't suppose a Minister is supposed to know the details to that extent. If you know the information give it and if you don't say you haven't got it. It is as simple as that.

HON DR R G VALARINO:

Certainly, Mr Chairman, the information is impossible to give but as we have already said before that 412 new telephones were installed last year.

HON G T RESTANO:

412, Mr Chairman. This is precisely why I was asking this question. 412 excluding Saturdays and Sundays and public holidays, is about 1 3/4 telephones a day, with a staff of - this is what I am trying to find out, but what sort of staff? I don't think it is a good position at all to be in, 1 3/4 quarters telephones a day.

MR CHAIRMAN:

Well perhaps I may suggest the question to be asked by the Honourable Member is, is Government satisfied with the productivity of the department. Let us not go into detail because otherwise we will never finish.

HON G T RESTANO:

He said in his contribution to the general debate that he was satisfied. And I don't think 1 3/4 telephones a day is anything to be satisfied about!

HON DR R G VALARINO:

Mr Chairman, if I could have a word. The Honourable Member forgets my opening address in which I said the line section was responsible for the connection of 412 new telephones, an increase of about 25% from last years figures bringing up the total number of telephone stations to 9,486. There were also 231 telephones moved from one address to another and another 228 miscellaneous work orders completed. Apart from this there is the fault repairs section Sir.

MR CHAIRMAN:

We are now debating generally the productivity of the department by grouping together the wages elements in six or seven sub-heads. That is what we are doing. I shall say it once again, we will deal with each subhead individually. Yes Mr Isola.

HON P J ISOLA:

Mr Chairman, what we are trying to do is to get Government to justify its expenditure, the money it is seeking. And what my Honourable Friend is trying to do is trying to ask the Minister if the expense justifies 412 new lines a year.

MR CHAIRMAN:

The question of justifying expenditure generally was discussed in the second reading of the Bill. The question of justifying a particular subhead is what should be done now: a particular subhead not the departmental Head.

HON CHIEF MINISTER:

Mr Chairman, I have said many times, if Honourable Members opposite are interested in any particular field of detail which it is impossible for Ministers to be responsible in committee - if it were when you have your civil servant next to you all the time but it is impossible for the Minister to know all the details. If any of this particular information on subheads were agreed such as the Honourable Mr Restano has been trying to obtain about numbers of people employed, how much money there is for wages and how much money there is on

overtime how much money is in allowances, if all these questions were asked in advance, Mr Chairman, or a notice were given in advance, then in the preparation of the estimates, which is a very elaborate matter in which Ministers have an early say and then there is a political say, then we would have this information available. This information is there it is all factual and easily available and can be given, there is nothing to hide. The point is that this is not the time really to be making sums as to how many people out of a general picture of what the Heads of Department have to cope with all the year.

MR CHAIRMAN:

Yes, I must say that I have been very strict since I have been sitting in this chair that I will not allow the business of the House to be interrupted by the fact that Ministers may not have the relevant information and will need to consult civil servants in the House. I have not allowed it to the extent that I have given my ruling to Government that civil servants should not approach them; that they should approach their civil servants, because otherwise we cannot have a coherent fluent debate or procedure in the House. It is getting to the stage now where we are even waiting and stopping to see whether members can do calculations. That is not the way to run the House and we mustn't. We must realise that if detailed information of a nature which in the first instance cannot be within the knowledge of the Minister who is going to be asked, I think notice should be given in order to at least help the work of the House.

HON P J ISOLA:

Naturally we accept what you say obviously. It just seems to us that it is a matter of degree; one would expect Ministers to have a certain amount of knowledge of their department. For example can the Minister tell me, assuming the cable is there and the telephone is there, the equipment is there and the line is available, in respect of a new telephone, what is the time that the subscriber has to wait for before it is installed? Has he got an idea of that? Assuming everything is there which apparently it is.

HON DR R G VALARINO:

Mr Chairman, there are two things in the connection of

telephones. One is emergency telephones, priority telephones, and the other is the ordinary telephones. But it depends very much upon whether the line is there and whether we have enough capacity to put the telephone there.

MR CHAIRMAN:

Yes but what you have been asked is for an average of how long it takes to do this work.

HON DR R G VALARINO:

It is very difficult to say: I in fact in my speech last year I said that we were laying a new cable to Catalan Bay. In fact once we laid the cable to Catalan Bay we were able to fix all the faults in Catalan Bay. So it really depends whether the cables are there: it is impossible to say what the Honourable Member would wish me to say.

HON G T RESTAND:

Does the Honourable Minister have the figures for overtime for industrials in the department?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

£34,400, Sir.

HON G T RESTAND:

Has the Committee on Overtime that the Chief Minister has mentioned in fact looked into this particular department yet? Is the Government satisfied with the overtime being done by the department?

HON DR R G VALARINO:

Yes, Mr Chairman.

HON G T RESTAND:

May I ask what the consultancy fees under subhead 10 will be for?

HON DR R G VALARINO:

Yes, Mr Chairman, this is basically a token vote as far as consultancy fees are concerned, it has been put down as a token vote in case they need any consultation from the BPO from Telecom this year. So this is only a token vote of £100, Sir.

HON G T RESTANO:

Consultations for what?

HON DR R G VALARINO:

On many things, Sir. On structuring of IDD, on new tariff rates, things like this, Sir.

HON G T RESTANO:

But wasn't all that information and all that provided by the British Post Office and by their consultants about two years ago?

HON DR R G VALARINO:

No, Sir. Not in detail and the Honourable Member must know that things like tariff rates change continuously.

HON P J ISOLA:

Subhead 12. The note says it provides for the connection and replacement of private branch exchanges and carrier system. I am wondering why is there a special vote. Is it a particular campaign that is going on, you know, a special vote.

HON DR R G VALARINO:

No, Mr Chairman, this is basically one of the demands of the Services for special services and as it says it provides for the connection and replacement of private branch exchanges and carrier systems. What we are trying to do is to up-date the whole network within Gibraltar, Sir, and not only that but to instal carrier systems, which is a method whereby by the provision of a carrier, which is a small box, we are able to use two lines where there are no available lines there. Therefore, if there isn't a cable with enough lines by

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using a carrier system we can have two lines and supply a customer who has been waiting for a considerable amount of time and therefore relieving his problems, Sir.

Other Charges were agreed to.

Special Expenditure.

HON G T RESTANO:

When is the directory expected to be printed, Mr Chairman?

HON DR R G VALARINO:

Again, Mr Chairman, this is a token vote. This is to be able to go out to tender before the financial year and due to IDD in fact the last telephone directory was printed in 1979; there will be the removal of the older exchange; there will be changes of numbers; and in fact it is anticipated to publish a new directory sometime in late July 1982 to coincide with the installation of IDD.

Special Expenditure was agreed to.

Head 24 - Tourist Office - Personal Emoluments.

(1) Main Office.

HON MAJOR R J PELIZA:

Mr Chairman, I wonder if the Minister, on reflection on what was said here on the second reading of the Bill, has any intention whatsoever of adjusting his staff from the local office to the UK office to perform the task that is so much required at the other end?

HON H J ZAMMITT:

Mr Chairman, no, Sir. The Government, as I said in my contribution, the Government will continue to maintain, as all Tourist Offices do, a tourist office in Gibraltar

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and just sufficient in London to keep up the flow of tourists to Gibraltar. I would like to remind the Honourable Member that if the need today is, because we draw some 80-90% of our tourist trade from London, it would be required Mr Chairman, Sir, a Tourist Office to be augmented if the Spanish restrictions were to be lifted, or anywhere else where you could draw tourism from, and I think the answer is, no, Sir.

HON MAJOR R J PELIZA:

I think the Minister must realise that in the event, for instance, of the frontier opening I think perhaps the structure will have to change regardless of what may happen. I am talking about UK and I also hope that even if the frontier opens, taking into consideration that the restrictions will only be suspended, that he will not put all his eggs in that basket and he will keep the UK market very much alive.

MR CHAIRMAN:

We have a separate item later on for the London Office.

HON MAJOR R J PELIZA:

I cannot hear you.

MR CHAIRMAN:

There is a separate subhead for the London Office.

HON MAJOR R J PELIZA:

Yes, I am just talking on the establishment, I won't bring up this argument again, Mr Chairman.

HON H J ZAMMITT:

Mr Chairman, Sir, the Government considers that the present set up in the London Tourist Office is adequate to cater for our needs.

HON MAJOR R J PELIZA:

Mr Chairman coming now to the actual sums of money: on the question of overtime and allowances could the Minister explain where the overtime goes and perhaps what the allowances are for please?

HON H J ZAMMITT:

Mr Chairman, the overtime in the Tourist Office is mainly used in connection with special events, that is to say, when we receive VIPs that go on Rock tours; the late arrivals of cruise liners out of office hours; the late arrivals of planes after office hours; and, therefore, it requires obviously people to be in attendance outside the normal working hours. And of course it does cater for some special events like the Song Festival or when the Cave is hired out and we keep staff up there in a supervisory capacity.

HON MAJOR R J PELIZA:

On the overtime first of all, could he say how many people share that amount.

HON H J ZAMMITT:

Mr Chairman, a great majority of them according to circumstances; the driver for instance is one that springs to mind as being particularly common for him to work overtime and the girls at the Piazza Tourist Office on the arrival of liners outside normal, working hours, and the industrials, the two or three industrials we have and VIP guides, and the like.

HON MAJOR R J PELIZA:

So altogether how many?

HON H J ZAMMITT:

Well, Mr Chairman, I couldn't say altogether, excluding the Director I think everybody does a little bit of overtime.

HON MAJOR R J PELIZA:

What is the number, more or less?

HON H J ZAMMITT:

Something in the region of 13.

HON MAJOR R J PELIZA:

And the allowances, he didn't mention the allowances?

HON H J ZAMMITT:

Allowances are purely acting allowances, Mr Chairman, when somebody acts for the Director etc.

Personal Emoluments - Main Office were agreed to.

Other Charges.

HON MAJOR R J PELIZA:

Mr Chairman, on subhead 4 I see the Maintenance of Running Expenses of Motor Cars; he puts that in the plural, is it perhaps because we are going to have another one or have they always had more than one car?

HON H J ZAMMITT:

We are buying a new vehicle Mr Chairman, so the maintenance cost will be reduced. I think we have two cars, yes.

HON MAJOR R J PELIZA:

You had one before and you are going to have two now?

HON H J ZAMMITT:

We had two before, Mr Chairman, and we are replacing one. We had two: a van and a staff car.

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HON MAJOR R J PELIZA:

On subhead 14. I didn't realise we are going so far. I know that the Minister said that he couldn't possibly give me the breakdown of the £200,000 at that stage, he was going to consult the trade generally. I wonder if the Minister would give an undertaking that perhaps he could let me have the break down when this is available, which will hopefully not be very long delayed.

HON H J ZAMMITT:

I will give him a breakdown of the £200,000. But I must rectify that it is not that I am consulting the trade, our Advertising Agents are coming out here in the early part of May, and then the Director and myself will discuss how the £200,000 will be spent.

HON MAJOR R J PELIZA:

So is it the intention at all of the Minister consulting the trade on this vote?

HON H J ZAMMITT:

Oh, the trade have been consulted in the form of the seminar we held. How the money is to be spent depends on how the experts feel we could best put our money to use.

HON MAJOR R J PELIZA:

So has the Minister now given up his hope of forming an Advisory Board. I think he accepted the motion on this, that he was going to go ahead with that. Isn't the Minister going ahead with that now? Is this another U-turn?

HON H J ZAMMITT:

Mr Chairman, no one is talking of U-turns any longer.

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I think we have agreed that the setting up of an Advisory Board will be there. The money must be projected within the 1981/82 Budget and we will have to consider and consult with the experts who will advise us how we should best spend that money. The fact of advertising has been put to the Seminar and of course as we all know the Seminar recommended possibly doubling the expenditure.

HON MAJOR R J PELIZA:

Yes, but I think, Mr Chairman, those are two very different things. The Seminar, as far as I know, have got no official recognition of any sort whilst an Advisory Board I think would be more binding on the Minister, and surely this big sum of money which is going to be spent for this coming year, the Minister should at least have the Board ready before he finally decides how he is going to spend that money. Certainly, I do not believe the trade is going to think there is all that cooperation coming from the Minister.

HON H J ZAMMITT:

I think the trade is quite happy with the way things are going at present, Mr Chairman. I would repeat, it is an Advisory Board. The policy is Government's. How the money is spent is not for the Advisory Board to direct. The question that we can consult them is something completely different, but the question of how public funds are spent is up to this House and the Government's policy.

HON MAJOR R J PELIZA:

I have not disputed that, but I think the Minister has not cleared a point which I said before, the great difference between a Seminar and an Advisory Board which I say has some official recognition.

MR CHAIRMAN:

I think the Minister has been very clear. He will take the advice of the Advisory Board; how the money is spent is a matter for the Government in consultation with that Board.

HON MAJOR R J PELIZA:

Yes, but the point, Mr Chairman, is that there is no Advisory Board to give them that advice yet, and if he goes ahead with breaking up this £200,000 and spending it the way that he believes it should be spent, on the advice of the Advertising Agents in UK, obviously the trade itself will not have had a say.

The point of view of the Advisory Board will not have been obtained. What I am saying is, couldn't he get that Advisory Board going before he actually decides how he is going to spend his money. That is what I would like to know. Will he do that or will he not?

HON H J ZAMMITT:

Mr Chairman, I will try to do that but I will remind the Hon Member that we have had several meetings with the Advisory Board and there is still some clearance required as regards terms of reference.

Other Charges were agreed to.

Special Expenditure

HON MAJOR R J PELIZA:

The purchase of a motor van. Could he say whether this was replacing one, and what is it used for?

HON H J ZAMMITT:

This is replacing a mini van which is working up and down the Rock all day and has given quite good service.

Special Expenditure was agreed to.

(2) London Office - Personal Emoluments were agreed to.

Other Charges

HON MAJOR R J PELIZA:

Subhead 2, General Office Expenses £15,500, it has gone up by £5,100.

HON H J ZAMMITT:

Mr Chairman, yes this item has gone up. It will be noticed, Sir, that it has gone up because we had a refund of £4,000 from UK income tax that we are paying that end and of course it is now refunded from this end, otherwise we are paying twice, and National Health Insurance has gone up, that I think there is £4,000 there. The maintenance of the air conditioning in the basement office, Mr Chairman, has gone up slightly by £400, so there is £4,500 that has been added to this year's charges.

HON MAJOR R J PELIZA:

Did the Minister say something about National Health Insurance? Isn't this part of the emoluments?

HON H J ZAMMITT:

No, Mr Chairman, Other Charges. I don't know about National Health Insurance I think that is also refunded because otherwise again we would be paying twice, but they are refunded to us by local offices here, Sir.

HON MAJOR R J PELIZA:

If the money is refunded how do we go up then by £5,000, this is what is not clear.

MR CHAIRMAN:

It has got to be paid then it is refunded.

HON MAJOR R J PELIZA:

In fact although we have an increase of £5,000 there is no such increase because it is coming back some other way.

Then he said something about the air conditioning, wouldn't that come under the Public Utility Costs?

HON H J ZAMMITT:

No, Mr Chairman, this is maintenance of the air cool.

HON CHIEF MINISTER:

I have just been given some information and I do not want the House to be misled, it is impossible for the Minister to have all the details. Apparently, the tax is paid by the officers concerned and then it is repaid to them against the tax they pay here.

HON MAJOR R J PELIZA:

Coming down to Maintenance, Insurance of Manager's Residence, I know that perhaps it comes under Special Expenditure but we might kill two birds with one stone. Has the Manager now got a residence which is owned by the Government or is this paid on a monthly basis?

HON H J ZAMMITT:

Mr Chairman, at the last meeting of this House Members were asked to vote some £1,200 for the freehold and we purchased the property freehold, it is now Government property.

HON MAJOR R J PELIZA:

Could the Minister say how much it cost?

HON CHIEF MINISTER:

This was purchased some years ago at the time of Mr Serfaty for £19,000 or £21,000, we have now been given under the relevant legislation in England the option to buy the freehold for something like £1,200 and we are advised that the property is worth now over £50,000.

HON MAJOR R J PELIZA:

So it is very likely that the Government will buy it now as a freehold.

HON H J ZAMMITT:

No, we have done it already, Mr Chairman. We voted the money at the last meeting of the House.

HON MAJOR R J PELIZA:

I thought that the Chief Minister said that he had now been advised that he could get it as a freehold.

HON CHIEF MINISTER:

No, I said that because there is a law in England that gives leaseholders the right to buy the freehold we were given the opportunity to purchase the freehold. We came to this House, we asked for a Supplementary Appropriation for that amount and we purchased it.

Other Charges were agreed to.

Special Expenditure was agreed to.

MR CHAIRMAN:

We will now have a short recess.

The Committee recessed at 10.40 am.

The Committee resumed at 11.00 am.

Head 25, Trading Standards and Consumer Protection - Personal Emoluments were agreed to.

Other Charges were agreed to.

Special Expenditure was agreed to.

Head 26, Treasury - Personal Emoluments.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, before any questions are asked on

Personal Emoluments I wonder if I might inform the House, this is purely informative, that when the Estimates are finally printed, under the Establishment we shall show the staff at John Mackintosh Hall and the Gibraltar Broadcasting Corporation who are seconded from the Government Service to those institutions, if I may call them that. This does not mean that there will be any change in the Personal Emoluments because they are paid from the subventions. It is a question, in fact, of their pension rights being preserved and there is some doubt whether, if their post is not shown in the Establishment, their pension rights could be ensured. I personally think they would be but to avoid any doubt on this we are doing it this way. There is one Higher Executive Officer, an Assistant Librarian, three Clerical Officers, a Clerical Assistant and Typist at the John Mackintosh Hall, and a Senior Clerical Officer and a Recording Assistant at the Gibraltar Broadcasting Corporation, but there is no cost shown.

HON G T RESTAND:

Have all the Data Processors for the computer now been trained?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The Computer Operators. There is a Senior Data Processor post and a Data Processor post, should be filled by early next month. The Selection Committee is sitting now. One has been selected and the Data Processor post is to be filled by Selection this week, I believe.

HON G T RESTAND:

What about the Computer Manager designate?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The Computer Manager Designate post has been filled. What we are going to lack is a Computer Manager and a Computer Analyst, and there is a Board sitting in the United Kingdom on 5 May to select the Computer Manager for a two-year appointment and the Computer Analyst for the same period.

Personal Emoluments were agreed to.

Other Charges

HON A J HAYNES:

Could we have a breakdown on Item 15 Insurance of Government Properties?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, I am grateful to the Honourable Member for raising this point because there in fact is no breakdown on properties, it will be a global insurance sum. The report which we have had on the value of Government properties and insurances shows that the total value of the Government's property is some £182m, made up of £124m. in housing stock and £58m. as non-domestic premises. The Report recommended that the insurance should be by the setting up of a captive insurance company and through re-insurance. We ourselves thought that it would be advisable to get a second opinion on this, as I informed the House in answer to a question. The second opinion has not yet arrived but I do understand that it may be possible for the Government to effect re-insurance without having to set up its own captive insurance company, and if that is so, of course, we would not set up a captive insurance company. In the circumstances, and with the agreement of this House, I would propose, Sir, that subhead 15, Insurance of Government Property, should have an 'R' against it, reserved, and I shall come back to the House when we have definitive plans for the insurance of Government properties.

HON P J ISOLA:

Does that item cover all Government properties or is it selective?

HON FINANCIAL AND DEVELOPMENT SECRETARY

Yes, Mr Chairman, but it would not cover the value of internal assets within the properties.

HON A J HAYNES:

What advantage is there for Government by reinsuring direct rather than going through a captive insurance company? And if it is cheaper, would it be cheaper than £150,000?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

To set up a captive insurance company itself would set up administrative costs. There would be a saving on those. If we are able to negotiate with a leading insurance broker a re-insurance policy, the actual difference in cost of the re-insurance, there would be no difference in cost.

Other Charges were agreed to.

Subventions

HON P J ISOLA:

With regard to the contribution, Mr Chairman, to the Gibraltar Broadcasting Corporation and colour television, is there any particular reason why it still continues to be a separate heading to colour television?

HON CHIEF MINISTER:

I might remind the Hon Member that both the property and the setting up of colour television was on the basis of a payment over three or four years, and this is what is happening now. Very favourable terms were obtained for the payment of the equipment over a number of instalments.

HON P J ISOLA:

So the television one is only capital repayment?

HON CHIEF MINISTER:

Yes, Sir.

HON P J ISOLA:

Can I go to the Gibraltar Broadcasting Corporation itself. What progress has been made on bringing radio to the main building.

HON CHIEF MINISTER:

We have had supplementary provision here because of the difficulties that were found regarding the acoustics of radio at Mercury House. I think we voted £15,000 as supplementary estimates which was required, and in fact the other night when we went there we saw the work going on. The work is being done now because apparently there were difficulties in the sound-proofing and the acoustics of the radio studios and that is being done now. Once that is completed then radio and television will operate from Mercury House as was originally intended but was delayed because of these difficulties that were found in the course of construction.

HON G T RESTANO:

Have any improvements been seen with the air conditioning of Mercury House?

HON CHIEF MINISTER:

My latest information is that they were working hard at putting it right, if it had not yet been concluded, but they were working at it all last week and the week before.

HON G T RESTANO:

What sort of payment is being made to the sub-contractors?

HON CHIEF MINISTER:

I am afraid I do not know.

HON G T RESTANO:

Have they been paid either totally or partly?

HON CHIEF MINISTER:

Partly, yes. Partly. Under the contract I believe that some payments were made but I really do not know the details of that. With regard to the contribution towards the Gibraltar Regiment the figure provided last year was £16,000 but we have only had a claim for £12,000. The reason why the figure has gone up

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this year to £15,000 is because it includes a once-and-for-all grant of £2,000 which they have been after for some time in order to embellish their band with suitable helmets, which I am told they are going to look very elegant.

HON A J HAYNES:

The grant to the Gibraltar Museum. Why is this in effect going down for the Revised Estimate for 1981?

The Revised Estimate for 1980/81 is £30,000 the Estimates for 1981/82 is £29,000, why is this?

HON CHIEF MINISTER:

Less work will be carried out this year.

HON H J ZAMMITT:

I can probably add, Mr Chairman, that it may be recalled by some members that there was an additional large work carried out as regards the Gibraltar Historical Exhibition together with the Natural History, which was done in last year's Estimates.

HON CHIEF MINISTER:

Mr Chairman, I must make a correction, a mistake that I made earlier about the question of the supplementary that we had obtained for GBC in respect of radio. The fact is that we did not. The point is that it did come to Council of Ministers but by the time it came to Council of Ministers the Estimates were being prepared, the payments were not due, and in fact the increase in the subvention includes an item of £25,000 for that.

HON P J ISOLA:

Annual Grants-in-Aid. Could I ask, have new societies been introduced because there is an increase of £2,500, and if so which?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, there are no new societies, it is merely that the grants to certain societies have been increased. The RSPCA is up by £2,000 and the Gibraltar Society for the Prevention of Blindness has increased. I think that that is all, Sir.

Subventions was agreed to.

Special Expenditure was agreed to.

Head 27 - 1981 Pay Settlement

HON P J ISOLA:

Can I ask what is the percentage that has been allowed in this figure, or is it not related?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

We have allowed for 10% for $\frac{1}{2}$ of the year, Sir.

Head 27 was agreed to.

Head 28 - Contribution to Contingencies Fund

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Perhaps, Mr Chairman, Sir, a word of explanation here might be a value to Honourable Members. For many years the Contingencies Fund has stood at £100,000. During the course of the period that I have been here I have found that on occasions I have been very tightly-up with the increases in the estimates to meet demands from departments for urgent and unforeseen expenditure, and for that reason it is proposed to increase the Contingencies Fund to £200,000. I do, of course, come back to the House with supplementary provision after granting a supplementary contingency.

Head 28 was agreed to.

Head 29 - Contributions to Funded Services

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, I beg to move that the Draft Estimates be amended by the inclusion of £2,518,000 under a New Head of Expenditure, Head 29 - Contribution to Funded Services, with consequential amendments to the estimates. The sum of £2.518m is made up as follows:

Sub-head 1 - Electricity Undertaking Fund	£665,200
Sub-head 2 - Potable Water Service Fund	£450,000
Sub-head 3 - Housing Fund	<u>£1,402,800</u>
	<u>£2,518,000</u>

Mr Chairman, I beg to move.

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

HON P J ISOLA:

This, I presume, really gives effect to what the Chief Minister announced that we were going to subsidise the Funded Services to the extent of £2.5m.

HON CHIEF MINISTER:

Except for the areas in which we will help in respect of housing and water.

Mr Chairman then put the question which was resolved in the affirmative and the amendment was accordingly passed.

Head 29 - Contribution to Funded Services - was agreed to.

Improvement and Development Fund - Head 101, Housing

HON P J ISOLA:

Mr Chairman, this is expenditure, of course, we are looking at.

MR CHAIRMAN:

That is right, it is at page 99.

HON P J ISOLA:

Looking at Housing, am I right in saying that the amount left under Development Aid Fund on Housing is £681,972, and the balance would come from local funds?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman. The actual figures, if Hon Members wish to look on page 94, which says Improvement and Development Fund receipts.

HON P J ISOLA:

So that I am right in saying that as far as Development Aid Funds generally are concerned, the balance of Development Aid for 1978/81 payable after this year, the Government proposes to spend £3.4m odd, will be just £334,812, that is the development aid position.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes.

HON W T SCOTT:

Mr Chairman, the question that I have to ask, in fact, deals with a number of sub-heads but it is a general question divided into two. I am sure the Government will correct me immediately if I am wrong, but if I can assume that sub-heads 2, 3, 4, 5, 7, 10 and 12 all deal with the modernisation programme, can we have a figure from the Government as to how many housing units....

HON CHIEF MINISTER:

That is partly modern and partly new, Tank Ramp. If you are looking at page 99.

HON W T SCOTT:

But Tank Ramp appears there as well, Mr Chairman.

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HON CHIEF MINISTER:

Yes, of course.

HON M K FEATHERSTONE:

The Hon Member might like to know a breakdown of the whole of the housing vote. Flat Bastion Road is 15 units; Lime Kiln Steps, the first part mentioned there is 14 units; Tank Ramp is 16 units, of which 8 are new and 8 are modernised; Housing modernisation is 18 units, Catalan Bay is around 12 units; I say around 12 units because we have recently been approached by the Catalan Bay Council that they want a slight change in the actual number of units that we had originally planned; Naval Hospital Hill is 11 units; St Jago's 26 units; Lime Kiln Steps Phase 1A, 15 units; St Joseph's 50 units; and Castle Ramp/Road to the Lines 26 units. I think you will find the total is 203 units of which 77 are modernisation.

HON W T SCOTT:

What about Road to the Lines in sub-head 7, did the Minister say anything, I didn't catch that, I am sorry.

HON M K FEATHERSTONE:

No, at the moment we are not quite sure exactly what that does take into account, the tender has not gone out yet.

HON A J HAYNES:

Has Government met its target of, I think it was 83 units, for this year?

HON M K FEATHERSTONE:

I beg your pardon.

HON A J HAYNES:

Has the Government met its target of units to be built for the year ending whenever the year was closed?

HON M K FEATHERSTONE:

This year. I think with the number that are finishing this year we will be if not on that figure, very, very close to it.

397.

HON A J HAYNES:

Mr Chairman, at the Ceremonial Opening speech the Chief Minister said "Within the coming financial year we hope to finalise the construction of 66 units and to commence work on a further 150 units for completion by 1982". Those figures are revised to 83 and 154. What I would like to know is whether we are on target and whether the first target date has been met by way of units?

HON M K FEATHERSTONE:

I make it that 82 will be finished this year.

HON A J HAYNES:

Can Government inform me whether they are within the targets as estimated in the Chief Minister's speech and then later on in subsequent questions.

When the answers to questions on how many units had been completed raised the figures. The figure of 203 doesn't tell you when they will be completed and whether these are an addition to the 150 estimated to be finished by 1982. I want to know whether the Government has been doing better than it estimated or whether there have been some alterations.

HON M K FEATHERSTONE:

I would say that the 203 units include the amount that has been mentioned before. There are some increases but it globally includes it, and this year 82 of them will become available.

HON A J HAYNES:

Are these 82 instead of 83?

HON M K FEATHERSTONE:

Yes, before April 1982.

HON A J HAYNES:

Mr Chairman, I believe there is some confusion.

HON CHIEF MINISTER:

I think the figures coincide, the figures mentioned in the first year and the second year are about the same.

HON A J HAYNES:

But does this mean that there has been a reduction, because as I said, the first estimate was 66 units to be completed by, I suppose, 31 March, 1981, and that 66 units was then raised to 83.....

MR CHAIRMAN:

You want to know whether those 83 have been completed by 31 March, 1981, is that right?

HON CHIEF MINISTER:

No, he wants the earlier figure and it is a smaller figure than the second one.

HON A J HAYNES:

Mr Chairman, if I can repeat the question. The initial estimate for 31 March, 1981, was 66 units and that was mentioned in February. Then that was revised to 83. Have either the 66 or the 83 been met?

HON M K FEATHERSTONE:

Not by March, 1981, no. They will be met by March, 1982.

HON A J HAYNES:

How many were met by 31 March, 1981?

HON CHIEF MINISTER:

If the Hon Member will bear with us we will give him the actual figures in a moment, if we can carry on and come back to it.

HON P J ISOLA:

Mr Chairman, I just want to get the housing figures right. On that page 99 we forget Varyl Begg because that is pitched roofs and the Tower Blocks, the rest of the housing vote, am I right from the projects mentioned there, from the word go which is, of course, last year, I presume when some of these started, to the end of all these projects, we will have 203 housing units of which 77 are modernisation, is that the position?

HON M K FEATHERSTONE:

That is right.

HON P J ISOLA:

In actual fact to achieve these 203 units of which 77 are modernisation we really have to go into 1982/83, because I notice St Joseph's scheme which is 50, from the figures before us, it looks as if half the project will be left over into 1982/83.

HON M K FEATHERSTONE:

That is correct.

HON W T SCOTT:

I am a little bit confused in that I am trying to establish, Mr Chairman, units on the modernisation programme. Can the Government give a figure on the estimated cost of the projects on the modernisation programme that we see under this Head here?

HON M K FEATHERSTONE:

It is very difficult to do so, Sir, for a number of reasons. The first reason is that until the actual modernisation work starts and the condition of the houses is fully known - it is of course assessed beforehand - but until they actually start work they don't know the full condition, it is not easy to say exactly what the cost is. Also in different areas the condition of the houses being modernised can vary very considerably so that you might get one area in which the modernisation is costing us, for example, in Lime Kiln Steps some 14 units are costing £292,000, that is about £20,000 per unit, whereas in Castle Ramp/Road to the Lines you have 26 units which are costing £670,000, that is more than £20,000 per unit. It does vary very considerably, and as I have said it is not until work actually starts and the conditions of the houses is fully assessed that you can get the final figure of what the modernisation is going to cost.

HON W T SCOTT:

Mr Chairman, I am grateful to the Honourable Minister, but judging from the figures we have Flat Bastion Road, in fact, runs at something in excess of £30,000 per unit to modernise.

HON M K FEATHERSTONE:

Flat Bastion Road is not for modernisation, Flat Bastion Road are new houses.

400.

HON W T SCOTT:

I beg your pardon. Then the last one, Castle Ramp/Road to the Lines, where we have something like £25,000. I think systematically over the last few months, when the Minister, in fact, has been telling us that one of the reasons, in fact, why Government continued with its modernisation scheme was because of the relevant difference that there is, tremendous difference there is, in building a new unit to modernising an old one, and I think the figure he has been using consistently is something like £40,000 to £45,000 for a new one and something in the nature of £15,000 for a modernised unit. But from the figures that we have here now, in fact, it is no longer £15,000, if we take the example of subhead 12, it is something like in excess of £25,000, which brings the difference between a modernised unit and a new unit far closer.

HON M K FEATHERSTONE:

I have mentioned the figure of £15,000, this was the earlier projections on Lime Kiln Steps and Tank Ramp about 18 months ago. Since then prices have risen, prices of actual new construction have also risen. For example, we constructed at Rosia Dale at a figure of somewhere around £25,000 whereas as you can see Joseph's is costing something like £40,000. There are also various other items which do make an increase in cost in certain areas and in particular in the Castle Ramp/Road to the Lines area the access is extremely difficult and this of course has put the cost up considerably, because to get materials there etc is not as easy as if you had a road on which you could take materials by lorry. Much of it has to be man-handled and that is putting the cost up as well.

HON W T SCOTT:

Yes, Mr Chairman, but I say it in relation in fact to what we have always had as our policy here, and that is that the question of modernisation in fact does not create new homes. We find that we are now approaching a situation where to modernise a home costs almost as much as to build a new one.

MR CHAIRMAN:

No, with due respect to the Honourable Member, the

401.

Minister has said, if the cost of modernisation has gone up so has the cost of building new flats gone up and that is the way you should compare facts.

HON W T SCOTT:

Yes, Mr Chairman... I give way to the Honourable Member.

HON M K FEATHERSTONE:

The highest figure at the moment for modernisation, which is Castle Ramp, and where, as I said, there are a lot of inherent difficulties, is about £25,000, whereas a new house on relatively virgin soil is costing about £40,000. If you were to take the Castle Ramp/Road to the Lines area and demolish the housing there and then build new housing then that new housing would cost perhaps £45,000 to £50,000 because you would have to put in the cost of demolition as well. Basically there is about a 50% saving in doing modernisation, and it is a waste really to tear down the shell of a building which is in a reasonably good condition simply to build a new structure.

HON W T SCOTT:

Yes, Mr Chairman, but as far as we are concerned, the deciding factor here is given the housing situation in Gibraltar in creating new homes, in increasing the housing stock.

MR CHAIRMAN:

Yes, but we are now going into principles.

HON W T SCOTT:

And in fact, Mr Chairman, in subhead 10, Lime Kiln Steps, that presumably is also a modernisation scheme in its totality?

HON M K FEATHERSTONE:

Yes, Sir. I think there are two or three new houses because there was one very old house which was not worth modernising and was completely demolished and a new house was built there.

HON W T SCOTT:

I see, and the figure per unit there reaches £36,000?

HON M K FEATHERSTONE:

Yes, that is because there are the new houses being built in it.

HON P J ISOLA:

The question of housing is a worrying thing. In that page the 1978/81 Development Programme will still, from what I can see, be running into 1982/83 in St. Joseph's, quite a big project of 50 units. The other project that will go into 1982/83 is the Catalan Bay housing project which, from the point of view of the general housing list may not help that much because it does not really go into the general pool, it stays in Catalan Bay, so we are literally with the only overspill of St Joseph's. One would like to have some re-assurance from the Government that it has got sites for substantial new housing because otherwise I can see a big hiatus in the 1982/83 year, and that does not augur well for the people in the Housing list.

HON M K FEATHERSTONE:

As the Hon Member knows we hope to negotiate a new Development Aid Programme later this year, but we have new sites, we have the Gasworks area which can take in about 130 houses, we have the Engineer House which can take in between 40 and 50, we have an extension to Rosia Dale which will take in another 25 to 30, and there are other smaller areas also available.

HON J BOSSAND:

One thing that intrigues me is the fact that we seem to have moved away from high rise buildings to relatively low rise buildings. Is it because the Government feels that it has enough spare land available for the foreseeable future to meet the proposed developments without having to go into high rise buildings?

HON M K FEATHERSTONE:

I think the reason is two-fold, Sir. In the UK the move has been over recent years away from high rise buildings which seem to have a number of difficulties. The second

point is that a high rise building intrinsically is much more expensive since it needs steel frames, lifts, etc., and we have been recommended that we should work to the normal five-storey block of flats at the maximum.

HON MAJOR R J PELIZA:

Does that take account, Mr Chairman, of the amount of people on the Waiting List. I say this because one has to take into account the availability of ground to the possibility of housing that tremendous number of people which is 1,750.

HON H J ZAMMITT:

Could I remind the Honourable Member opposite. We have been talking glibly here about 1,750, but it does not mean, Sir, that we require that amount of houses. I have heard this being bandied around quite often during the session. What we require is an adjustment of our housing stock. There are a tremendous amount, possibly something like 50% of those 1,750, that are applicants because the scheme provides for applications; but they are mere transfers, people who want to change from one place to the other.

HON MAJOR R J PELIZA:

Could the Minister say then how many require new houses?

HON H J ZAMMITT:

There was a housing survey carried out some 2½ years ago we were told then about 400; I would dare estimate today that with 500 new housing and a redistribution of our housing stock there would not be a housing problem.

HON A J HAYNES:

Could I refer the Minister to Question 156 of 1980 which to a large extent deals with the point as to whether the target figures are that, but again Question 156 was further revised so that the final figure for March 1981 that I have given was 83. Will the Minister confirm that 83 units were completed by March 1981.

HON M K FEATHERSTONE:

I think I have already said I don't think 83 were done by March 1981.

HON A J HAYNES:

How many?

HON M K FEATHERSTONE:

I shall have to have notice and I will let him know in due course.

HON A J HAYNES:

And information for the 154 for the period '82? As I understood the statement made by the Hon the Chief Minister after saying the units that would be completed by 31 March has said "and to commence work on a further 150 units for completion by 1982." I take that to mean that the idea was to finish by 31 March 1982 a further 150 units.

HON M K FEATHERSTONE:

There is some slippage, it will not be completed as has already been said in the case of St Joseph's and Catalan Bay until 1983.

HON A J HAYNES:

Will the Minister give me the figure of units actually completed by 31 March 1981, and the new figure for completion by 31 March 1982?

HON M K FEATHERSTONE:

Yes, I will try and endeavour to do so.

Head 101 - Housing was agreed to.

Head 102 - Schools

HON P J ISOLA:

I thought the date for completion of the Girls' Comprehensive was March 1982. It looks from this that it will not be completed by March 1982. Can the Government tell us when is the projected date?

HON M K FEATHERSTONE:

It is hoped to complete early in the 1982/83 period so that it will be available for use in the September 1982 term.

Head 102 - Schools was agreed to.

Head 103 - Tourist Development

HON P J ISOLA:

The Airport Terminal, I am not clear, what is the expenditure that is being incurred because nothing has gone out, the contract has been awarded, I suppose, but £115,000, that is almost half the cost of the project.

HON M K FEATHERSTONE:

Yes, Sir, that is mainly the steel frame works and the carousel round-about.

HON P J ISOLA:

It is already in Gibraltar?

HON M K FEATHERSTONE:

If it is not already in Gibraltar, it has been paid for and it is on its way.

Head 103 - Tourist Development was agreed to.

Head 104 - Miscellaneous Projects

HON P J ISOLA:

I notice that the PWD Garage, the total cost of the project was going to be £674,000, which is rather more than was originally estimated, but can I ask on that what is left to spend money on now? Is this the demolition of the old one?

HON M K FEATHERSTONE:

No, Sir, it is mainly some bills which have not yet come in, or have come in and have not yet been cleared for payment, and they are going to be paid this year.

HON P J ISOLA:

The demolition of the old one, what does that come under?

HON M K FEATHERSTONE:

That is included as part of the cost of the Girls' Comprehensive School.

HON W T SCOTT:

Mr Chairman, on the winning of sand I see there is an extra £20,000. Can we have some details of that please? This is a new thing as far as we are concerned, that an extra £20,000 is required this year, when I think it was quite recently that we voted a considerable extra sum.

HON M K FEATHERSTONE:

If the Hon Member will look at b. that is a re-vote, this is part of that extra sum that was voted which has not yet been paid.

HON W T SCOTT:

Can I ask the Minister if he can tell this House if the project is now recovering sand to the extent and quantity that was originally envisaged?

HON M K FEATHERSTONE:

No, Sir, it is not yet doing so.

HON W T SCOTT:

Can the Minister say if he can give the House any indication as to when it will be able to do so?

HON M K FEATHERSTONE:

The latest indication I have from the consultants is that they are doing their utmost to get it working as soon as possible.

HON W T SCOTT:

So in fact we are really back to square one, Mr Chairman.

HON M K FEATHERSTONE:

Square one and a half, Sir.

HON P J ISOLA:

Mr Chairman, Vehicles and Plant. I notice it says it includes a revote of £27,897. That is quite a large revote. What is it in respect of?

HON M K FEATHERSTONE:

I think that was on vehicles that were ordered last year,

Sir. There are at times quite expensive vehicles that we do have. We have a woodworking machine which is £12,000 and a universal lathe which is £15,000.

HON G T RESTANO:

On Subhead 4, can the Government say what the £73,582 which have already been spent have been spent on?

HON M K FEATHERSTONE:

That is mainly the cost of the purchase of the buildings from the MOD.

HON P J ISOLA:

There is an advert today in the Chronicle for something to be done to the Casemates Hostel. Public Works is asking for tenders to carry out something to the Casemates, is it the same one?

HON M K FEATHERSTONE:

Yes, that is the same one. That is the improvement to the Moroccan Hostel accommodation, the social centre part of the hostel accommodation.

HON P J ISOLA:

Is that the £12,000 left?

HON M K FEATHERSTONE:

Yes, Sir.

HON W T SCOTT:

On Departmental Minor Works, we heard before from the Minister for Sport that there was some element of the swimming pool included within that. Can we have some details of what that £300,000 is for? Any other works involved?

HON M K FEATHERSTONE:

Yes, Sir, there is a considerably long list. I shall highlight some of the points in it. There is the repair to the Transit Shed of the North Mole which is about £100,000; construction of cubicles some £14,000; renovation of the roof to Devil's Tower Hostel £4,000; some £33,000 of various works to improve the Port; a whole host of items in the Medical Department but the main ones are the exterior painting of

£30,000; new boiler installation in the Operating Theatre; a number of items for Tourism and for the Secretariat; Treasury some £4,000; the Victoria Stadium some £5,000 for the refurbishing of the grandstands and £5,000 for the swimming pool; and Education some £10,000.

HON W T SCOTT:

I am much obliged, Mr Chairman. I think the Hon Minister said something about cubicles, £14,000?

HON M K FEATHERSTONE:

These are private bonded cubicles in which merchants who have an export trade can put their goods into without paying duty and if they re-export they can do so duty-free from there. These are in the actual Queen's Stores.

HON W T SCOTT:

This in fact will be in the Transit Shed itself?

HON M K FEATHERSTONE:

No, Sir, the present area is going to be a little enlarged. It is next door to where they are at the moment.

HON G T RESTANO:

Has the work at Both Worlds been carried out now?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I understand that the work has had to stop and they have not taken up the whole of the £200,000 loan which was offered, only £150,000.

HON G T RESTANO:

But they also had to contribute towards the project, did they not?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Sir, that is why the work had to stop. They had no more to contribute. They do not wish to do as much work as they were going to originally and so they are not taking up the whole of the loan. The loan is about £200,000 and they were going to contribute, if I remember correctly, something like £600,000 or more.

HON. G. T. RESTAND:

And how much did they end up contributing?

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

I cannot say off-hand. I can let the Hon. Member know if I can find out from the hotel, but of course we would need the PJD to check as far as the Government's loan is concerned, work up to the value of the amount stated has in fact been done.

HON. W. T. SCOTT:

On the loan to the Gibraltar Sandpits Lawn Tennis Club, I see here that £5,000 have already been given to them in the year 1980/81, but I have it on good authority that the Club itself did not accept this loan because of the terms of it. Will Government care to comment on that?

HON. H. J. ZAMMITT:

I have heard this too, that they did not take it up because we gave them a soft loan of 8%. They thought they could not afford that and they are not very pleased about the terms in which the £5,000 was being loaned. As far as I know it has not been returned, I know they were not very happy about it.

HON. W. T. SCOTT:

But according to the figures, Mr. Chairman, this has already been paid, my information is that it was never accepted.

HON. H. J. ZAMMITT:

Yes, I think they took a cheque away but they are not very happy about it. As I said I do not know whether in fact the money has been returned. I do not know. I know that they were not very happy about the terms but the cheque was paid to them.

HON. W. T. SCOTT:

If they are not happy is there any way in which the Club can be helped by having a second look at the terms of the loan?

HON. H. J. ZAMMITT:

Mr. Chairman, Sir, when they looked at the project

originally, of course, the project was something like £20,000 all in, and I understand that it was mainly being done by voluntary assistance amongst members of the Club and outside support by members themselves. I understand the price has escalated quite substantially and it is possibly considered beyond their means.

HON. W. T. SCOTT:

That has not answered my question, Mr. Chairman, whether the Government will be willing to have second thoughts.

HON. H. J. ZAMMITT:

If it is beyond their means they should come back to Government and probably tell us why they cannot accept the £5,000. Officially as far as I know I have not received a letter from them. I understand that they feel that the 8% levy is excessive but if they came back I am sure Government would look at this.

MR. CHAIRMAN:

In other words you are talking on suppositions, and as far as the Government is concerned there is a £5,000 commitment.

HON. W. T. SCOTT:

But Government is willing to reconsider the position if the Club comes back to them.

HON. H. J. ZAMMITT:

Well, Mr. Chairman, I do not know what conditions they are thinking of. We have not been told officially that they have or have not accepted the money. I really couldn't commit Government in any way.

Head 104 - Miscellaneous Projects was agreed to.

Head 105 - General Services

HON. P. J. ISOLA:

The resurfacing in the Upper Rock, what is the area expected to be resurfaced?

HON M K FEATHERSTONE:

As much of the roads on the Upper Rock that are in need of surfacing that can be done for the money. We will have to look at the whole of the Upper Rock and see which areas are most in need and do what the money provides for it. It doesn't mean the whole of the Upper Rock will be resurfaced.

HON P J ISOLA:

Does the Minister have an idea how much road surfacing costs per foot or per yard or per 100 yards, is it a constant figure?

HON M K FEATHERSTONE:

I think to do the whole of the Upper Rock would be something around £30,000 to £40,000.

HON P J ISOLA:

Can he tell us how much it costs to resurface roads in Gibraltar per yard or per foot or whatever?

HON M K FEATHERSTONE:

That varies very considerably, Sir, with the actual road that you are doing. The Upper Rock, of course, is more expensive since you have to take all the transport up there, but I don't know the figure offhand what it costs per square metre but I can find out for you.

HON A T LODDO:

Mr Chairman, on subhead 5 the revote for the Section of Road, Tank Ramp/Lower Castle Road. Is the Minister now in a position to say when Tank Ramp can be opened to vehicular traffic?

HON M K FEATHERSTONE:

This is the Hon Mr Loddó's second camel, Sir. The work at Tank Ramp should finish late May or early June and the road will be done. When I say the work I mean the building work, the road will be done as soon as possible after that and I think it may be open by, let us say, late July.

HON P J ISOLA:

Mr Chairman, I just want to ask. In Rosia Parade the one that is being done, the car park. Does Government normally do a car park which then results in less parking

spaces being available to the public than there were before? I am referring particularly to Rosia Parade where it seems to me the number of car spaces now has been reduced quite considerably to what it used to be. It may look nice but it is not functional.

HON M K FEATHERSTONE:

I think, Sir, it is functional. The parking before was very haphazard, it will now be orderly, but the idea of embellishing that area was not only provide a car park but also to have a reasonable promenade so that people can walk along and enjoy the view over Rosia Bay etc.

HON P J ISOLA:

I appreciate that, Mr Chairman, but I would have thought that it should more properly be described than as embellishment, because I thought Rosia Parade I presume is really a car park for people going to the beach, Camp Bay, it is not meant to be a car park for the few houses that are there. Therefore I would have thought that more emphasis should have been placed on the car park side of it than possibly the embellishment side because the number of car spaces there seem to be quite reduced.

HON M K FEATHERSTONE:

Sir, I take the Honourable Member's point that the word embellishment should have been perhaps added to this. The number of car spaces, I believe, is 100 which compares very favourably with what there was before, but of course one thing that would assist would be if a heavy trailer or two trailers and containers did not get into that car park, and we are going to ask the Police to see if something can be done to shift them away because they seem to have permanent residence in that area.

HON A J HAYNES:

Is there going to be a statue in Rosia Parade. I have heard some rumours that there was a statue to be commissioned of Lord Nelson. Can that be confirmed or denied?

HON M K FEATHERSTONE:

There has been suggestions that a statue of Nelson

might be placed there, we are trying to find a statue if that can be done and it will be done if it can be.

HON J T SCOTT:

Mr Chairman, sub-head 9, "Pumps - Tower Blocks."
Can Government say what circumstances led to this expenditure of £30,000?

HON M K FEATHERSTONE:

Yes, Sir, if you remember I did make a statement, I think, last year in which I said that the upper floors of the Tower Blocks do not under certain conditions get an adequate supply of salt water and the answer was to provide tanks at the top and booster pumps and these are the pumps that are going to be provided. This should give an adequate supply at all times to the Tower Blocks.

Head 105 was agreed to.

Head 106 - Potable Water Service

HON G T RESTAND:

Is there a major overhaul proposed for the VTE Distiller? Is this what the £1,000 token vote is for?

HON M K FEATHERSTONE:

The £1,000?

HON G T RESTAND:

The £1,000 token for the VTE Distiller.

HON M K FEATHERSTONE:

No, that is an outstanding claim against Government by the contractor for something like £27,000 to £30,000. The claim is under dispute and we do not know if it is going to be finalised this year, but lest it should be finalised we have put in £1,000 as a token figure. This dispute has been going on for about 5 years.

Head 106 was agreed to.

Head 107 - Port Development

HON G T RESTAND:

Mr Chairman, I notice that on sub-head 2 - Unstuffing Shed, there is an (R) in brackets after the £120,000 estimated for this year. Can Government explain what that R means?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It means, reserved, Mr Chairman. Reserved until such time as the definitive decision has been taken as to where the Unstuffing Shed will be, until we have been out to tender and know the cost and until this House then approves any supplementary provision that may be required. It means, in fact, that we have got to come to the House and give more particulars before the money can be spent.

HON G T RESTAND:

Is this in fact going to be paid by local or ODA funds?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Local funds, Sir.

HON A J HAYNES:

Will the Minister give a breakdown for No 4 Camber - Improvements and Renovations? What improvements and renovations are there to be?

HON M K FEATHERSTONE:

I think this is an extension to the actual piers that are there, and also some form of slip being provided etc. I am not fully conversant with that.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, some work has already been done on the walk way on the jetty and additional funds now are being provided to complete this up to the corner of the walk way.

HON A J HAYNES:

Is some of this money for the walkway to be met by the yacht owners or the people berthed there?

HON A J CANEPA:

Government will certainly be paying but I think I ought to give notice that once there has been a transfer of the

waters of the Camber to the Government we intend to substantially increase the charges because they are very low and have remained unchanged for over two years.

HON A J HAYNES:

Will Government endeavour to fit more yachts into the Camber. I see that they have already taken the Governor's steps.

HON A J CANEPA:

I think there is a continuing programme at the moment which hasn't finished in respect of more moorings and it carries over into the financial year just starting.

HON A J HAYNES:

Is it proposed in the Improvements and Renovations to the Camber to provide facilities for yachts, to encourage the short-term yachts of a large size?

HON A J CANEPA:

No, this is not a commercial Marina. No, I think that any further development of that nature should be elsewhere, I don't think it should be at the Camber.

HON P J ISOLA:

The Varyl Begg - Seawall. Is that the wall that was giving trouble on the west side, is that what it is, to prop it up?

HON M K FEATHERSTONE:

No, Sir, I think there is a slight misprint here, there should also be the word or a little note for a revote. This was a wall to go on the south side of Varyl Begg so that there could be a continuation of the wall that is already there beside the Varyl Begg School which would provide mooring space for the boat owners. It was in last year's estimates and it is actually a revote.

Head 107 was agreed to.

MR CHAIRMAN:

Gentlemen, we will now recess until 3 o'clock this

afternoon when we will finish the Improvement and Development Fund and do the Third Reading of the Appropriation Bill and the Funded Services. I think that will take no more than about $\frac{1}{4}$ of an hour this afternoon from which we will recess until tomorrow morning at 9 o'clock when we will commence on the Finance Bill.

So we will now recess until 3 o'clock this afternoon.

The Committee recessed at 12 noon.

The Committee resumed at 3.05 pm.

MR CHAIRMAN:

I will remind the House we are on the Improvement and Development Fund Head 108.

Head 108 - Telephone Service

HON G T RESTAND:

Mr Chairman, the IDD. Can the Minister say what the schedule for the implementation of the service will be?

HON DR R G VALARINO:

Mr Chairman, the only thing I can say is that everything is going according to schedule, the first shipment arrived last weekend, we have one of the engineers here and we have started installing the equipment already.

HON G T RESTAND:

I am glad to hear that, Mr Chairman. Can the Minister then say when the complete implementation will occur and when the people of Gibraltar will be able to begin to dial directly outside Gibraltar?

HON DR R G VALARINO:

Mr Chairman, as I said before I think I am quite right in saying that the complete installation will be in October 1982, and after a trial period the IDD will begin in December 1982. I think these were the facts which I presented at the time to the Honourable Member.

HON G T RESTAND:

Just one other point, Mr Chairman. The metering of local calls on this sub-head, can the Minister give us an indication of what the metering of local calls will cost the subscribers of Gibraltar?

HON DR R G VALARINO:

Mr Chairman, no firm decision has yet been taken as to how this is going to be accomplished, this will have to be studied and will have to be eventually brought to the House.

HON G T RESTAND:

Can the Minister say whether this is something which will be decided after the installation of the system or beforehand, is there no development thinking of the Government on this matter?

HON DR R G VALARINO:

Mr Chairman, presumably this will have to be decided in advance because obviously if the installation is going to be there and the metering equipment will be there, we shall have to decide on this matter in advance of the termination of the project.

HON G T RESTAND:

Does the Minister have a deadline as to how much in advance? It is October 1982 it is virtually 18 months from now. When will this decision be taken, can the Minister say that?

HON DR R G VALARINO:

Mr Chairman, this is hard to say but considering that this is still some way away I'm sure that some indication will be given in the next budget so that the Honourable Member can take due notice.

HON G T RESTAND:

Will the Minister or the Government be taking advice from anybody outside Government or will it be taking the decisions unilaterally?

HON DR R G VALARINO:

Mr Chairman, we are taking advice all the time and in

fact we shall be taking advice as well from the British Post Office.

HON G T RESTAND:

Are there any local consultations, Mr Chairman?

HON DR R G VALARINO:

I don't know what the Honourable Member means by local consultations, so far no local consultations have taken place and certainly whether any will take place in the future Government will consider this. I do not really know what the Honourable Member means by any consultations.

HON G T RESTAND:

I will make that quite clear, Mr Chairman. Does the Government intend to consult the Opposition, the Trade Unions, the Chamber of Commerce, perhaps, members of the public in any way before implementing any charges for local calls which have never been made in Gibraltar before?

HON DR R G VALARINO:

Mr Chairman, this will have to be considered by Government.

HON A J HAYNES:

Mr Chairman, it is nevertheless established Government policy that they will be metering local calls, am I right?

HON DR R G VALARINO:

Mr Chairman, if the Honourable Member will remember the Chief Minister stated that there would be metering of all local calls. In fact, once the meters are installed even local metering has got to take place.

HON A J HAYNES:

Will this affect the hiring charges?

HON DR R G VALARINO:

Yes, but the whole subject, the whole spectrum of it will have to be analysed by the department and by the advisors, so that obviously hiring charges will obviously be affected.

HON A J HAYNES:

Obviously. When they are affected I imagine they will be going down. What I am getting at, if it is Government's intention to charge for every local call made by telephone that the only part to be analysed is the unit measure for that meter, am I correct?

HON DR R G VALARINO:

That is correct, yes. As yet no decision has been taken on the subject so therefore I cannot tell the Honourable Member any more than what I have already stated.

HON A J HAYNES:

No decision has been taken on the matter but the metering of local calls will be designed to increase the revenue or will the Gibraltarians expect to have a similar phone bill to that in the past?

HON DR R G VALARINO:

No, certainly, Mr Chairman, the metering on local calls will be to make things more equitable and to make the telephone service as a whole payable.

HON G T RESTANO:

Mr Chairman, I cannot let this pass without making one comment; and that is, that I think it is terrible for a Government to purchase equipment of these dimensions, £1m., without knowing beforehand exactly what it is going to do when that equipment is in Gibraltar and how the Government is going to pay for it and how the Government is going to make the subscribers pay for it. This is something which I just cannot understand.

HON CHIEF MINISTER:

Mr Chairman, the same question has been put in a different manner by two Honourable Members about ten times and I think perhaps I might just make a general observation on this. Going into the direct dialling requires metering, metering of all telephones. In the past when the telephone accounts have shown that there seems to be only been one way in which that can be balanced and that is by increasing subscriptions. Metering of all telephones makes it possible to have a more equitable way of distributing the charge on

subscribers, those who use it more will pay more, as a general principle. The meters are not going to be installed for the purpose of metering local calls but all calls have to be metered because that is how the equipment works, it wouldn't work otherwise. And, therefore, the question of the charges, how many calls each subscriber may have free before other charges start, is bound to have to be looked at in the final analysis of the cost of the new equipment and the cost of running the new telephone exchange. Until that is done it would be frivolous, if not unnecessary, to start trying to assess what charges are going to be made in advance. It would be unfair. I think one thing that can be derived from the statement that I made about this and that is that in the overall system the deficits that have accrued should not accrue, there would be much more element of reasonable movement of revenue in the same way as those who call London more than those who don't. The point is that it is a fair and more equitable way of charging for the telephone service. It may not be necessary to increase subscriptions as often as has been done in the past and it may be possible to do so by the question of the metering. All that is a matter which is still in the future, the public will have plenty of time, plenty of notice. I have indicated this to the Minister and I say so myself, we may well be in a position to give an indication in next year's budget when we will have to settle the question of telephone charges, there is a deficit in the accounts which we are taking forward, we are not paying it off because we feel that the telephone service should pay for itself. By this time next year the installation will not be ready, it will not be ready until October for the functioning in December, so there is time. All we have been concerned about now is to get the whole of the equipment indoors. In fact as I was coming down to the House this afternoon, Mr Chairman, I have seen part of the machinery being taken into the Telephone Department. That is what is happening now. It is not reasonable to pretend now to have us say how many calls are going to be allowed free and how many are going to be charged for, when this is a matter of very fine mathematical calculations and finance inquiry in order to be fair. If we had done that now they would say, well, what about when you know the exact cost of the matter, this is really what it is all about. We cannot at this moment tell you how the tariffs are going to work. Whether we are going to say people can have 250 calls and pay much more for the subscription is impossible at this stage to say. Alright we may not be ready, we are not ready, we do not think we have to be ready for that, what we are ready for is to install the all important machinery.

HON G T RESTAND:

Mr Chairman, just a few points that I would like to take up on that rather long reply. The first one was that the Chief Minister said that in the past there had only been one possible solution when the Telephone Department ran into debts, shall we say, and that was to increase the rates. Well, I do not agree with that, I think that there is another solution and that is increasing the productivity of the department, and that could well have been looked into. The other thing was the Chief Minister said that the rates that we may well have to be paid by subscribers cannot be finalised now, cannot be realised now, until such time as the costs are known. Well I have just thought, the costs are known, Mr Chairman. Are the £1.009m. not envisaged as being the accurate figure of the installations, and if it is going to be the accurate figure then why cannot now the rates for local calls be determined.

MR CHAIRMAN:

In fairness I think it is clear, it is a matter of policy, it is Government who determines policy. I think they have given a straight answer. They have said, we have taken a decision on principle to instal meters and IDD or whatever it is called, the way in which we are going to regulate charges has not been decided yet. I think that that is a fair answer. Whether it should be done in another way is another matter.

HON G T RESTAND:

Mr Chairman, I think the Chief Minister qualified that by saying that the reason why they couldn't take a decision now was because the costs were not known, and I think that we are being asked today to vote for just one £1m and I think if it is going to be more, well let us know. If that is Government thinking. Then I will withdraw my question. But if it is considered that the project is going to cost £1.009m, if that is what they consider is going to cost, then I don't see why they cannot now start preparing and letting us know what the rates are going to be. If it is a policy decision of the Government not to let us know, not to let the people know until after that, well that is another matter, that is a Government policy decision. But certainly, not I would have thought, for the reasons given that the costs are unknown.

HON CHIEF MINISTER:

Mr Chairman, this is purely an incidental matter. The estimate is the best estimate we can find now, but I think experience shows in many aspects of these big works that at the end of the day areas which were not strictly covered by the draft details have had to be covered. What I was really saying is that we must wait until we finally know what the total cost will be at the end of the work. Of course we are giving an estimate now and of course the estimate is the best one that can be obtained, but in the overall thing you cannot make estimates of revenue until you know what your final expenditure is likely to be. This is very incidental and I think we are really taking it too far to say that there is another way in which we can reduce this by producing productivity. We agree on that, we are not talking about that, we are talking about when the rates for individual calls or when the rates for ordinary calls are going to be fixed. The answer is that at this stage it is too soon to say, and we will continue to give the same answer to whatever questions may be put.

HON G T RESTAND:

But, Mr Chairman, was there not a tender put out for this particular work?

MR CHAIRMAN:

Whatever else you have been told in so uncertain terms that they are not prepared to tell you how they are going to tackle this.

HON G T RESTAND:

But really, Mr Chairman, the figures are the estimated cost of the project, of £1m. odd. Was there not a tender for that?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, there was, but there is a thing called cost price adjustment which arises when you get inflation, it is not a fixed price contract, it is one which will vary with inflation. It could be slightly higher it could be slightly lower.

HON A J HAYNES:

Mr Chairman, I cannot accept that Government cannot give

accurate figures as to the exact amount to be charged in a meter, but surely when Government considers the installation of the IDD and the metering of local calls and this comes as a result of every call, they must have been advised as to whether this could mean an increase in telephone subscriptions for the local telephone user or not. Is the local telephone user to expect an increase in his bill? Yes or no.

HON CHIEF MINISTER:

I think that will be known, I hope by this time next year in the budget. It may be that there is no need to increase rates of subscriptions, perhaps it might be possible to reduce them. It is very difficult at this stage to know, Mr Chairman. I am trying to be as clear and as helpful as possible but I sometimes feel that they don't want to understand reason in Government.

HON A J HAYNES:

Mr Chairman what I am getting at is that surely Government before making a decision of this nature would have considered the effects on the pockets of the telephone users on it. If it is something that they have committed themselves to the tune of £1m and the eventual bill for the consumer is going to be decided at the last minute when the £1m has already been spent and an irrevocable process has been set in motion isn't it rather too late to tell the user, I am afraid your telephone bills have to be increased. Surely we could have an indication, I am not asking for minute details, I am asking for an indication, is it fair to assume that phone bills overall will go up or not? And if Government hasn't made that decision before, they have been rather irresponsible in their deciding.

HON DR R G VALERINO:

Mr Chairman, I know a couple who may use the phone once or twice a week and therefore, their phone bills will automatically go down. If it is a business concern which uses the telephone 100 times a day, then their phone bills will go up. It will obviously depend on the types of persons using the particular instrument.

MR CHAIRMAN:

Yes, we seem to have gone as far as we are going to get on this one.

HON W T SCOTT:

If I might for clarification, members of the Government

might have smiles when I make my observations on that item, I am a little bit confused in fact, particularly after what the Honourable and Learned Chief Minister had to say, that was that he was consistently talking of number of calls made as distinct to number of perhaps time units consumed. Are we looking forward at least to a basic policy from Government if they are going to charge for number of units used or number of calls made. Can we at least extract that from them.

HON CHIEF MINISTER:

Of course I think it is a very good point that has been raised by the Honourable Member. One of the many complications that have to be looked into is whether it is fair to charge for a number of set calls because of people who start talking the whole morning and you want to make a call sometimes at home and you cannot get through because they are talking all the time, of course there is, I mean in London the same thing is happening. Sometimes you start charging an extra unit after so many minutes. It all depends how the thing develops. Of course it is a very good point to be made. These are all the matters that have to be looked into. We have not had the opportunity nor has it been necessary to do what we have to do anyhow which is to buy the equipment, to do that. The public utility services and all we are interested in is getting sufficient guide from the user of the service to pay for itself of the nationalised industry that it is.

HON W T SCOTT:

So perhaps, Mr Chairman, we might be looking at a situation where there might be a possibility of a certain minimum number of phone calls in addition to time units consumed.

HON MAJOR R J PÉLIZA:

I think, Mr Chairman, what the average consumer is hoping is that the introduction of this direct dialling is not going to make his bill shoot up because then he will probably say, why didn't the Government do its home-work before introducing this in finding out whether in fact by and large the people of Gibraltar were paying much less before than they are going to pay now, and this is what I would like the Chief Minister to answer.

HON CHIEF MINISTER:

It may be that they are having the local calls too cheap to have them all included in, and maybe the people, as hon

been said before who use it more will have to pay more, and the people who use it less will have to pay less. It will be equitable.

HON J T RESTANO:

One last question on clarification. Will the Government confirm then that at the next budget session there will be a firm decision announced in this House.

HON CHIEF MINISTER:

No. I cannot give that undertaking. I have gone as far as I could when I said that an indication could well be given at the next budget because at the next budget the tariff will have to be fixed in anticipation of the introduction of the system because it will cover part of the next financial year. And I hope that by that time we will be able to do so. I cannot give an undertaking for it to be thrown at me that I was urged to make one and I wasn't ready for it. I am saying that in all probability that will be the case, unless there are - I will go a little further - unless there are very good reasons for not doing so that, in my view, is the right time.

HON P J ISOLA:

Mr Chairman, item 7 - Modernisation and Replacement of Private Branch Exchanges Equipment. I thought we had already voted special services on item 12 of Head 23, which says, "provides for the connection and replacement of private branch exchanges and carrier system." Are they to be read together or what?

HON DR R G VALARINO:

Mr Chairman, I don't honestly know. I think he was referring to the recurrent vote. Am I right. That is on the wages side for the replacement of both the new and old PBXs which are now obsolete by modern and efficient ones.

HON P J ISOLA:

I haven't seen this before that is why I am asking. Isn't it a bit strange to put part of the expenditure on the Improvement and Development Fund and part on the recurrent vote. It is not done in other cases, is it?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It would be usual to put the cost of capital equipment within the I & D Fund, the cost of installing it, which is an on-going process, should be shown in the recurrent budget.

HON P J ISOLA:

Is that the case with the IDD as well then?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The provision at the moment, Sir, in the IDD is only for the actual installation by the overseas staff coming in to install it.

Head 108 - Telephone Service was agreed to

Head 109 - Public Lighting

HON P J ISOLA:

What sort of improvement are we getting here?

HON DR R G VALARINO:

Mr Chairman, general improvement Phase 1: Street Lighting Scheme. Tank Ramp area, includes Tank Ramp new Road and Steps; Castle Road from St Bernard's Hospital to Moorish Castle Estate, Lower Castle Road; Rosia Road area, includes Rosia Road South, as from Cumberland Building to Rosia Parade and Central Pavilion Road; Sandpits new Road; Lime Kiln Steps area includes Lime Kiln Steps, Devil's Gap, Lime Kiln Road and Lopez Ramp; Devil's Tower Road, includes from Sundial to old refuse incinerator; Lime Wall Road includes from Parish Hall to bottom of Smith Dorrien Avenue; Secretary's Lane area includes Secretary's Lane, Governor's Lane and Holy Trinity Cathedral Square; and item 2 of Head 109, General Improvement Phase II, Keightley Way tunnel and Waterport Viaduct area, which includes the Pilot House Road and east of the Viaduct Bridge.

HON W T SCOTT:

Mr Chairman, I notice that the road west of South Barracks has not been included within the general list that the Minister has given us and I think that a few months ago when I asked a question in this House I was led to believe that although it was not in the top

list of priority, that the Government would be happy to look at it. Can I have the Minister's comments on this.

HON DR R G VALARINO:

Yes, Mr Chairman, the department had a close look at the area and we certainly took note of what the Honourable Member said. But in fact the areas that I have enumerated we felt were more urgent and, therefore, we gave priority to this. But that does not mean that we do not take into account his comments, and as soon as we are able we shall deal with the appropriate area in question.

HON W T SCOTT:

And taking into account, Mr Chairman, surely of doing something about it which has not apparently been done in the list that the Minister has given us.

HON DR R G VALARINO:

Yes, Mr Chairman, I am afraid it has been impossible to put it into this year's estimates but we shall try and put it into next year's estimates.

HON W T SCOTT:

Why is this, Mr Chairman, because there are financial limitations or is there some other reason.

HON DR R G VALARINO:

No, Mr Chairman, because we have had other priorities which have been of a more important nature than what the Honourable opposite suggested at the meeting of the House.

HON W T SCOTT:

But does Government not realise, does it not accept that that part of the area of South Barracks west of the barracks is not in need of an improvement in lighting precisely to prevent any possible accident occurring?

HON DR R G VALARINO:

Mr Chairman, and so are all these other areas.

HON W T SCOTT:

I am not disputing that, Mr Chairman, what I am concerned

about is the area west of South Barracks.

HON DR R G VALARINO:

Yes, Mr Chairman, and I have said that although it has been impossible to include it in this year's estimates, consideration will be given to include it in next year's estimates. This is the programme we have for this year and certainly merits it and we have to go ahead with this programme but we shall take due notice of what the Honourable Member said, don't worry about that.

HON W T SCOTT:

With respect to the Honourable Minister this is exactly the reply that was given to us three months ago. Due note etc and yet nothing has been done. And now we are again what I said a few months ago: are we expecting something to happen before any measures, corrective measures, are taken to prevent an accident occurring.

HON DR R G VALARINO:

Mr Chairman, that would be a supposition on the Member's part. In fact I think that if we do not have corrective measures here we may well have an accident and in fact one of the areas listed here is Devil's Tower Road which I feel is of far more vital importance because of accidents there than the area mentioned by the Honourable Member.

HON W T SCOTT:

At no time, Mr Chairman, did I suggest that this area I am mentioning, South Barracks, should take priority or precedence over the areas that the Minister is mentioning, it is quite the contrary. What I am saying is that this area should be complementary to the list that the Minister has given us. And surely we should be looking at preventive measures rather than anything else.

HON DR R G VALARINO:

Mr Chairman, the Honourable Member is very forthright. Let me say I do not give any direct commitment to the Honourable Member but I will see what I can do.

Head 109 - Public Lighting was agreed to.

Head 113 - Electricity Service

HON G T RESTANG:

Mr Chairman, would the Minister give us an explanation of sub-head 2, a new project of £63,500 on the Substation and Ancillary Works at the North Mole.

HON DR R G VALARINO:

Yes, Mr Chairman, this provides for an HT cable, switch-board and transformer, building conversion, MD cables and jointing material. Labour costs are as follows: Transfer and cable laying £12,000; Rerouting existing cables, jointing etc £3,000; therefore, the labour vote in that item is £15,000.

HON G T RESTANG:

There must be technical reasons for this, Mr Chairman. I would just like to know why, if we are to have a new Power Station on No 5 jetty which is within the Port, why is it necessary to have a substation at the North Mole. What is the reason for it?

HON DR R G VALARINO:

Mr Chairman, we need a substation at the North Mole because the present substation at the North Mole is run by the MCD and we are taking over this from the MCD.

HON G T RESTANG:

My question was, if we are to have as we are to have a complete power station for No 5, what is the purpose of having a substation just 100 yards down the road.

HON DR R G VALARINO:

Mr Chairman, because the electricity goes through the substation and then is distributed by a cable, this is the normal procedure.

HON G T RESTANG:

My question is precisely that: if we are going to have a full power station 100 yards away, why is it necessary to have a distribution centre, a substation 100 yards away.

HON DR R G VALARINO:

Mr Chairman, this is the normal practice. We have 16

substations throughout Gibraltar. It is the normal practice to produce the electricity and distribute it through the substations. In fact I may be wrong but there is a substation within a very few yards of the Generating Station itself, just outside the Generating Station, therefore, these substations are essential in distributing the power to different areas.

HON A J HAYNES:

The Power Station No. 5 Jetty. Does the Port Feasibility Study say anything on the siting of this Generating Station?

HON A J CANEPA:

What is the Honourable Member asking, do they say whether they agree or whether they disagree, is that what he is saying, whether it should be there or whether it shouldn't.

HON A J HAYNES:

Could then the Hon Member tell us what it says about the Generating Station.

HON A J CANEPA:

I cannot recall whether they comment on the advisability or otherwise of having the Power Station there.

When I came into Government in February 1980 and I took over responsibility for the Port and for Economic Development, at the very first meeting of the Forward Planning Committee we took a decision that the Power Station was going to go on No. 5 Jetty. And there it is going to go. And we have handed over the Jetty three weeks before the consultants were ready to take over.

HON MAJOR R J PELIZA:

So even if their decisions were wrong, and the advice of the people to whom we have paid a lot of money for this is that we shouldn't have it, the Minister believes that because the decision was taken, even if it is wrong, they still have to go ahead with it.

HON A J CANEPA:

One thing we were not prepared to do, Mr Chairman, is to give the Opposition further reasons to lambaste the Government for power cuts over prolonged periods. We are going to get a power station built as soon as we can and then Honourable Members opposite will not have a political weapon to hit us with.

HON MAJOR R J PELIZA:

Even if the people have to pay through their nose for a big mistake?

HON A J HAYNES:

Sir, there were reasons to lambaste the Government in the past for power cuts. What I am getting at, apart from what the Minister said that the Port Study seems to have had no bearing on the positioning of the power station on the site it is, can the Minister say anything more on the subject vis-a-vis the Port Feasibility Study.

HON A J CANEPA:

What I will say on the subject is this, that I would like many of the Smart Alexs opposite to tell the people of Gibraltar where they think a new Power Station can be situated having regard to the lack of land in Gibraltar.

HON MAJOR R J PELIZA:

Perhaps if the Honourable Minister would let us be in Government perhaps we could tell them.

HON CHIEF MINISTER:

It is the people who do not let them be in Government.

MR CHAIRMAN:

Order, order.

HON G T RESTAND:

The reasons given by the Minister for Economic Development for taking the decision, which is that the Opposition was lambasting then is perhaps the wrong decision, surely his reasons should have been that there should not be any more power cuts in Gibraltar, not just

because the Opposition was lambasting the Government, that surely is a most cynical remark.

HON A J CANEPA:

If Honourable Members opposite wish the Government to make available to them the Port Feasibility Study they had better make up their minds whether they are going to honour certain pre-determined parameters, because I am quite willing to put up with a situation where we do not make the Port Study available to Honourable Members opposite, and between now and the next elections and the one after they can cry to high heaven for this as for the PCR report the Government has not made available.

HON G T RESTAND:

Which has resulted in power cuts.

HON A J CANEPA:

Because if they think that as a result of getting that report made available they are going to make capital, political capital, out of that they are very mistaken.

HON A J HAYNES:

I do not think that the Government should be so confident about winning the next election, and as to the power they will have or not over those reports.

HON A J CANEPA:

It is not a question of power.....

HON A J HAYNES:

The point I am concerned with the Port Feasibility Study was to discover whether or not they had any comments to make on the pollutant elements of the new Generating Station.

HON A J CANEPA:

No, Sir.

HON A J HAYNES:

Is there any fear in Government benches, even if there isn't a Port Feasibility Study, for the people at Varyl Begg who may well be subjected to aerial pollution. I know the Minister isn't familiar with the term.....

MR CHAIRMAN:

Right let us have an answer to that.

HON A J HAYNES:

It is a genuine worry which I hold.

HON DR R G VALARINO:

Mr Chairman, that has been gone into deeply and irrespective of the Port Feasibility Study I can assure the Honourable Member that every consideration has been given towards this. Every consideration is being given to this very grave question that the Honourable Member has quite rightly brought up.

HON A J HAYNES:

Mr Chairman, on a point of clarification, and I would support this on my own bat, and I am sure my friends will agree on that, is it, therefore, Government's policy to make every effort to avoid aural pollution emanating from the new Generating Station.

HON DR R G VALARINO:

Mr Chairman, I will say that it is Government's intention, every intention, to avoid aural pollution in this area.

HON F J ISOLA:

Mr Chairman, the Power Station at No 5 Jetty is of course a very considerable capital investment for Gibraltar. And certainly I would like to be re-assured that Preece, Cardew and Rider, who I am sure the Government is paying quite handsomely to keep consulting them in all their problems and they seem to have very many where power is concerned, and also the Port Feasibility Study, which has been made at quite a considerable cost, to the tax payer I think it is about £22,000, I would certainly like to receive reassurances from the Government side that both the consultants, Preece, Cardew and Rider and the gentlemen who did the Port Feasibility Study, are all quite happy that the capital project is in the right place in the right site.

May I say this Mr Chairman what has put me in doubt about this is the rather irate reaction we have had from the Minister for Economic Development to questions in this direction. I don't think it is a question of trying to make political capital or anything else, I think it is a question of this side of the House wanting to be reassured that the Power Station is being

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properly sited.

With regard to the remarks that the Minister for Economic Development has made that the Opposition had better watch their P's and Q's if they are going to be supplied with the Port Feasibility Study, my answer to that must be, Mr Chairman, that the Opposition can only accept from the Government reasonable constraints on the sensitive areas which the Minister has mentioned but what we cannot start doing is to be treated like school children and told: as you may find something there that suits your political or whatever it is, unless you are going to give us assurances you will be treated like naughty boys and we will not have it. I hope that is not the intention behind the Minister for Economic Development because this reports costs £23,000, the reasons we ask that we should have it and see it is because it is meant to take development in the Port in the 21st century or the end of the 20th century, and I think that as large a section of the elected representatives of the people should be allowed to see this report. Certainly I would welcome some assurances on this from the Chief Minister.

HON A J CANEPA:

I will give them, Mr Chairman, myself. I hope, Mr Chairman, that we could agree, as reasonably intelligent individuals, that we are here to look after the welfare of the people of Gibraltar generally and not merely to make political capital out of a certain situation. I think we are all agreed that to have continuing powercuts is highly undesirable, and I think that we are all agreed that to be looking around for sites which we all know are just not available for another year for 18 months for two years, is not going to do anybody in Gibraltar any good. I hope we are agreed on those lines. Now against that background the Government had to take a decision as to where the power station was going to be sited. As far as PCR are concerned, I think they are perfectly happy, they are delighted, that it is going there on No. 5 jetty. As far as I am personally concerned I would have preferred, as Minister for the Port, that it would have been possible to site it elsewhere and not within the Port. This is natural, this makes sense, but we have got constraints. Therefore, as far as the Port consultants are concerned, the Honourable Member is asking, are they happy: well, let me put it this way. They are not unhappy, but I am sure, as I feel, they would have been happier that it should have been possible to site it elsewhere.

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You may not know, the Honourable Member may be surprised because they do not express an opinion, and I will tell him why they do not express an opinion, because there are certain historical facts that you have got to put up with and they have to put up with, and the first fact was that the Government had taken a decision that the Power Station was going to be there, so they have to live with that fact of life. And, therefore, they have accommodated themselves in the report to that reality, just as they have to accommodate themselves to the fact that the Ice Box is there, and that the Flying Angel Club is there. I would like to see the Flying Angel Club out of the Port, I would rather not see every Sunday people driving up to the Port, but it is a fact of life because it is something that we had to do historically when the frontier closed, we had to continue to allow people to have a longer spin around the Rock to be able to go to the North Mole. But it will have to end. The time will come when we have to say, no more. Now, this is the problem.

As regards making the report available, I repeat what I said. Already without Ministers having sat down to discuss the report I have made a fairly detailed statement on the matter. I accept that the Opposition have more than a legitimate interest having regard to the fact that they are the alternative Government, and that they may think that over the next 10 or 20 years they will find themselves in Government, I really think it is for the good of Gibraltar, for the good of forward planning that they should know what there is in the report. And against that background I would not be expected to be questioned unduly on a matter which in any case is not going to change our thinking. As soon as we are in a position to do so the report, I hope very much, we will be able to make it available to the Opposition, perhaps on a confidential basis, because there are very many sensitive areas in it.

HON P J ISOLA:

Mr Chairman, I thank the Minister for that. I hope he understands that if we are to have it we should have it soon because otherwise it is impossible to avoid asking questions when large sums of money are being voted. It is impossible not to ask questions about what the Port Feasibility Study says because otherwise it would have no relevance.

HON A J CANEVA:

Mr Chairman, without commitment, the Forward Planning Committee hopes to consider the report on Monday afternoon, I hope during the course of May or early June to take the matter to Council of Ministers, I very much hope, and I hope that Mr Rortano, if I am not able to meet the deadline will not be asking me why I did not do so, I very much hope that before the House meets again for the last meeting before the summer, I hope that we will be in a position to take a decision on that matter, if not shortly after that. We are only talking at the moment of one meeting but I would say that certainly before the House resumes after the summer recess I very much hope that we will have taken a decision on the matter and find that we are able to make it available to the Opposition.

HON P J ISOLA:

May I express the pious hope that perhaps at the same time as they let us have the Port Feasibility Report they will let us have the Preece, Cardew and Rider Report and then we can have a complete picture.

HON W T SCOTT:

Mr Chairman, I would like to ask for clarification, if nothing else, on the same subhead, the power station at No 5 jetty, and I think over the last few months Government has told us and the public at large that it is their intention to extend No 5 Jetty Power Station to such an extent as to perhaps phase out North and South Kings Bastion, and I am sure I will be interrupted immediately if I am wrong, and I'll give way to this. But on that, has any regard been taken to perhaps an element not contained within the power station itself which will bring extra costs to the Government and hence to the people of Gibraltar, and that is on the cable distribution system, whether switchgear is going to be changed from one to the other.

HON DR R G VALARINO:

Mr Chairman, I would like to answer that question, because it is a very interesting question. Initially the Power Station was supposed to be sited at Varyl Begg and all the distributions systems tend to go towards that end of the Rock. The siting of the Generating Station at No. 5 jetty therefore is ideal for us because all the cables go in that direction and it is a simple enough

procedure. This is very pertinent to one of the reasons why No 5 jetty was chosen as the site. The other thing is that when the two engines are commissioned it won't be both the South and North station, as the Honourable Member has said, it will be the South station which will be closed down: the North Station will be shut down as further engines are added to the new station at No. 5 jetty.

HON W T SCOTT:

Yes, Mr Chairman, but has any consideration been given to the £7.14m, being asked for under subhead 6 on the new cable distribution necessary other than a link which I understand will be between No 5 jetty station and King's Bastion, similar to the link between King's Bastion and the MCD Generating Station in the Dockyard. I am talking about the extension of the HT ring.

HON DR R G VALARINO:

Yes, Mr Chairman, consideration has been given to this, apart from the small link necessary and one of the reasons of the North Male Substation is to permit this link to the King's Bastion Generating Station. But let me say that if we had decided to put the Generating Station anywhere else the cost in cables etc would have been prohibitive.

HON W T SCOTT:

I am not disputing the fact that No 5 Generating Station is going to be placed somewhere else, all I am saying is whether due regard has been taken of the extra cost of the cable laying element on No 5 Generating Station.

HON DR R G VALARINO:

Yes, Mr Chairman, due regard has been given.

HON S T RESTANO:

Will there be any consequential extra costs to the Power Station other than the £7.14m? For example with the skid mounted generators we were told that it would cost so much, and then there were consequential costs to the installation and so on. Will there be any consequential expenditure of any source other than that?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, the contract for the power station, unlike that for the IDD, is a fixed price contract. So that there

should be no escalation in cost because of inflation. There may be slight additional cost, for example we recently paid some £15,000 for site preparation which is not included in the figure here, but there may be other minor costs that might arise during the course of the construction. But there will be no major element of cost that arises.

HON W T SCOTT:

Mr Chairman, one other question if I may. I would like to ask the Government to inform the House on No. 5 Jetty Power Station, and I think that when this was first talked about in the House Government said that there would be provision made within that station for any excess heat to be used up by a distiller. I think we have all been too concerned with the station itself and the Government has not really come up amplifying their original statement.

HON DR R G VALARINO:

There is provision in the Development Programme to utilise the steam available when the engines are running to aid water distillation eventually.

HON W T SCOTT:

Are we to look forward to, Mr Chairman, judging from the Honourable Minister's reply itself, that perhaps the cost of running the nearest distiller to that station, the VTE distiller, will come down in so far as power generation within that distiller is concerned?

HON M K FEATHERSTONE:

In the provision for the power station there is provision for a boiler to give waste heat to whatever distillers are available in that area. Initially it will be to feed the distiller and the costs should drop quite considerably.

HON P J ISOLA:

One last question. I notice major repair to engine No.11; they have come to an end according to the vote, we voted £92,000 last year, but there is nothing for 1981-82. Is engine No 11 operational now?

HON DR R G VALARINO:

The commissioning engineer will arrive towards the beginning of May to commission engine No.11.

HON P J ISOLA:

So there is no more money being spent on it, is there? Is that the position?

HON DR R G VALARINO:

Mr Chairman, very little.

Head 110 - Electricity Service - was agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman I beg to move that Part I of the Schedule in the Appropriation (1981-82) Bill, 1981, be amended as follows:-

- (1) Add new Head 29 - Contribution to Funded Services £2,518,000; and
- (2) Delete £35,130,900 from the total and substitute £37,648,900.

Mr Chairman proposed the question.

HON P J ISOLA:

Mr Chairman we are voting in favour but you will recall the reservation we had on the special charges.

MR CHAIRMAN:

That is recorded, most certainly.

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

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman I beg to move that Clause 2 be amended by deleting the words "thirty-five million one hundred and thirty thousand nine hundred pounds" and substituting the words "thirty-seven million six hundred and forty-eight thousand nine hundred pounds".

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

Clause 3 was agreed to and stood part of the Bill.

Clause 4.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman I beg to move that the words "twenty-five million one hundred and thirty thousand nine hundred pounds" appearing in subparagraph (1) be deleted and the following words substituted therefor "thirty-seven million, six hundred and forty eight thousand nine hundred pounds".

Mr Chairman then put the question which was resolved in the affirmative and Clause 4 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 "Fifty million seven hundred and seventy-five thousand nine hundred and forty-two pounds" be deleted and the following words be substituted therefor "fifty-three million two hundred and ninety-three thousand nine hundred and forty-two pounds".

Mr Chairman then put the question which was resolved in the affirmative and The Long Title was agreed to and stood part of the Bill.

The House resumed.

THIRD READING.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to report that the Appropriation (1981-82) Bill, 1981, 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 which was resolved in the affirmative and the Bill was read a third time and passed.

HON M K FEATHERSTONE:

Mr Speaker, may I have your leave to make a statement on the refuse collection situation which I promised on Friday I would give.

MR SPEAKER:

Most certainly.

HON M K FEATHERSTONE:

Sir, Honourable Members should appreciate that in the collection of refuse there are two different facets: there is the first facet which is a statutory obligation on the Government, and that is to pick up domestic refuse, and domestic refuse, Sir, is picked up by a certain number of men who are divided up into some 7 squads to cover the whole of the town. Each squad is made up of a lorry with its driver and three to five men. Now, Sir, some years ago it was suggested to the squads that apart from the domestic refuse they should pick up a certain measure of trade refuse, and for picking up this amount of trade refuse a productivity agreement was offered. This was accepted by the men who obtained a productivity agreement and at that time they said, and it was the men's own feeling, that every member of the squad should get the productivity agreement, this including the driver of the lorry. Recently these refuse collectors put in a claim for a number of other points they felt they should have,

including a seven-day-work, etc. Government resisted these claims but Government was amenable to re-negotiating the productivity agreement and this productivity agreement was re-negotiated under which every member of the squad would get £13 extra a week as a productivity deal and they were to pick up every day from traders shop up to 8 boxes of cardboard and up to 5 boxes of bottles. This started to work satisfactorily, Sir.

Over the last three or four years a new facet has come up in refuse collection, partly new and partly not so new. The PWD always had a service by which they were willing to pick up any persons' refuse from a house such as old furniture, old beds etc, if they were asked to do so by telephone. But over the last few years traders in particular have started putting out their refuse into streets at certain street corners, and because this was creating a nuisance Public Works started up a service to not only pick up those cases where householders had telephoned for refuse to be picked up, but they started picking up from these streets corners as well. And just recently, following the increase awarded to the refuse collectors, the drivers of the lorries that carry out these collection from street corners said, the refuse collection drivers are getting £13 extra productivity a week and we want the same. Government felt that there was no justification whatsoever for this since they were doing no extra productivity at all, they were getting their normal productivity bonus of £5 a week and Government resisted this claim. The first stage of the action was that the drivers said that their lorries should not be loaded higher than the level of the tray although there was provision for a greater measure of loading up to a wirecaging that had been put round the lorry. But some two weeks ago the drivers said that they were going to black these refuse collection lorries and they would not drive them at all, and this meant that the service had to be discontinued.

The drivers on the extra refuse lorries number some 18 people and they work on a roster system. We usually have two lorries and at the most three lorries per week doing this so that it meant that one driver, two drivers or three drivers were doing work on this type of lorry on an average once every six weeks. Because they did not do this work which entailed a measure of overtime it did mean that they were losing some overtime, but since it only occurred once every six weeks it did not really affect them to a very big extent. At the same time with

these lorries being blacked the men who do the actual physical picking up and loading of the lorries were to some extent unable to do the work that they are normally detailed to do and what they had been doing to some extent in the meantime is at least going round seeing where the accumulations are, tidying them up as neatly as possible and in certain instances putting some of the accumulated rubbish into black bags. That is why it appears that household refuse has been put on some of these piles because black bags are visible, but as I understand it in the majority of instances these black bags have been as a result of the work done by the actual gang themselves in filling up black bags with some of the accumulated rubbish. For example at the top of Bell Lane there have been a lot of old flowers thrown away and these have been put into the black bags.

Now the whole point, Sir, is that basically none of these accumulations should ever have occurred. They are basically against the law because the law does say that it is illegal to deposit rubbish on the public highway. The public has been requested on several occasions, whilst this industrial trouble is on, not to put anything on the public highway as such and they are encouraged to take it down to the Refuse Destructor where it will be collected from them. We have told traders - and I would mention it again - that if the traders put out up to 3 boxes of cardboard and up to 5 boxes of bottles, before approximately 9.00 am which is the latest time the refuse collectors go round, and if they put it outside their establishments and not on the habitual accumulation area, then these boxes will be picked up by the refuse collectors. So that if the traders put their stuff out early they will have most of their stuff taken away for them.

We have tried to negotiate with the lorry drivers and we have offered them just recently quite a reasonable solution at no extra cost to Government under which they would not work anything more than they have been doing up to the moment, but unfortunately this has been turned down. The position now stands that since it is the prerogative of Government what measure of overtime may be given, all the drivers on this roster system will be informed that they will finish their normal work at 5 o'clock in the evening and no overtime at all will be available to them. This will perhaps affect their pockets, may make them think again and encourage them to come back to the negotiating table fairly soon.

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In the meantime, Sir, I am afraid that we have to regret that the accumulations at these three corner points will remain since there are no lorries available to pick them up. We can only hope that the public will cooperate as much as possible, firstly, by not depositing anything further on these street corners; secondly, by taking to the destructor any refuse they have where it will be accepted; and, thirdly, that traders who legitimately can put out the amounts that I have said, do put it out outside their shops early in the morning and not on these habitual dumping areas. That is as far as the position is at the moment. Thank you Sir.

HON P J ISOLA:

Mr Speaker, may I thank the Minister for the very full statement he has given. I think now the public will know a lot more about the dispute than they did before he made the statement, and I think it enables people to understand and certainly on this side of the House we wish him well in his negotiations, but at the same time we hope the public will take heed of what the Minister has said in relation to the depositing of refuse and so forth.

The only question which seems to be unanswered in the statement is, are these rubbish piles becoming health hazards, and if they are, is there nothing the Government can do to obviate them.

HON J B PEREZ:

Perhaps I could help out on that. I would like to say that the Health Department is spraying all the accumulations in order to try and avoid the accumulations becoming dangerous to health, we are in fact inspecting the accumulation on a daily basis and spraying them.

HON CHIEF MINISTER:

I suggest we now recess.

MR SPEAKER:

Yes, I was going to say that. We will now recess until tomorrow morning at 9 o'clock when we will commence on the Finance Bill.

The House recessed at 4.15 p.m.

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TUESDAY 28TH APRIL, 1981.

The House resumed at 9.15 a.m.

MR SPEAKER:

Well, gentlemen, I will remind the House that yesterday we finished with the Appropriation Bill and we will now start with the Finance Bill.

SUSPENSION OF STANDING ORDER.

The Honourable the Financial and Development Secretary moved the suspension of Standing Order No.29 in respect of the Finance Bill, 1981.

This was agreed to.

THE FINANCE ORDINANCE, 1981

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Estate Duties Ordinance (Chapter 52), the Gaming Tax Ordinance, the Imports and Exports Ordinance (Chapter 75), the Income Tax Ordinance (Chapter 76) and the Public Health Ordinance (Chapter 131), and generally for the financial policies of the Government, be read a first time.

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

The Bill was read a first time.

SECOND READING.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be read a second time. The Bill incorporates legislative proposals for fiscal changes in 1981-82, and also seeks to give effect to the increases in the potable water tariffs to which the Chief Minister referred in his speech during the second reading of the Appropriation Bill. The Bill also provides that rate increases consequent on the proposed 20% increase in rents should be deferred for one year until the 1st April 1983.

On the basis of current rates, taxes, duties and charges, the Government's total estimated revenue for the current financial year is £45,151,500. After taking account of the expenditure authorised on the recurrent budget by the Appropriation (1981-82) Ordinance 1981, including budgetary contributions totalling £2.518m for the Electricity Undertaking, Potable Water Service and Housing Funds, the year would end with an estimated surplus on the recurrent budget of some £2.63m, which would bring the projected Consolidated Fund Balance on the 31st March 1982 to slightly over £11.29m.

Mr. Speaker, in his speech on the Appropriation Bill, the Honourable and Learned Chief Minister announced the Government's intention to afford some relief by reducing the level of personal income tax. During the course of the last financial year a working group of ministers and senior officials studied the Income Tax Ordinance in depth, reviewing all its provisions, not merely those relating to personal income tax. In the course of this study a total of some twenty options were considered and the likely revenue and income distribution effects were put through a computer. As an outcome of the study, the Government proposes an increase in personal allowances and a broadening of tax bands. The effect will be to move from higher to lower marginal rates of tax some 1,500 tax payers and the average reduction in tax for married couples is of the order of 13-15%. Tables will be circulated together with a copy of this speech detailing the effects of the proposals on the net income of tax payers. I would emphasise that during the course of the study other fiscal aspects were touched on which will require further and more detailed study of their likely effects.

At best estimate the total minimum cost in a full year of the proposed changes in personal income tax is £2.25m and £1.7m in 1981-82. This estimate is derived from a sample survey of some 8% of Gibraltar's PAYE tax payers which was processed by computer. The income data was based on 1979-80 incomes updated to take account of the 1980 pay settlements. The margin of statistical error which is present in any sample is therefore increased.

I will now give details of the tax relief measures which will take effect from 1st July 1981:-

- The single person's allowance will be increased by £100 from £750 to £850 and the deduction for a wife will be similarly increased. The deduction for a married couple will, therefore, be £1,700;
- The deduction which may be claimed on a wife's earned income will be similarly increased to £850;
- The allowance for a first child will be increased from £250 to £300;
- For persons claiming a deduction for a dependent relative the income limitation is consequentially increased from £750 to £850. If a dependent relative is in receipt of an income in excess of £700 a year, the deduction which can be claimed is reduced by the amount of the excess.
- The new bands and rates of income tax are to be as follows :-

For the first £700 of taxable income	-	20%
For the next £3,000 of taxable income	-	30%
For the next £3,000 of taxable income	-	35%
For the next £2,500 of taxable income	-	40%
For the next £2,500 of taxable income	-	45%
Rest	-	50%

- Wound and disability pensions granted to members of HM Forces or of a recognised national defence organisation, injured as a result of action by the Queen's enemies are already exempt from tax. The exemption will in future apply to pensions paid to the widows of members of the Forces or national defence organisations who were killed by or died of injuries as a result of action by the Queen's enemies;
- The limit on the amount of interest on deposits in the Government Savings Bank which is exempt from tax will be increased to £200;
- The deduction for an apprentice will be increased from £150 to £200;
- Allowances for handicapped children will be increased as follows:-

	<u>PRESENT ALLOWANCE</u>	<u>NEW ALLOWANCE</u>
Overseas	1st Child £600	£720
	2nd Child £500	£600
Gibraltar	1st Child £500	£600
	2nd Child £400	£500

- The allowance for one parent families will be increased from £400 to £500;
- A new additional deduction of £150 will be allowed to persons who are blind.

The Honourable and Learned Chief Minister informed the House during the second reading of the Appropriation Bill of the Government's decision that the parents of Government sponsored children educated at MCD schools would in future be required to pay the difference between the cost of educating their children at those schools and at Government schools. In principle, it is difficult to distinguish for the purposes of tax relief between the education of children who receive full-time education outside Government schools whether in Gibraltar or elsewhere. The Bill provides, therefore, that tax relief for a child receiving full-time education overseas should be restricted to children aged 16 years or over wherever they will be receiving full-time instruction: that is the

allowances will no longer be restricted to education in the United Kingdom or the Republic of Ireland. The allowances will be increased from £300 to £360 for the first child and from £200 to £250 for any subsequent child.

In the course of the study on direct taxation it was proposed, and the Government has agreed, that 100% initial allowances should be introduced for plant, machinery and fixtures. Accordingly, the Bill now under consideration provides that plant, machinery, motor vehicles, vessels and aircraft other than those used for private purposes and fixtures used in any trade, business, profession or vocation will be allowed a 100% first-year deduction from the profits or gains of such trade, business, profession or vocation. Existing written down balances would continue to be treated as at present. Any sums realised from the disposal of assets on which the allowance has been granted or recoverable under any insurance or indemnity would be liable to tax. To prevent abuse certain safeguards have been introduced.

The review by minister and officials also considered rates of Estate Duty. As a result the Government proposes that the following new rates of estate duty should be introduced from the 1st May 1981. Principal Value of the Estate are the first figures I will give and the second will be the rates percent of estate duty.

<u>PRINCIPAL VALUE OF THE ESTATE</u>	<u>RATE PER CENTUM OF ESTATE DUTY</u>
Exceeding £10,000 but not exceeding £20,000	5
Exceeding £20,000 but not exceeding £30,000	10
Exceeding £30,000 but not exceeding £50,000	15
Exceeding £50,000 but not exceeding £100,000	20
Exceeding £100,000	25

The provisions in the schedule to the Estate Duties Ordinance Chapter 52 relating to aggregation of property and marginal relief will remain unchanged except for the substitution of £10,000 for £5,000 under the Aggregation Provision. A new provision will, however, be included in the schedule to the effect that where an estate exceeds £10,000 in principal value but is under £10,500 the duty payable shall only be the difference between the value of the estate and £10,000.

The provision introduced in the 1980 Finance Ordinance affording relief for external decorations and repairs to premises for a period of two years from 1st July 1980 has a further year to run. Although the initial response would appear to have been disappointing, there are indications that more property owners are taking advantage of this provision. During the current financial year the Government will consider whether this relief

should continue after 1st July 1982 and if so for how long.

After taking account of the loss of revenue from the changes in personal income tax, other taxation reliefs and a marginal increase of some £30,000 on the changes in the rates of Estate Duty, there would be a surplus of £963,400 in the recurrent budget and a projected Consolidated Fund Balance on 31st March 1982 of some £9.6m.

I explained in the budget speech on the Appropriation Bill the relationship historically which the Consolidated Fund bears to estimated expenditure: the fact that at any one time the amount available within the Fund to meet short term excesses of expenditure over revenue is diluted by amounts owing for Funded Services and expenditure by the Improvement and Development Fund. I also emphasised the need for a strong financial position if in this, the first year of a new five year Development Programme, the Government is to seek commercial funds to finance the local cost element of the new Development Programme. Finally, I drew attention to the fact that on the figures then presented to the House expenditure was increasing more rapidly than revenue. It is against this background and to avoid ending the year with a deficit on the recurrent budget and a reduction in the Consolidated Fund Balance that the Government considers that the projected minimum surplus on the recurrent budget at the beginning of the financial year should not be less than some £1.15m.

Despite the reduction in the level of direct personal taxation the Government does not propose to switch the tax burden to indirect taxation.

No significant increases in indirect taxation, internal revenue or licences are proposed. There are however two areas which the Government considers justify increases. These are motor vehicles licence fees, gaming tax and licensing fees for gaming machines. Accordingly, an increase of 40% in licence fees for motor vehicles and 20% for public service vehicles will be introduced from the 1st July 1981. The estimated increase in revenue for 1981-82 is £85,000. The estimated effect on the index of retail prices is some 0.13%. Examples of these increases are as follows:-

Motor cycles from	£ 6	to	£ 9	
and from	£10	to	£14	
Private motor vehicles				
The increase will depend				
on weight and will range from	£23	to	£32	
For the majority of vehicles				
	from	£25	to	£35
Public service vehicles will increase from	£23	to	£28	
and £38 to £46 at the top and bottom of the scale				
respectively.				

The general betting duty will be increased from 10% to 15% from the 1st July 1981. Pools betting duty will be as follows from the same date:

On each coupon on which the total stakes are under £1	10p
On each coupon on which the total stakes are £1	15p
On each coupon on which the total stakes are in excess of £1	15p plus 5p for every additional pound or part thereof.

The additional revenue expected from the general betting duty increase is £31,000. It is not possible to quantify the increase in revenue that should accrue from the new pools betting duty.

It is proposed that the licence fee for gaming machines should be increased to £250. During the Second Reading Debate on the Bill to amend the Gaming Ordinance earlier in this meeting, I informed the House that a licence fee of £100 per machine was proposed. In the light of the debate at that time and of the proposals to increase gaming taxes generally, the intention is that this fee should be £250. On the basis of 100 machines the additional revenue would be £25,000.

The Bill provides for only a number of minor amendments to rationalise the application of the Imports and Exports Ordinance. The revenue effects will be minimal. The major changes are as follows:-

- Representations have been made that the way-leave payable for duty free goods should not apply to ships of 1,500 tons gross and over. The way-leave was introduced to cover the administrative cost of supervising such exports. There is a case for according different treatment for bulk supplies as the cost per unit exported is considerably lower. Accordingly the way-leave for vessels of 1,500 tons gross and over will be lifted but overtime fees will be charged for deliveries made outside normal hours.
- Shandy will be included as a separate item instead of paying the same duty as beer. The rates will be:

Not more than 3 degrees proof per litre	14p
Over 3 degrees proof -	
a. In bottles or cans, per litre	25p
b. In casks, per litre	14p

- Bottled mixtures of spirituous beverages of alcoholic strength by volume of 15% or less, per litre 50p;
- At present camera cases attract 15% duty if shown on the same invoice as the camera, but only 12% if shown separately. The schedule to the Imports and Exports Ordinance will be amended to provide for a 15% duty whether or not the cases are imported on the same invoice as cameras.
- All printed matter, manuscripts and typescripts will be free of duty.
- All claims for remission of duty on goods lost or destroyed must be made within 12 months of the loss or destruction having occurred.

The present rent tariff is out of date and requires a complete revision. Instead of continuing to specify various rates for different items it is proposed to charge 15p for every month or portion thereof per cubic foot or part thereof. The comparable rate in force, introduced in July 1974, is 5p.

The new rate will be introduced with effect from the 1st July 1981, thus giving traders two months' notice. It is not possible to quantify the amount of additional revenue.

Potable water charges are to be increased by between 18% and 20% to give additional revenue of some £260,000 in a full year. The increases for each 100 litres for the accounting period including 1st May 1981 will be:

Domestic primary Butts and pipes	From 11p to 13p
Domestic secondary Butts and pipes secondary	From 26p to 31p
Hotels, MOD, Government departments, hospitals and schools, industrial consumers and other non-domestic consumers	From 33.75p to 40p
Shipping	From 37.50p to 45p
Fountains per 40 litres	From 3p to 4p
Swimming pools	From 37.50p to 50p

Charges for delivery per 4,500 litres by lorry or temporary pipes will be increased to £3 and £4 respectively. There is no change in the meter rental.

The projected additional cost to hotels is some £50,000. Following representations from the Gibraltar Hotel Association, the Government has agreed to meet the additional cost of 6.25p per 100 litres by a special subsidy for this year only. In keeping with the Government's policy to avoid hidden subsidies this will be shown separately in the Potable Water Fund Account.

The proposed increases will add about £1 per month to the average domestic consumer's water bill and increase the index of retail prices by some 0.13%.

No increases are proposed in the Electricity Undertaking and Telephone Fund tariffs.

Mr Speaker, as has been explained in past budgets, the increased charges on funded services are not fiscal measures and do not themselves directly affect the Consolidated Fund. The financial operations of the public utility services create a liability on the Consolidated Fund. They therefore affect the Government's overall financial position but must be considered and treated quite separately from the financial operations of the Government itself. I would like to refer to a further non-fiscal measure which will increase Government revenue and the Consolidated Fund. The Government has decided to increase the price of lottery tickets from £2 to £2.50 per ticket and the first prize from £15,000 to £20,000 with a second prize of £3,000 and a third prize of £1,500. There will be no change in the number of tickets issued which will remain at 19,000.

It is expected that the change will be made starting with the draw to take place on Monday, 6th July. The estimated increase in revenue from the lottery in the current financial year is £60,000.

I am circulating with a copy of this speech a revised financial statement which takes full account of the changes being introduced, including the relief in personal income tax, additional income tax allowances and the additional revenue raising measures announced in this speech. The net effect of these measures will be to increase the projected surplus on the recurrent budget at 31st March 1982 by £201,000 to £1,164,400 and the projected Consolidated Fund Balance at the same date to £9,824,680.

Mr Speaker, Sir, I commend the Bill to the House.

MR SPEAKER:

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

HONOURABLE CHIEF MINISTER:

Mr Speaker, as the Leader of the longest surviving most

successful and most popular political party Gibraltar has ever had, it continues to be in favour of the continuation in Gibraltar of the system of Government and Opposition. As the House knows, however, my party also favours the committee system within this system of Government and Opposition. We believe that members of the Opposite side of the House could make a far better and much more positive contribution to the conduct of Gibraltar's public affairs by becoming more closely involved in the day-to-day discussions of departmental, administrative, financial and economic problems. Such involvement would be in the overall public interest because it would mean members of the Opposition devoting more time to public affairs, the ideas and points of view of individual members of the Opposition, working in departmental committees, the Public Works Department and the Electricity Department to name but two, would be considered by ministers and officials in the constructive atmosphere of a committee concerned in achieving the right solution and not in the inevitably more politically orientated atmosphere of debate in the House of Assembly. Such involvement, Mr. Speaker, would in no way detract from the total freedom of action of the Opposition, individually or collectively. Whatever went on in departmental committees would, with the exception of classified information, be matters for open discussions in this House. Indeed most meetings of such committees could probably be held in public. These overtures of cooperation have, I regret, been consistently rejected in the past.

The reason why I refer to this matter today, Mr. Speaker, is that I am genuinely baffled by the Opposition's reaction to this year's budget. If in keeping with our views on a committee system individual members of the Opposition had contributed to yet another successful and relatively painless budget they could have claimed some of the credit. They would also have been completely free to criticise the very slightly more painful features of the budget. Instead, Mr. Speaker, they have opted - and I am referring of course to the official opposition - as is of course their right, to stay outside the detailed and objective consideration of the problems of Gibraltar, and when these problems are successfully overcome to an extent which neither they nor perhaps the electorate could have expected, they react in a manner which I will briefly comment upon.

The main burden of the Opposition's reaction to the budget has been that the Government has made a number of U-turns. The phrase was originally introduced from the United Kingdom in his last visit by Major Peliza. The first point in which this accusation is made is in respect of the income tax allowances. I really cannot understand it, Mr. Speaker. Two years ago, in 1979, we introduced an income tax family allowances package which considerably improved the position of the middle and lower income groups; in 1980 we introduced further relief in terms of income tax for those with family commitments; this

year, with a healthier financial position, we feel able to go further in this consistent policy and to provide relief which, even after our revenue raising measures are taken into account will mean for middle and lower income groups a net improvement in income of between £2 - £3 a week. This is no U-turn, Mr. Speaker, it is skilful driving in the direction we have set ourselves.

The next alleged U-turn is in respect of the Funded Services. Here the accusation is that we have not passed on to the consumer the higher charges for electricity. I explained the reasons for this in my statement on the Estimates of Expenditure. Had we again with good reason and better judgement increased electricity tariffs this year the other side of the House no doubt would have objected strongly. Tails we win, heads you lose. There has equally been no U-turn in respect of the Telephone Service. Only last week in my speech on the Appropriation Bill, I stated; "if the Government is expected," and I quote, "rightly to be careful of its housekeeping, so too must the individual consumer be careful and in overall social justice be called upon to pay for what he consumes. The Public Utility Service to which this doctrine is perhaps most clearly applicable is the Telephone Service. It is, therefore, the Government's intention to make no budgetary provision contribution at all this year to the Telephone Service Fund as the Financial and Development Secretary has said, it is estimated that by the 31st of March 1981 this Fund will show a deficit of about £172,000. Our intention is that this deficit should be carried forward to the financial year 1982-83, when with the introduction of the direct dialling and the metering of local calls it shall eventually prove possible to recover the deficit." That was the end of what I said in the Appropriation Bill. Once again if we had increased telephone charges I have little doubt that Honourable Members on the other side of the House would have disagreed. We do not increase charges and they disagree just the same.

The Opposition does not charge us with making a U-turn in increasing charges for water. One must accordingly assume that the Opposition does not disagree with this increase, and one can only go on to assume that despite its disclaimers the Opposition would have wished us to increase Electricity and Telephone Charges as well.

The Opposition have been particularly reticent on the question of increases in rent. In this area too the Government is pursuing a consistent policy and one which it will continue to pursue in the light of circumstances at each budget time. There has been no claim in respect of rent of a U-turn, but neither has there been a clear statement of the Opposition's view on this issue. That is whether the Opposition considers...

HONOURABLE P J ISOLA:

If the Honourable Chief Minister will give way. That seems to

be a reply to the budget debate. I thought the Chief Minister had already had a bite of that cherry. Anyway, as long as we can reply to that I am quite happy.

MR SPEAKER:

I am quite sure that the Honourable Leader of the Opposition has no doubt of the fact that he is entitled to reply in the first instance. This is a policy statement on the Finance Bill. To the extent that the Chief Minister is dealing with revenue raising matters or the raising of charges he is entitled to make comments as to what the attitude of the Opposition is to the same.

HONOURABLE CHIEF MINISTER:

I am sure that there will be replies ad nauseum on all these matters, particularly if they have time to think about it.

HONOURABLE J BOSSANO:

I think there is a point, which I think the Honourable Leader of the Opposition is trying to make, of course, that the reaction to the fiscal measures has not yet come and the speech seems to be presupposing the hostility that hasn't yet been manifested.

MR SPEAKER:

Perhaps the Chief Minister apart from being Chief Minister is a politician and he is exercising his right to pre-empt, perhaps.

HONOURABLE CHIEF MINISTER:

No, Mr. Speaker, I did start by saying that the increases in the Funded Services, though not strictly a fiscal measure, are part of the policy of the Government, and insofar as I have anticipated those in my original speech and there has been reaction in the debate, I am entitled to comment on them.

MR SPEAKER:

To the extent that even the Financial and Development Secretary has made a comment, to the effect that the rates of electricity and suchlike, whilst they are not a revenue raising matter do affect the Consolidated Fund, I think one is entitled to make a comment.

HONOURABLE CHIEF MINISTER:

I am particularly interested to note that the interruption has come when I was talking about rents, about which we haven't heard anything from the other side.

Anyhow I was saying that there has been no clear statement and

in fact there were statements about many things in my speech about some of the Funded Services; but there was no statement on the rents, and to that effect I am entitled to ask what the Opposition's view is on the increased rents. That is whether the Opposition consider or does not consider that rents should be progressively increased.

To sum up on the question of the Funded Services, Mr. Speaker, the Government's aims of policy are perfectly clear and have been stated successively at each budget session at least since 1978 which is when the accounts were finally able to be presented, and subject to the limitations I have stated of a political nature, the Funded Services will have to pay themselves sooner or later. The extent to which and the speed with which this is achieved is a matter for the political judgement of the party in office.

I have already dealt in replying to the debate on the estimates of expenditure with the Leader of the Opposition's remarks on the Development Aid Programme. The Government's policy on this issue is also perfectly clear. We believe that in spite of the relative prosperity of Gibraltar today there continues to be a very real case in both political and economic terms for assistance from the Overseas Development Administration. The vulnerability of Gibraltar's economy to external factors has been the theme of statements by successive Financial Secretaries since this House was inaugurated in 1950. Cook, Hayward, Gomez, Davis, Mackay and Collings are all on record on this point, no less so in Wallace. Seven Financial Secretaries cannot all be wrong. It must therefore follow - seven Financial Secretaries cannot all be wrong and Mr. Bossano be right - it must, therefore, follow that any responsible party in office in Gibraltar has a particularly compelling duty to strengthen both the economy and the current financial situation insofar as it is able to do. At this stage I might refer to the fact that I was talking about general statements of policies of successive Financial Secretaries and not to particular items at particular budgets, particularly one which I still remember.

The political case for ODA assistance is equally compelling and I have no reason to doubt that the policy of "support and sustain" which continues to be maintained though it would be absurd to think that it could be considered in isolation from economic factors in both Britain and Gibraltar. But it is mistaken to suggest, although it has in fact been suggested by the Leader of the Opposition and other members, that the potential surplus in this particular year will militate against the fulfilment of the British Government's pledge. British Government economists would have soon judged the true financial position here anyway.

One other major issue to which I must refer, although it has already been dealt with to some extent by the Honourable Mr. Bossano, is the question of parity and the differential between

the public and private sector. The Leader of the Opposition has stated that whilst the Government can meet its salaries and wages bills through taxation private employers do not have this option. What is the point in this comment. I am sure it is not the view of the Opposition that the Official Employers should abandon parity. If this is not the view of the Opposition let it be clearly stated. The Government's view on this issue

HONOURABLE P J ISOLA:

Would the Chief Minister give way. That is a very naughty remark to make. I said quite clearly in the course of the debate, perhaps his speech writer wasn't here, I said quite clearly during the debate, and it is reported in "Gibraltar Libre" I am glad to see, I said quite clearly that what the Government should seek is to help the private sector to bring levels of wages and salaries in the private sector up to the private sector level, not to abandon parity.

HONOURABLE CHIEF MINISTER:

If the Honourable Member would have allowed me to carry on, and I will not allow any more interruptions, I have allowed him two and that is enough. I am sure that it is not the view of the Opposition, if only the Opposition had allowed me to finish. If it is not the view of the Opposition that the Official Employers should abandon parity let it be clearly stated. The Government's view on this is perfectly clear, the Government believes first that parity be maintained in most areas of the private sector; secondly, that where parity is not being maintained there is probably no good reason for such a situation other than, as the Honourable Mr. Bossano has pointed out, the lack of unionisation; thirdly, that there is one particular area in the private sector in which rates of pay in Gibraltar have exceeded the norm, a development which the Government does not consider desirable but which again it cannot prevent.

The Government must, of course, answer for its own actions; it cannot answer for the actions of the private sector nor should the Opposition require it to do so. If the Opposition feels that the private employer is not paying its employees enough it must take this up with the private employer and not raise it with the Government in the House of Assembly, unless, of course, they are advocating a statutory wages and salaries policy.

Mr. Speaker, I turn now to the details of the Finance Bill.

In my statement on last year's Financial Bill I referred to the Government's intention to carry out an in-depth study into all aspects of income tax legislation. This intention has been fulfilled. The main conclusions have already been described by the Financial and Development Secretary. The first

consideration in our approach has been to provide appreciable relief while at the same time maintaining and, where possible, improving the level of Government services; our second consideration has been to ensure a healthy financial situation so as to sustain future borrowing commitments, having regard to the level of projected capital expenditure.

It has been suggested that we should achieve parity of taxation with the United Kingdom. I dealt with this in my statement on the Finance Bill last year. I said at the time that this would cost over £3m and that, unless we were prepared to accept a substantial lowering of standards, this would have to be made up by increases in indirect taxation which would both seriously affect our competitiveness in tourism and bring about increases in the index of retail prices of between 20% and 25%. I particularly made the point that this would be grossly unfair since it would mean that those in the higher income groups would benefit considerably while those in lower income groups would pay more. The position is no different this year except that it would cost more. Here again, the Government is doing no U-turn.

Instead, we are introducing tax reliefs which will lighten the load, to a greater or lesser extent, on all taxpayers, bearing in mind that, up to now, personal income tax in Gibraltar has been running at roughly 10% above the United Kingdom level.

The two main features of the reliefs we are introducing are first, that tax payers earning a gross income of up to some £6,500 per annum, or £125 per week, will pay less tax than their equivalents in the United Kingdom. In terms of net income, however, that is to say, after allowing for the effects of family allowances or child benefits, United Kingdom married couples with children are just relatively better off along the scale.

Secondly, the higher tax rates will be payable on incomes well in excess of average earnings. For example, a married couple with children will now start paying the 40% rate on a gross income of £8,701 per annum instead of on £6,251 per annum and the 50% rate at £13,701 instead of at £9,251 per annum. In other words, it will be the higher paid who will pay the higher rates. The average tax reduction for the average household will be between 13% and 15%, representing about £4 per week.

The Financial and Development Secretary has described the other changes we have introduced - the exemption from tax of War Widows' Pensions; the increase, from £100 to £200, in the limit of the amount of interest on deposits in the Post Office Savings Bank exempted from tax; the increases in special allowances for apprentices, handicapped children and one-parent families; the introduction of a new allowance for blind persons and the encouragement being given to industry to invest in new plant and equipment and to improve standards. This goes hand

in hand with the new Development Aid Bill which places more of the onus of proof of the economic justification for aid on the applicant, introduces greater flexibility in the granting of relief and provides for appeals against decision not to grant applications..

The decision has been taken to ensure that families with children should not lose the right to continue enjoying the benefit of family allowances while the first child is receiving full-time education abroad for the normal period of an undergraduate course. The necessary legislative change will be made to make this effective from July this year.

The Government considers that its in-depth study of income tax legislation, a study pursued in a painstaking and expert manner, has produced just and sensible results. This study will continue and there could well be further changes in our income tax legislation next year. In this process we shall be directing our aims particularly, once again, at ways in which the law can be tightened up in order to clamp down further on the evasion of tax. The inequity of evasion, by whatever means, of the tax due under the law must continue to be a primary target of the Government so that the burden of the social services enjoyed by taxpayers and taxevaders alike is fairly shared.

I referred earlier on to the slightly more painful aspects of this budget. The pain is indeed slight - no more than a pin-prick: 25p per week on the licence for a private motor vehicle and some minor increases in duty on betting, increases which will be cheerfully borne by the successful gambler.

The overall effect on the index of retail prices of the budget measures this year is under 1%:

Potable Water	+	0.13%
Housing	+	0.5%
Motor Vehicles	+	0.13%

In terms of cash, the average household should be better off by between £2 to £3 per week, after allowing for the tax reduction, the increases in rents, water and motor vehicles, but not gaming. (i.e. per week - tax + £4; Water - £1, Rent - 80p, Car - 25p.)

The overall picture, therefore, is that the estimated surplus on the recurrent budget of £2.63m, reduced to £.96m by taxation reliefs, is brought up, by the revenue raising measures, to £1.16m, this being the minimum which we consider prudent, producing an estimated Consolidated Fund Balance of £9.82m at the end of March 1982.

Thank you, Mr. Speaker.

MR. SPEAKER:

Well, gentlemen, as you all know the procedure on the Finance

Bill is that under Standing Order 32(a)(3) and (4) and particularly (4), we should now recess for a minimum period of not less than two hours to enable the Opposition to consider the implications of the Finance Bill.

As you all know we have certain commitments today concerning the Freedom of the City to the Royal Artillery and therefore it is suggested, and I think the Opposition will welcome the fact too, that they are going to be given longer than minimum of two hours. It is now proposed to recess until this afternoon at 3.45.

HONOURABLE P J ISOLA:

Would it not be better, Mr. Speaker, to recess to 1.30 so that we could finish today. We are quite happy to come back at 1.30 pm because it is a comparatively simple budget to analyse. I think we could do with less than two hours. Admittedly the Chief Minister's speech may require more analysis, but that is not a difficult matter!

MR SPEAKER:

Yes, whatever else, we can most certainly come back at 1.30 pm but we will then have to recess at 2.45 and then come back at 3.45.

HONOURABLE P J ISOLA:

We would prefer that and then we could finish today if possible. It just strikes me, it is possible that we might not finish otherwise. We are quite happy to come back at 1.30, if it is convenient to you, Mr. Speaker.

MR SPEAKER:

If that is the feeling of the Opposition, and the Government is in agreement, we will then recess until 1.30 pm this afternoon.

THE HOUSE RECESSED AT 10.05am.

THE HOUSE RESUMED AT 1.35 pm.

MR SPEAKER:

Well, gentlemen, as you know when we recessed for lunch the Financial and Development Secretary had spoken on the Second Reading of the Finance Bill and the Chief Minister had exercised his right to do so, and, therefore, before I put the question, does any Honourable Member wish to speak on the general principles and merits of the Bill.

HONOURABLE P J ISOLA:

Mr. Speaker, I suppose that if I were to emulate the Chief

Minister I would have to start off with something like, the leader of the youngest political party in the House which has had a meteoric rise in popularity by getting within 5%, in the last elections, of the apparently most successful and most popular and longest surviving political party and putting that political party at risk in its survival. I suppose that is what I should have said in opening, but I think we will deal with the political aspects of this. Mr. Speaker, at a later part of my address, although I think I must comment at this time at the apparent disregard or broadmindedness, let me put it this way, on part of Government Ministers now in reciting prepared statements to the House which of course does not really go towards healthy debate, Mr. Speaker. I can understand it when there are figures involved but when you are having a straight political diatribe I am surprised that it requires to be read from a prepared statement. I don't know whether it is that the Government feel that the press and the television services required to have everything put on a plate for them to ensure that they give wide coverage and thus forgetting the functions of the House which is really to debate measures within the confines of the House.

HONOURABLE CHIEF MINISTER:

Mr. Speaker if the Honourable Member will give way.

HONOURABLE P J ISOLA:

No one, I will only give way twice! This is the first one!

HONOURABLE CHIEF MINISTER:

This is really not in substance, the point is that the rules say that I have to make a statement I normally don't read speeches. The relevance of the statement is a matter for you.

MR SPEAKER:

No, no, I think it is an accepted comment that the Leader of the Opposition is entitled to make. It is also an accepted fact that at budget time both in the Appropriation Bill and in the Finance Bill it is accepted that the statements that are going to be made which are in detail and most certainly require a fair amount of preparation, that the statements can be read if they so wish.

HONOURABLE P J ISOLA:

I mention this, Mr. Speaker, because it seems to be an ever growing practice in the Government benches. I noticed during the expenditure debate that even the Minister for Economic Development, who is not usually guilty of this practice seemed to have a prepared statement on the development side, on the Port Feasibility Study and so forth. I am not complaining

about it I am just mentioning it at this stage.

Mr. Speaker, I think that the address of the Chief Minister on the budget shows how he has failed to appreciate the Opposition's stand on this year's budget, as indeed during the last two budgets, and that is a pity. What we have been saying, or what we said in last year's budget, and which I referred to in this year's budget again, is that the Government was taxing the people of Gibraltar unnecessarily harshly: that the budgetary measures were much too tough and would be bound to produce far more revenue than the Government had modestly estimated for. And then I went on to say that even if the budgetary measures did not produce the extra million that we say it will produce and which in fact it has produced, the Government will still have a comfortable Consolidated Fund Surplus of £5.5m, and, therefore, the Government ought not to be increasing electricity charges, water charges and telephone charges as they did last year. That was the basis of the Opposition's attack on last year's Government budgetary measures. In fact if I remember rightly I said even if the Government puts no extra charge on electricity, no extra charge on water and no extra charge on telephones, it will still have on its own figures a Consolidated Fund surplus position at this time of £4.2m, which compared to what the Government thought prudent last year would leave them very comfortably indeed. This is what we said last year. We did not say last year, we did not subscribe the principle which the Government seems to put forward but doesn't itself fully subscribe to, and that is that the Funded Services should always pay for themselves. We have not agreed to that nor do we agree with that and, therefore, Mr. Speaker, we in the Opposition have not done a U-turn this year, it is the Government who has done a U-turn in agreeing, rightly so, not to put up electricity charges even though the Electricity Undertaking Fund will have a deficit of £665,200. And the Government has agreed not to increase telephone charges even though the Fund will have a deficit of £172,000. And the Government has agreed to put an 18% increase on water even though that would still leave a deficit of £450,000 in the Water Tank, and the Government has agreed to take a budgetary contribution or whatever to the Housing Fund even though that is in deficit to the extent of £1.4m. And we agreed with those measures. It is consistent with what we said last year and, therefore, it is not us who are doing a U-turn, it is the Government. It doesn't matter really, basically as far as we are concerned we are happy that people in 81-82, in the mid term of this Government, are not going to be taxed this year remotely approaching what has happened in the last two years, and we are very glad for that. We have been accused of making a U-turn because we are going to agree, I might add, to the 18% charge on the Potable Water Fund, by putting water prices up by 18%. We are going to agree to that, Mr. Speaker, on the basis of the budgetary package as presented this year, which is a very, very different story to the budgetary package that was presented - well it was not a package knocked down tax and everything else you can think of - we are

going to agree with it, and therefore, we are not going to say, put nothing on water charges when the Government is carrying over a budgetary deficit in the Funded Services of over £2½m.

It is a very different picture that is presented this year and we on this side of the House have to congratulate ourselves, Mr. Speaker. I know Members on the other side may smile and they may laugh, but we have to congratulate ourselves this year for having waged a successful campaign in the last 18 months at least to stop this Government overtaxing the people of Gibraltar. The success of course, Mr. Speaker, has only been a limited success because the Government is still allowing itself a much bigger surplus than is really necessary or required. We are talking of a surplus, Mr. Speaker, estimated by the Government of some £10m, or rather Consolidated Fund Balance of close on £10m on the 31st March 1983. And because the budgetary measures of taxation are relatively light, or should I say light, taken as a whole, we cannot here tell the Government that they are going to have another £4m on what they have estimated this year. We cannot tell them that. We would be very happy for them if they got an extra £4m but we cannot tell them that will be the position, but what we can tell them is that it will be more than that. It is bound to be more than that because there is a wage review during 1981-82 in the private sector again presumably, and we believe that there have been certain underestimates made in certain parts of the revenue estimates of the Government. And we have mentioned these in the course of the general debate. Import duties I think was one; rates was another.

Mr. Speaker, coming to the budgetary measures, if I may, I said before the amount of revenue the Government is going to raise this year though one shape of taxation or another is a relatively small amount. And to be quite frank, Mr. Speaker, we were expecting a little more indirect taxation, I don't mind saying it. We thought that the present Government, who are generally regarded by and large as teetotalers would have knocked drink a bit more - I am not trying to be offensive, we expected a little bit of that - and having heard the Minister for Medical Services telling us, I don't know whether it was in or outside the House, that he wants to warn people against the hazards of smoking and his department is very worried about smoking and the hazards to public health and so forth, we frankly expected them to raise taxes on tobacco as well. So we consider on this side of the House that we have had a little bonus there.

The general taxing measures, Mr. Speaker, the Estate Duties, variations, it seems to us fair enough, a reasonable enough redistribution, more realistic, making any estate under £10,000 to have no taxes payable, putting the top limit a bit up, yes, we go along with that, Mr. Speaker, so this is the feeling. Gaming Tax we agree with that entirely. We have mentioned this in this House and we are glad to see that gaming machines are going to pay instead of £100, £250. Government will get no

opposition from us on that at all. If they want to come for a little bit more next year we will help them out on that next year. So we are quite happy with the gaming tax amendments. Imports and exports, well, there is very little, there is hardly anything. I think the measure about way-leave, the way-leave proposal is sensible in respect of bigger ships. I have heard complaints and comments before: under 15,000 tons I can understand the reason for it, so we go along with that, Mr. Speaker. I am leaving out income tax for the moment.

Now rates, rates I am glad that the law is providing that they can be revalued but this is rather like shutting the door after the horse has bolted. They will not go up on the 1st April 1982, Mr. Speaker, but they have gone up the hell of a lot on the 1st of April 1981, a minimum of 25% and that is another area where we feel that the Government has probably underestimated revenue. They have gone up a lot on the 1st April 1981 and that, coupled with the proposed Government increase of rents of Government housing by 20%, may well take away from the lower income group any benefits they are receiving or have received from the income tax. We haven't got the figures, we have been told that there is a net gain: it must be very small, Mr. Speaker, because looking at the income tax tables that have been produced, a single man earning under £5,000 a year, or indeed a married couple, or even a married couple with one child receiving income under £5,000 a year, on the income tax measures, will not be better off, unless I have misread these tables, to a greater or lesser extent, than a maximum of £1.80p a week. And with the increases of rent and the increases of rates I am not sure whether that is not further brought down.

HONOURABLE A J CANEPA:

If the Honourable Member will give way. Could I please know how he calculates that, what is he looking at so that we know that we are not speaking at cross purposes, that we are talking about the same thing.

HONOURABLE P J ISOLA:

I am looking at these tables which have been circulated. Please correct me if I am wrong at this stage. I have taken the £5,000 single person income, he will pay £114 less tax a year; the married couple with no child will pay £130 less; and the married couple with one child will pay £133 less.

HONOURABLE A J CANEPA:

How did he get £1.80p a week.

HONOURABLE P J ISOLA:

The figure in my mind was £250 which was a figure I think I saw

in one of the speeches. It comes down to a maximum - I am glad I am corrected here - a maximum of about £2.20p a week, that is a married couple with one child, to a lower sum for a single person and so forth, but with the rent increase and the rate increase, that of course is whittled down still more. So that it seems to me that the lower income earner is better off this year than he was last year; no doubt about that, because last year it was a minus sign all along the line, this year the plus sign appears, so he is better off. The only problem of course, and I am sure the Honourable Mr. Bossano would say that, is that the better-offs are better off still, and this is so. I suppose in a way it is inevitable because the better off are in fact paying more tax than the chap who is less well off, so in a way it is understandable. But going down to the lower, and I think I have gone quite high because I think £5,000 is the average earning so that means the lower people are all well below that, it is the lower or middle who are only marginally better off. I am making that remark really in relation to the rates and the rents, and I have been asked by the Chief Minister that we have been remarkably silent on the proposed 20% increase of rents in Government Housing. Well, let me say why we are silent. We have listened with great interest to everything that has been said with regard to Housing; the move of the repair fund from the Housing Fund direct to the Public Works Department, and the difference that makes; we have heard and listened with much interest to what the Honourable Mr. Bossano has said on Housing. We find ourselves in the difficulty of getting the real picture, which in our view the real picture comes from Government Housing because Government Housing is, I think somebody said, 70% of the housing stock in Gibraltar, and what we would have liked to have seen before we came to the House - and we mentioned this - is the Public Works Committee Report on the expenditure of the Public Works Department, its general standard of efficiency and so forth. The reason why I say that, Mr. Speaker, is that if in fact the Public Works Department for one reason or another is not cost efficient, is not as productive as it should be, because let us suppose, we haven't seen this report, of weak or ineffective management and that results in a much higher maintenance and repair bill, we would then think it wrong that Government Housing tenants should be asked to pay more rent to foot the Bill for inefficiency and mismanagement.

Now, we kept quiet on this on the budget debate because we do not have the Public Works Committee Report and we have not been able to comment on it especially in the light of the estimates, of the Government budget. That is why we kept quiet, but we are unable to form a view at the moment on the wisdom or otherwise of the proposed increase of rents in Government Housing until we have the full picture. This is not to say, Mr. Speaker, that we are against rents increases. Obviously we cannot be. In the same way as we have agreed to a modest increase in water rates we agree with a modest increase in rents. It is inevitable and it must progress if the landlords, in this case the Government, - or in private housing the private landlord, are to

maintain or keep up to the standards that we expect them to keep up to.

Now when it comes to private housing, private landlords, and in the private sector, what is happening is something that is causing us concern. Unfortunately we believe that the solution lies in a radical housing development programme. We think that there will always be a shortage of housing in Gibraltar and that the private sector inevitably, because of the constraints there are on rents in rent restricted dwellings, where rents I think are at a lower level than Government, I might be wrong, this must inevitably lead to landlords who have to fulfil Public Health notices and so forth, trying to make up for it in furnished accommodation or whatever. I know it is a big problem, Mr. Speaker, and I don't think it would be fair in the course of the Finance Bill for me to give our views and our thinking generally on the Landlord and Tenant Ordinance, which certainly in our view requires revision and looking at impartially and examining with evidence, and it may well be that the answer eventually is a Select Committee of the House to have a look at the Landlord and Tenant Ordinance. But certainly as far as Government Housing is concerned and the proposed increase, there are constraints, Mr. Speaker, in our giving unequivocal either opposition or support to the proposed increase. So discretion is the better part of valour and we have kept quiet. Once we see the Public Works Committee Report and are able to form a judgement then of course we shall say what we think on the matter.

Mr. Speaker, now I come to the package referred to by the Financial and Development Secretary in his speech. By and large, the effect of the income tax package is to reduce the working surplus at the end of the year from £2.1m to £960,000 - odd, and the Government proposes to add to that £960,000 some £200,000 - odd in taxation, leaving a working surplus at the end of the year of £1.1m. Well obviously, Mr. Speaker, in those circumstances, in a year where the Government at long last is going to give more than it takes, we are not going to vote against the Finance Bill. We are not going to vote against the Finance Bill, we are actually going to vote in favour of it. Whether we do the same next year is another matter. We are going to vote in favour

HONOURABLE A J CANEPA:

It would be a U-turn if you did not.

HONOURABLE P J ISOLA:

I am sorry I must confess that is probably the first U-turn of the Opposition, we are voting in favour of the Finance Bill after voting against it for two years and we apologise to the House for the U-turn, and we apologise for the Government for any embarrassment this may cause them!

We are voting for the Finance Bill as a whole because the extent of taxation in the Finance Bill is minimal. We are not going to deny the Government an 18% on water and their gaming taxes and the other matters I have mentioned just for the sake of being in opposition, just for the sake of opposing. We view that as a package, in the sense of revenue raising we accept the Finance Bill.

Right, having said that, Mr. Speaker, I don't want the Government to get away with the impression that we think they have been generous or overgenerous, because they have not. True they have given us the £100 allowance that they denied us last year: the amendment that we made in the Finance Bill last year to increase personal allowances by a further £100. It is true that this year they have given us that, and for that we are thankful. It is also true that the bands have been widened. The full amount however that the Government gives in a full year on income tax has been £2.25m; in this year it is somewhat less obviously, it is only 10 months. We think it could have been more.

Now why do we say that. It is very simple, Mr. Speaker, because they took something like £6m off us last year, and all they are doing to the people of Gibraltar is giving them - yes something like £6m - with a projected surplus of £5.4m that is £3m; and I think the Government revenue measures were meant to produce about, I have forgotten now what it was exactly, around £2m, anyway they took a lot more millions than they have given back this year, and that is probably not putting it correctly. What I am saying, Mr. Speaker, is that the Government has taxed us unnecessarily over the last two years and that the process of reducing taxation is one that should continue and should have continued with a little more this year than it has done. But we are not going to move amendments although we did move an amendment last year I believe the £100 should have been amended to the figure £200: we are not going to do that because we have noted that the Government has made an exercise and in that study on the Income Tax Ordinance they have considered something like 20 options, they have been feeding information into their computers and so forth and we tremble to think that if we were to suggest the widening of the particular band, we tremble to think what would be the answer on the other side, what we would be told of the complex mathematics that would have to be indulged in the computer and the computer time and all that, so all we are going to do at this stage, Mr. Speaker, is to say we welcome the U-turn of Government policy on personal income tax, and we tell them they are moving in the right direction, downwards. I don't mean in the popularity stakes. We think they are probably moving upwards as a result of this, but we welcome that they are moving downwards in relation to the income tax. We think that in Gibraltar we are overtaxed, and we think that the course we set the Government on in 1979, to look at their expenditure to look at the management of the finances and so forth, and which they took seriously and which they have done a lot of work on, judging from the savings they have done and the

inquiry committees they are putting on and all the rest of it, and the course that we have set them on so far as income tax was concerned, the need to reduce levels of taxation we wish them luck in the continuation on that course. And as long as they are following that course they will have support from this side of the House.

Now, Mr. Speaker, as things are said for the record, I think I have to deal a little with what I call the fiercely political speech of the Chief Minister in which he answered this side of the House for a second time in the course of this debate. I must refer to his claim to be the leader of the longest surviving, most successful and most popular political party Gibraltar has ever had. Fullstop, Mr. Speaker, fullstop. Well, I suppose it is the longest, yes, and it has had its success, it has had its ups and downs, and of course I don't think any political party represented in this House can go back more than about three years, so we cannot question the claim of longer surviving, but what we do question is the most popular political party in Gibraltar, because, Mr. Speaker, I think that as the party that has been dominating the political scene in Gibraltar for some 30 years, their showing in the last general election could hardly be described the most successful or the most popular.

A look at the figure will show that. The 1976 elections showed the governing party capturing 48.5% of the votes, and the Gibraltar Democratic Movement, led by my Honourable Friend Mr. Bossano, 25.6%, and the ex-IWBP or the three independents who stood, 17.9%. In 1980, Mr. Speaker, the governing party captured 38.6% of the vote, a drop of 10% the DPBG, fighting a general election for the first time. . . . Are we being factual or are we being facetious? The DPBG, Mr. Speaker, captured 33.4% of the popular vote, 5% behind the governing party; my Honourable Friend Mr. Bossano's party captured 20.6% of the popular vote; and then the independents 4.2%, and the Party for the Autonomy of Gibraltar 3.2%. So really, Mr. Speaker, my Honourable Colleague here and my party together, of course, have the majority of support in Gibraltar, if we go on purely electoral terms. Interesting figures too, Mr. Speaker, of this most successful, most popular political party. All Government Ministers suffered a drop in votes, without exception, except the only person who wasn't a minister in the last Government, my Honourable Friend Mr. Perez. He actually went up by 120 votes. All the others suffered a drop, ranging from the Chief Minister 2,255 votes; the Honourable Mr. Zammit, 2188; the Honourable Mr. Canepa, 1,363; and others down to the Honourable Dr. Valarino, only 16 votes. He managed to maintain his popularity rating and I congratulate him on that! And my Honourable Friend Mr. Bossano just suffered a marginal drop, and the three leading contenders in the DPBG, who had stood in the previous elections all had substantial increases in their votes. 593,474, and my Honourable Friend Mr. Restano 1,159.

MR SPEAKER:

That has been an excellent exposition of the last election result. I think I have been liberal enough.

HONOURABLE P J ISOLA:

You have, Mr. Speaker, but I thought something had to be said about the governing party describing itself in such superlative terms, as most successful and most popular, otherwise I wouldn't have mentioned it.

Mr. Speaker, the other point I must mention is what has been thrown across the floor about the Government being in favour of the continuation in Gibraltar of the system of Government and Opposition but also favouring a committee system within this system of Government and Opposition. That I think is a slight change in the Government's stand, trying to capture I suppose both ends of the spectrum. As I understand the committee system, there can be no question

HONOURABLE CHIEF MINISTER:

If the Honourable Member will give way. I shall make my last bid!! The Honourable Member may avoid a lot of repetition. The proposals that I made in the Constitution Committee are exactly what I have revealed today. There has been no change in the views of the AACR. The committee system provided in the Constitutional proposals, joint constitutional proposals as a result of long consultations with the other side, provided for the terms of committee that I have outlined today. There have been no changes in that.

HONOURABLE P J ISOLA:

I have a different recollection on it, but anyway, be that as it may, Mr. Speaker, we have a system of Government and Opposition in Gibraltar, the system is based on the Westminster pattern and the Opposition should project itself as being the alternative Government. This of course can only be done from the Opposition benches in a proper system of Government and Opposition. We cannot agree to a system under which the Government governs and the Opposition sits around in committees telling them what they ought to be doing and ensuring that for evermore they stay in Opposition. That is the system that is proposed, that is a system that we cannot agree to. I don't think the system of Government and Opposition is working so badly, Mr. Speaker, I think in a way in open debate and people making points, people keeping Government on their toes, proper reporting of what happens in the House of Assembly, which I think without wishing to be disrespectful to the media as a whole, I think we get from the Gibraltar Chronicle and GBC. Perhaps that is because they are here listening in. We don't get really what you can call proper reporting of the proceedings

in the House in other newspapers where the editor is noted for his absence from the House but who nevertheless comes out telling the people what is happening in the House of Assembly. I think that if there is proper reporting and the Opposition is doing its job responsibly, I think the system of Government and Opposition works in favour of public interest as a whole. Now it is not a perfect system, Mr. Speaker, I know it is not a perfect system, but I think that the way political parties have evolved in Gibraltar over the years, it is the only system. If the political parties all collapsed and we got a situation as exists in Jersey or the other smaller territories, if individuals merely stand for election then I suppose the committee system would be the right sort of system then. But the way democracy has evolved in Gibraltar, and political parties have evolved in Gibraltar, I think it is wishful thinking to talk of committee systems.

What I think we have evolved successfully is the Gibraltar view on Gibraltar. I think that has been successful. In the context of Government and Opposition we have been able to have a bipartisan approach on foreign affairs, we have been able to maintain the unity of the House on matters affecting Gibraltar in such things as the British Nationality Bill and so forth, but I think we have, to a certain extent, developed our own pattern. People in England find it difficult to believe how we can have Government and Opposition in Gibraltar, how we can be at each other's throats as it were in the House and yet be saying virtually the same thing to Committees of the House of Commons, and for that I think a lot of credit is due to the political parties in Gibraltar and the leadership exercised within them. So much for that, Mr. Speaker.

Now, Mr. Speaker, within the budget, and I kept this for the political side of my address on the budget, is the question of pensioners, of the Elderly Persons Pension which we bring up with monotonous regularity, it is true, but we bring it up because we believe that we are right and we believe that the Government is wrong. The Government is giving now in tax relief £2.25m in one year, and yet it cannot bring itself to give an extra £60,000 - odd to relieve the position of the elderly people in our community and put them on a par with the other state pensions. We think that is disgraceful. We think that the Government are now playing politics with the elderly persons. We feel that the Government, because they know that if they change what is a matter of principle, if they change the law on that, because they know that this side of the House is going to get a political credit of it, they refuse doggedly, they refuse doggedly to change something which they ought to change as a matter of principle. And I hope the Minister for Economic Development, who is completely I think and fully responsible for the attitude that the Government is taking on the Elderly Persons Pensions, will not go on television and say that we are asking for this so that people can go in their Rolls Royces to collect their pensions, because that is a

the budget, that we think the Government might well do to be more helpful to the lower income groups who are not getting, in terms of money, the same benefits as people earning rather more, and this I think is in the sphere of Family Allowances.

I think the budget might have been that much more equitable if there had been an increase in Family Allowances of say 20%: by £1 only. I think looking at the figure down here that is about another £170,000 or £120,000, I am not sure which of the two. £140,000 I am told. I think that might have got the balance and the picture better. But again that is a matter for the Government. We are not voting against the Finance Bill, we are supporting it.

Mr. Speaker, there is one thing again I have mentioned and that is the remarkable allegations made against the Opposition, my party anyway, insinuations or misconceptions, let me put it, of what I said on the question of private sector levels of earnings. I am convinced that the person who inspired that part of the speech of the Honourable and Learned the Chief Minister couldn't have been in the House when I was speaking or couldn't have been attentive to what I was saying. I said perfectly clearly that the aim of Government economic policy should be to bring the earnings in the private sector up to the level of the earnings of the public sector. I said that categorically. I did not say, nor could I have been interpreted as saying by any conceivable notion, that Government should give up parity, which took so many people so long to convince them to do and do their first notable U-turn. Could it be said that I was suggesting that the Government should go off the parity stand? We have not said that. In fact it is quite clear that the economic forecast of the Honourable Mr. Bossano in 1979, which I will concede we didn't completely share, that parity would eventually have as far as the revenue of the Government was concerned, the effect during that year, rather more effect than was envisaged by the Government and indeed by us, has been proved to be correct and which proved to happen. There is no question about it that the Ministry of Defence expenditure is the vital factor in the economy and the vital factor in maintaining parity. I doubt whether parity could be maintained without that level of spending. But what I was trying to say, and what I repeat now, what I was trying to say then and what I repeat again now is that Government economic policy should be to try and improve private sector earnings by taking measures that bring up the private sector into a situation that enables them to compete with the public sector in attracting people into employment by offering them equivalent rates of pay and conditions as in the Government. And the point that I was making is that the Government had a tax, that is taxation, which is not available to the private sector, and I hold to that. I do not agree, that the private sector can produce the money out of a hat like the Government can to the extent it wishes. Admittedly Union pressures can make them bring out more than they would like to give but at the end of the day, if a private enterprise cannot be run successfully it collapses, and if it collapses it brings unemployment and a

distorted picture of the points of principle as between the three state pensions.

HONOURABLE A J CANEPA:

I never said that, I never said that. That was said by Mr. Xiberras. That was said by Mr. Xiberras when we introduced the Elderly Persons Pension.

HONOURABLE P J ISOLA:

Mr. Speaker, it was reported to me, I did not hear it, that the Honourable Mr. Canepa after the last budget went on television and said precisely that. I accept what he says as a matter of fact, if he says he hasn't said it, I accept it entirely.

HONOURABLE A J CANEPA:

I may have repeated that, but I never introduced that here in the House. It wasn't me who first said in denigrating the whole concept of the Elderly Persons Pensions that people were going to be driving up College Lane in a Rolls Royce. And I can even give him chapter and verse in the Hansard.

HONOURABLE P J ISOLA:

I don't for one moment doubt that, but that is what I was told: possibly that the Honourable Member cited on television with approbation, I don't know, but certainly the impression that was reported to me, and in fact I was not surprised because then it was the Honourable Member who had said in this side of the House that what about all those rich people who are collecting their Elderly Persons Pensions and not paying tax on them. In our view that is a distortion of the point of principle involved here, in the same way, Mr. Speaker, as this income tax relief that is proposed by the Government in effect will favour those better off because they are paying more tax, but that doesn't stop the Government broadening the tax bands or increasing the personal allowances. In the same way, on a matter that is a matter of principle, the Government should not be deflected from treating all state pensioners the same by the fact that some will be getting more benefit than others. Because as we said in this House we were concerned with the lower income groups and the middle income groups of the Elderly Persons Pensions, and all members of the House know that as far as Social Insurance Pensions are concerned which are tax free there are a great number of people in the higher income bracket, in the very high income bracket, collecting these pensions having paid next to nothing in contribution tax free. We think it is disgraceful that the Government should not treat this matter as a matter of principle and give equality of treatment to all state pensioners alike.

There is one other thing, Mr. Speaker, now that I am talking on

drop in earnings, and we have no better example of this than what is happening today throughout Europe, including England, as the recession takes its toll. But in Gibraltar, I say Government's economic policies should be directed to try and stimulate the private sector, because by stimulating the private sector we would hope to achieve parity of earnings between the private sector and the public sector, because, Mr. Speaker, that is a matter of social justice. There is no reason at all why a clerk or a clerical officer should be earning less in private employment than in the public sector, if he is meant to produce the same amount, and, therefore, we have to work towards that. And in that connection, Mr. Speaker, we welcome the new allowances that the Government is bringing in, depreciation allowances, in that connection too I should really welcome that they haven't put up their price of drink and tobacco and so forth, because that will have I believe an effect on tourism especially English residents who are now really paying through their nose for cigarettes and drinks. They will be very relieved to see the level of prices in Gibraltar.

So let it be absolutely clear that my party's interest in this matter in the private sector has been, and my reference to the private sector has been that we believe in a healthy private sector, but resulting from a healthy private sector a necessary corollary must be equivalence or parity of earnings between the private sector and the public sector, as a matter of broad social policy in Gibraltar.

Mr. Speaker, there is one thing that I would like clarification on by whoever answers on behalf of Government, or of the persons answering for the Government, and that is the reference - it is a small point but it is in connection with tax relief for people paying for their children's education outside Gibraltar, the reference to the children receiving education outside Government schools, and the statement made by the Financial and Development Secretary which seems to run contrary to what was said in the second half of the budget debate, the statement that Government sponsored children educated at MOD schools would in future be required to pay the difference between the cost of educating their children at those schools and at Government schools. That is what I understood Government policy to be when I was addressing the House and I therefore suggested that what should happen was that there should be talks, there should be negotiations with the parents, and the Government should seek to achieve a contribution not as much as the full difference, which in my view would be an excessive amount to charge parents who belong to a religious minority and desire their children to be educated in a particular school. The difference was about £500 and we thought that to be inordinately high. I got the impression that Ministers on the other side agreed with this, and we were told that this was a matter for negotiation. But in the way the Financial and Development Secretary has put it in his contribution it appears that the Government is going to charge

parents of children educated at MOD schools the difference in cost of educating their children in those schools and at Government schools. I would like, if that is not the correct position, I would like some Government Minister in reply to tell us exactly what Government policy is in this respect so that everybody may know what the position is.

Mr. Speaker, there is one last point and I don't want misunderstanding to exist, and which the Chief Minister dealt with and I think again was a distortion of what we were saying, and that was the question of the surplus, that an overlarge surplus could militate against getting the proper amount, let me put it that way, of development aid in the next Development Aid Talks on the basis that the British Government would consider that because our finances were in such a healthy state, and their finances were not in such a healthy state, Gibraltar should take rather less than perhaps it would have taken if the financial picture had been worse than that presented. Now I am not suggesting, and we have never suggested, that Gibraltar should have its finances in a state of bankruptcy in order to get maximum aid from the United Kingdom. What we have said is that the economic picture of Gibraltar, the true economic picture of Gibraltar, had become distorted by excessive taxation that has shown a very very healthy surplus which would militate against getting the sort of development aid that the true economic situation of Gibraltar merited. That was our criticism. We agree and believe that the British Government would honour its pledge to sustain and support Gibraltar whilst we are in these difficulties, and we have said so, but what we do say is that the extent of the aid and support that is required could be in question if we had an inordinately healthy surplus brought about as a result of excessive taxation. That was our complaint. What we are saying is, if you had a surplus of £5m or £6m, that is a healthy surplus, that would be alright, but to have £10m makes it very tempting for those advising Her Majesty's Government to suggest a more moderate programme of assistance to Gibraltar, bearing in mind the political and economic factors involved. That was the extent of our criticism and I believe it is a valid one because I believe that sustain and support should be given to Gibraltar consistent with Gibraltar's true economic position and not a possibly false economic picture given as a result of excessive taxation. And to that extent we are critical of the Government surplus, to that extent and related to that we are critical, and we think that this time round next year the Consolidated Fund Balance will be more and higher than that predicted by the Financial and Development Secretary in his address to the House, and, therefore, we hope that the Government aid talks will take place and be finalised before the next budget, because otherwise we fear a different picture will emerge.

Mr. Speaker, that is our considered view on the budgetary measures, Government can take heart from the fact that certainly

my Honourable Colleagues and myself - I don't know about the Honourable Mr. Boscano - but certainly my Honourable Colleagues and myself will support the Finance Bill and will vote for it, but in doing so Government will no doubt bear in mind the criticisms we have made as to the extent they have gone, and bear in mind the most important qualification we have made, and the most important appeal that we do make from this side of the House, and that is that the Government should take a step in the direction of social justice by making the Elderly Persons Pensions tax free and equating them with the other two state pensions.

Thank you Mr. Speaker.

MR SPEAKER:

Right we were intending to recess at 2.45 pm it is 2.40 now. I think we will recess.

HONOURABLE MAJOR F J DELLIPIANI:

Mr. Speaker, on a point of clarification. With regard to the sponsorship of the children to the Services School. The Government's policy is that it will pay what it costs to educate our own children in our schools, at First and Primary schools. I did give an indication in my intervention, and I did not want to go into details in case it got to the ears of other people and it was spoiled, that we were working on a scheme whereby the parents contribution would be considerably reduced. I would ask the Opposition not to press me on how we are doing this but we are working on this. The principle is still the same. We are prepared to pay as much as it costs to educate our own children in our own schools but we are working on a scheme so that the parents will not be liable to pay the quite considerable extra amount that they are now required to pay under the sponsorship scheme. I would ask the Opposition to leave it at that and let my department work on the scheme that we have.

Thank you, Mr. Speaker.

MR SPEAKER:

I myself am getting slightly confused in so far as what was said in the Appropriation Bill and in so far as the education side is concerned and what has been said in the Finance Bill in so far as the relief to be granted on payment of education. I understand from what has been said in the Finance Bill that relief from income tax should be granted for anyone having to pay the difference, is that correct?

In other words the Finance Bill is relevant and what has been said is relevant to the extent that relief which is being granted and nothing else, but not how negotiations are going.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, Sir, I would like to point out, if I may, that there is no inconsistency with what I have said in my speech on the Finance Bill, with what the Honourable Minister said in the Appropriation Bill. All I was saying is that there will be a cost to parents of these children and looking at the principle of it, they are having to pay something, should they get relief, or should the relief to parents who are educating their children overseas be cut back to the age of 16, and what we have done is to bring the relief to the children of 16 and over, educated overseas, which then the difficult principle which we were facing no longer exists. So that I don't think my intention was to say anything other than to confirm what my colleague has said neither is it inconsistent with that.

HONOURABLE P J ISOLA:

Well, Mr. Speaker, I welcome these clarifications. The impression I got was very different. But having heard the Minister for Education, what he is telling us he is doing, we will not bother the Government any more about it, we shall wait and hear the outcome. I only raised it because I got the wrong impression.

MR SPEAKER:

We will now recess until 3.45 pm.

THE HOUSE RECESSED AT 2.45PM.

THE HOUSE RESUMED AT 3.50PM.

MR SPEAKER:

We are on the second reading of the Finance Bill. We have had contributions from the Leader of the Opposition and the Honourable Major Dellipiani. I will invite any further member who wishes to speak to do so.

HONOURABLE J B PEREZ:

Mr. Speaker, the contribution which I am about to make to the House will be rather a short contribution I think due to the fact that it has been made very clear by the Leader of the Opposition that the majority Opposition party will in fact be supporting the Finance Bill as proposed by the Honourable the Financial and Development Secretary this morning. The first point that I would like to remark on the contribution by the Leader of the Opposition is that I find that there has been a change of attitude on the manner in which the Leader of the Opposition has conducted or has contributed to the House during this budget speech with particular reference to the speech he made earlier on this afternoon. When I say a change

of attitude I think it was very aptly put by the Chief Minister this morning when the Opposition were telling the Government, tails I win, heads you lose. Or I would put it in another way, Mr. Speaker, and that is that throughout the last two budget sessions, in fact throughout the last two years in this House, Government has been put on trial by the official opposition party, but unfortunately, Mr. Speaker, it has been a trial by ordeal, which is reminiscent on the medieval times, and that was when somebody was bound and immersed in water and if the person floated he was guilty, if the person sank and was drowned he was in fact innocent. I am glad to say, Mr. Speaker, that this attitude has somewhat changed in this particular contribution from the Leader of the Opposition. But let me remark that I find—I will say it in Spanish and then translate, Mr. Speaker, "se le ve el rasillo" because I feel there are still traces of some of the previous attitudes of the Opposition party.

For example Mr. Isola although agreeing, or in fact he said that they would be voting in favour of the Finance Bill, he said, why don't we give more by way of Family Allowances. He also goes on to say that we could be more generous in connection with the new tax terms that have been announced. He also refers to the pensions. Now this is in fact, Mr. Speaker, obviously a very popular thing to say for the people of Gibraltar, but it is something which possibly Mr. Isola would not be able to fulfil if he in fact were on this particular side of the House.

Having said that, Mr. Speaker, I feel that for the first time in the last three years there has been a recognition by the Leader of the Opposition of the fact that the policies of this Government are working. Not only are the policies working but the performance of the Government particularly during the last three years commencing in 1979, when the economy was not in such a strong position, have been extremely good. Our performance has been good, our policy has worked and it is due to that, due to our policies, due to the consistency in the manner in which our policies have been carried out, that today we find ourselves, we find our economy in a rather healthy situation.

As I say, Mr. Speaker, the facts speak for themselves in connection with our policies. We now find ourselves with room to manoeuvre. We find for example in connection with the housing programme, in connection with the power development, the installation of International Direct Dialling, the port development that we intend to carry out, all these things we are able to do now due to the healthy state of our economy. And I say that this can clearly be seen looking at two things. Based on current form, based on current charges of duty, based on current taxation and charges, we have an operating surplus, or an estimated operating surplus for the year 81-82, of £2.63m, and that is, Mr. Speaker, after allowing for uncovered deficits of £2.5m in our Funded Services. That is one. The second point is that the healthy level of the projected Consolidated Fund Balance for the on-coming year is in fact in the region of

£11.29m, and I think, Mr. Speaker, as I have already commented, it is the first recognition that this Government has had from the Opposition that our policies have succeeded in bringing this particular situation that we see ourselves in today. We must remember that the estimated figure that the Government intends to spend this year on development has been put down at £15.65m, which includes £6.6m for the new power station and for the telephones. And yet, Mr. Speaker, I think that the most important aspect of this is that it has not been achieved by cutting down on expenditure. In other words the state of our economy has been reached maintaining our level of services to the community, and maintaining our medical services. For example this year the total estimate is of £4m which is nearly 1/10th of our total recurrent expenditure, which I think is a figure to be proud of. We have the estimated expenditure on our education and also on our social services. I think our social services are another aspect of our administration which Gibraltar can be proud of, Mr. Speaker.

Also we must take into account that we have no unemployment in Gibraltar and I think that on the whole most Gibraltarians enjoy a reasonable standard of living. And I must say that this again has been due to the very careful planning and the very careful handling of the economy by the AACR Government. These policies which I have outlined, Mr. Speaker, I think are in fact quite apparent and in fact reflected in the announced revenue raising measures in the Finance Bill.

We have in fact increased allowances and we have lowered the tax bands. As I see this, Mr. Speaker, there are four main advantages that will accrue to the community on this line. The first one, as has already been pointed out, is that the higher tax rates in fact will not be reached except for those people who are in receipt of income well in excess of average incomes in Gibraltar. For example a married couple with children will reach the 40% rate with earnings of around £8,700 per annum, whilst previously the 40% rate was reached in the region of £6,200 per annum. Also the 50% tax rate is now reached by those whose earnings are around £13,700 per annum whilst before these proposals it was reached by those whose earnings were around £9,200.

The second point which I would like to highlight is that the gap between the local tax system and the UK has in fact been narrowed, and again I think the House has been informed that people with gross incomes of up to £6,500 will in fact be paying less by way of income tax than their UK counterparts.

Thirdly, Mr. Speaker, the average household incomes of around £7,000 per annum will I think represent a tax reduction with our proposals of around 12%, which again I think will work out to something in the region of £4 a week.

And fourthly, Mr. Speaker, I think it must be pointed out that

the increase in allowances is around 13% which is in fact slightly higher than the inflation rate throughout the last year.

Again, Mr. Speaker, the cost of these proposals are £2.25m for a full year as stated by the Financial and Development Secretary and in fact for the actual year 81-82 these proposals will cost the Government £1.7m. Taken together with the other taxation relief and taking into account the increase which should be derived in estate duty the surplus for the recurrent budget will be lowered to £963,000 and the projected Consolidated Fund Balance should fall to £9.6m. The important thing with these revenue raising measures, Mr. Speaker, as I see it is that due to Government's policy of maintaining the recurrent surplus at not less than £1.15m, and also in retaining a healthy projected Consolidated Fund Balance in order to enable us to carry out a development project, we have achieved this not by shifting from direct to indirect taxation, because I think it is quite clear that by doing that the people in the lower income groups are in fact worst hit. And I think, Mr. Speaker, that is the situation that the UK Government had found itself in this year. What we have done in fact is to look towards gambling and towards motor vehicles. As has been announced we are proposing to increase betting duties from 10% to 15%, there is an element also on the pools and also the licensing fees for the gaming machines are also going up.

All in all, Mr. Speaker, as I have already mentioned the total effect is that we retain the required recurrent surplus and we also maintain a healthy Consolidated Fund Balance at the end of next year.

So, Mr. Speaker, what is the net result? As I stated the first point is the recurrent surplus for 81-82, that is after taking into account our revenue raising measures, we find the estimate will be in the region of £1.16m; two, we retain a healthy projected Consolidated Fund Balance which is vital for our development programme of £9.8m, even after allowing for a budgetary contribution to our Funded Services of £2.5m; thirdly, we maintain the services that we are providing, the medical, education, social services and the other services that the Government provides; fourthly, we maintain full employment in Gibraltar, and, fifthly, Mr. Speaker, I think that these measures will go a long way and are conducive to a substantial improvement in the real living standards of the people of Gibraltar, particularly those of the lower and middle income groups.

Mr. Speaker, if this is not Government I really don't know what is. I think, as I said, it shows careful planning and careful considerations throughout the last years.

Mr. Speaker, the Honourable the Leader of the Opposition mentioned that his party were the alternative Government: I would say that they may be the alternative Government merely

in numbers, because unfortunately they have not come up in my view with any alternative policies to those presented by the Government in this House. They in fact have advocated five-ways but yet they do not suggest where the money is to be derived from. They have asked the Government to monitor expenditure. They have told the Government to ensure that the revenue side exceeds the expenditure side for the year 81-82. And yet they again have not put forward their policies as to where the money is to come from. They have also called for development. Again they have criticised the level of the projected Consolidated Fund Balance which the Government has estimated for the next year.

All in all, Mr. Speaker, I think this is a budget which I would describe as an ambitious budget, it is a budget with an eye to the future, it is a budget and a clear indication that with this Government in office there are better things to come.

MR SPEAKER:

Does any other Honourable Member wish to contribute to the debate?

HONOURABLE J BOSSANO:

Mr. Speaker, perhaps before I get stuck into the matters that I want to bring to the attention of the House, I could just mention my reactions to the contribution of the Honourable Minister for Medical Services who spoke last. In a way I think it would have been better if he had spoken after I had because I am very fond of him and I do not like to have to say to him that it is quite extraordinary that he should claim in fact that the financial picture presented to this House of Assembly this year is the result of sound careful planning in the past by the Government. I suggest he reads the Gibraltar Evening Post of the 17th of February 1979, and he will see a banner headline there saying: £2M DEFICIT: PARITY IS NOT WORKING! So much for careful planning, Mr. Speaker.

I think in fact the Government took a line last year which I supported in fact, the Honourable and Learned the Chief Minister said in his statement on the Finance Bill when I had already reacted to the strategy the Government was developing: "I am glad the Honourable Member on the benches opposite" meaning me, Mr. Speaker, "who is generally recognised as having particular expertise in economic matters concurs in our views that there exists this year a need for consolidation and for the strengthening of the reserves." I agreed with the Government last year that there was a need for this. I thought it was a wise thing which the impact of the economy of Gibraltar, of the possible opening of the frontier in June had such a massive question mark that it could have made reserves that would have made even the ones that we have got today look silly, or in fact quite the opposite. I thought it was absolutely right the Government should take the line that they

were taking and in fact it is the result of my view of that policy of strengthening of reserves and consolidation that we are seeking this year. Not of any sound longterm economic planning but in fact of a particular political decision which I supported. I supported it in fact last year and I was heavily criticised by the other members of the Opposition, by the Honourable and Learned Member in fact, for taking that line. He said at one stage that I was not being consistent in that I was not supporting for example the £100 increase in personal allowances. I agree that the £100 increase in personal allowances, had it been introduced last year, would only have made a difference of £½m in the reserves this year which would have been neither here nor there. The decision had to be taken 12 months ago and the political judgement had been exercised 12 months ago, and 12 months ago we did not have the picture of the reserve which we have today. We had a different picture. And on the basis of those figures, even though all of us in fact mentioned certain things that were not taken into account, one of them for example, the private sector pay review, the other one the question of the amount that was estimated, as the Honourable the Financial and Development Secretary has said again this year, an estimate without prejudice to the outcome of the eventual pay negotiations, but an estimate which effectively proved to be on the low side as we saw when we had supplementary expenditure earlier this year, or rather towards the end of last year, Mr. Speaker, supplementary expenditure providing something like £450,000 extra for the settlement of the 1980 Pay Review. Well, of course that has had its effect on the revenue side and the private sector review had an effect on the revenue side.

One must look at each year in the context, I think, of what the Financial Secretary tells the House has been the background to the figures. I think we have to, in fact, go by what he says, we have no other option, whether all the Financial Secretary's have all been mistaken or they have all been correct as the Chief Minister said, all these years, the picture they present to the House is the picture that the House has got to go on.

There are two things which I think are important in the context of this year's figures which should make the outcome much closer to the figures that we have, than was the case this year, and that we anticipated last year would be the case: one is that the Honourable Member has told us that this year he has included a hypothetical figure in his revenue yield in respect of the private sector Pay Review which was not done in 1980, and was not done in 1979, we were told it hadn't been done in those two years. The other thing is that depending on the outcome of the pay negotiations in UK the figure that has been put in is likely to be either very close or perhaps slightly over the odds, because we know that in the United Kingdom the Public Services Unions are involved in a dispute which has been going on for a considerable time now and looks as if it is likely to last quite a bit longer, possibly until the end

of June when the industrial's pay review comes up, because the Government will not breach a 7% ceiling.

Last year the settlements were around 18%, Mr. Speaker, and in fact we saw that the figure that was put in on the expenditure side and the estimated yield of the revenue side have both been updated by increases on both sides of the equation. In actual practice the figure, unless there is a U-turn in the United Kingdom, after all the U-turns we have been hearing about here - and I certainly for one would be delighted to be told that the British Government had made a U-turn, I certainly wouldn't castigate her for doing it, I suggest that when the Honourable and Gallant Major Peliza goes over there he tries to encourage her to make a U-turn - I think that unless there is a dramatic change of policy by Her Majesty's Government, and we have seen that in spite of the fact that there are predictions of unemployment reaching the 3m mark, there are still voices in the Government calling for even bigger cuts in public expenditure that can only produce even more unemployment. So the economic strategy of the British Government shows absolutely no signs of being altered and consequently, to the extent that that has an impact in Gibraltar through link with wages in Gibraltar, I think the rate of inflation in Gibraltar is to some extent determined by the rate of inflation in UK, but only in as much as inflation in UK is generated by increases in production costs which affect both goods produced for the home market and goods produced for the export market. To the extent that inflation in UK is a result of a deliberate fiscal and economic policy that shifts taxation from income to expenditure, which is effectively what is happening with a switch from direct to indirect taxation, that has an inflationary effect which affects the domestic market only, and this is why I think in the last year we have seen the relationship between the United Kingdom inflation and the Gibraltar inflation in fact being, if not broken, certainly becoming quite disparate and to our benefit. In fact we are seeing a situation where the benefit of having a link with wages and salaries in UK has been enhanced by our having a lower rate of inflation than the UK. Because if we get the same increases obviously as they do and we can keep our rate of inflation down, then we increase the purchasing power in the domestic economy of that same amount of money. So I think the position of the economy, Mr. Speaker, and the Government position is a strong one and it is a strong one consistent with the philosophy expressed last year of consolidating and strengthening the reserves.

I cannot as I said in my earlier contribution, Mr. Speaker, agree with the Government that there is a need this year for the continuation of the same policy. In my view there is a need for doing what the Honourable Minister for Medical Services was saying was being done, which I don't think is being done, and that is for an enormous programme of economic

expansion. Now, it is difficult to judge to what extent we are going to be following such a road or not in the absence of knowledge of the contents of the Development Programme. Clearly the road that the economy is going to follow for the next five years is going to be primarily determined by the size of the Development Programme, by the nature of its financing, and by the nature of the projects that are included in it.

And there are basically, as I see it, two types of projects. I would remind the House of what I said last year in terms of how we think in my party economic policy and fiscal policy going together, we see a need for having a programme for work creation, a need for having a fair system of taxation that taxes us well in order to distribute it, to meet social objectives. But the work creative part of it is vitally important. In coming to rents, in coming to the proposals for a new tax system, in coming to a policy on water charges, Mr. Speaker, one I think, must react not simply by saying, well you know 80p more a week or 80p less a week is not going to affect people all that much. In fact in terms of the impact of the average citizen in the street I think this budget will be seen as a not too unpleasant budget primarily because people associate budgets with unpleasantness. They think that all that the budget is there for is to tax them more and, therefore, if they are taxed less than they expect, or if there is a reduction in direct taxation which is going to put £3 or £4 more in the pocket of the average wage-earner, which is going to be sufficient to meet the extra that he is going to pay in rent and the extra that he is going to pay in water, then clearly he is going to feel he has got off lightly in the budget. But I think we in the House are not here just to reflect a sense of relief as taxpayers that we have got off fairly easily, but to think seriously in presenting a reaction to the Government's proposal as to whether we would want to do the same thing in Government.

Now I accept the point that the Honourable Mr. Perez has made in criticism of my colleagues in the Opposition as regards questioning what their alternative policies are. I don't think that they have really claimed to have a fundamentally different ideological view from the Government. In fact in more than one occasion what they have said is that if they were running the show they could run the show better, but that they would want it to be basically the same show. I don't want it to be basically the same show, and I think there is a fundamentally different approach.

In terms of, for example, Mr. Speaker, the question of the financing of the so called Funded Services. I must come back to a point that I have made in the past on this issue. The Financial and Development Secretary I believe in his statement, I think it was on the Finance Bill, made the distinction

between the increases in charges for water and the increases in rent, and states as an obvious fact that of course these are not fiscal resources, these are in fact simply increased charges for services provided by the Government to consumers. Now I know this has been stated on a number of occasions in the past, Mr. Speaker, but one doesn't make something come true simply by repeating it every year, I wish it were so, if that were the case I would have had a greater number of things that I have proposed from this side of the House accepted by the Government because I tend to repeat them every twelve months, so the fact that the Government says that there is a distinction between the Funded Services and the Government provision is only true because the Government chooses to make it like that, not because there is anything fundamentally special about it. If the Government is saying, right, we are providing electricity and people who consume electricity should be required to pay for what they consume, and we are providing water and people who consume water should be required to pay for what they consume, fair enough, but essentially the Government is providing public security by having a Police Force, is providing fire protection by having a Fire Service and the only reason why we feel or we accept that the Fire Service should be funded out of taxation is presumably because it would be a cumbersome system to charge people per fire and in any case it could well be that the consumers of the services would not be in a position to pay if they actually went up in conflagration. So it is obviously better to charge them for not having fires than to charge them for having fires.

HONOURABLE CHIEF MINISTER:

In the old days the Insurance Companies used to contribute towards the running of the Fire Brigade.

HONOURABLE J BOSSANO:

Yes, there is clearly an element of insurability in paying through taxation for adequate protection against risks.

In the case of the consumption of water and the consumption of the other utilities, and also in the provision of Government rents, and I want to devote more time to this area, Mr. Speaker, than any other part of the budget, because as I mentioned in my contribution on the Expenditure Estimates it is quite clear that the whole House is of a like mind in saying that this is the matter that has to be given the greater priority in our consideration, and as well as being a social problem and it is a social problem in terms of the people who are without a house, but it is an economic problem in arriving at a solution. It is an economic problem in asking ourselves how do we produce the necessary resources to provide the people who need a house with a house. I accept what the Honourable and Learned the Chief Minister has to say about wanting a reaction from the Opposition as to their policy on Housing. I am prepared to provide such a reaction.

I think there are a number of things that we need to consider, Mr. Speaker. I mentioned the figure of 70% as being the figure of Government owned houses. The figure given in the Abstract of Statistics for 1979 was 65.6% Government rented, and of that 29% of the Government stock, almost a third of the Government stock in fact was pre-war housing. Now, we are, therefore, talking about a situation where two thirds of Gibraltar is living in Government housing and of those two thirds, in fact 50% of the two thirds, being in pre-war housing and possibly expecting to either be re-housed or to have their house brought up to a necessary high standard. Now this shows the seriousness of the problem, because even within the people already housed not just among the people who may be waiting for a house, we have a situation where the long term strategy for housing must be one that is economically viable. We cannot just say, well this year we are OK we have got £8m, we can afford to house so many people this year, next year we are in a chaotic situation on the verge of bankruptcy, we do not house anybody this year. In producing long term physical assets, which is what housing is, we must have a long term economic strategy to ensure that we can maintain those assets and eventually replace them. It isn't just enough to keep on producing houses we have to think how future Governments - we can't just look from one election to the next - future Governments are going to cope with a situation of a burden of house replacement and house maintenance. Now it is an extremely difficult situation but I think an indication that has to be found is in the figures given in the Family Expenditure Survey of 1980. There the figure shown of household expenditure being devoted to rents, including in the element of rent because this was a sample survey of 220 homes which included a proportion of owner/occupier, privately rented, furnished and unfurnished, the global figure in spite of it being a cross section of the community, was 4.3%, Mr. Speaker. In fact the figure for rents and rates in the 1980 survey was I believe £5.26, something like that, and the figure for painting and wallpapering houses was £3. something a week. So people were spending almost as much in the acquisition of the house as keeping it painted and wallpapered. Now there is something fundamentally and economically wrong with that sort of relationship, and that is what we have to devote our attention to.

Now in this context I would bring to the attention of the House one element in the budget today regarding the question of allowing for tax purposes the expenditure on plant and equipment to be depreciated 100% in the first year that the asset is purchased. Clearly this is an economic measure as opposed to a fiscal measure. This isn't just a way of giving people back tax because under the existing law the asset would be depreciated any way, I think it is at the rate of something like 25% on the reducing balance on the value of the asset. What one is doing is providing an economic incentive in order to make people invest more, or to bring forward investment, one of the two. Now this shows how you can use the tax system

to achieve specific economic objectives as opposed to purely revenue raising fiscal objectives. And I believe that in looking at the tax structure in depth this is the sort of criteria that we must apply to our system of taxation, to our system of rents and so on, that is that our overall policy as reflected in the budget must be an indication of an overall economic study which I would submit to the House as indicated in this particular instance. But this is the only instance in all the Finance Bill of such an economic policy.

In the case of the in-depth study of the income tax structure I must say, Mr. Speaker, that notwithstanding all these computers, I must tell the Honourable the Financial and Development Secretary that in fact the income tax structure has not been changed because in fact all that he has done is possibly to put through the computer a model of what would the yield be if I raised allowances by £200, and what would the yield be if I raised it by £500, and got different answers, and then decided which was the best combination of amendments to the bandings and amendments to the allowances to achieve a given drop in revenue yields and ensure that the lost revenue, if one likes to put it that way, would go to the people the Government want it to go in preference to another income group. Now that does not alter the tax structure in any way. That is using the same tax structure we have got today but simply shifting the effect of the tax measures from one income group to the other. Now I think that it is important to continue, as the Government has stated it will do, this in-depth study of the tax structure, and I would say it should not be limited to income tax, it should be looked at completely, I think it is possible with any income tax structure and with sufficient ingenuity to avoid any tax on income by shunting it from income to capital gain. I mentioned in my earlier part on the expenditure side, Mr. Speaker, the need that I saw on the part of Government to take a serious look at this business of taxing capital gains in the cases of property because there has been an enormous inflation in the prices of property in Gibraltar. I think that it is iniquitous that a property-owner should be able to make colossal gains simply because there is a shortage of accommodation and because there is increasing purchasing power in the hands of consumers. And I feel particularly incensed about it, Mr. Speaker, because when I think of my efforts outside the House as a trade unionist to obtain higher wages and salaries and then all that is going to happen is that because people can afford to pay more you are going to have a number of people chasing the same units of accommodation, then it is not a question of the law of supply and demand having an effect, because the supply doesn't increase, the supply is static and for a minimal increase in the flow of extra accommodation being produced but the effect is being felt all along the line in all the properties that are not rent-restricted.

Now the rent-restricted properties themselves in fact are in many cases completely unfair as far as the landlords are

concerned. The Honourable and Learned the Chief Minister in fact in his statement in the Budget of 1979 said that there was going to be legislation introduced to limit increases in the rents of post-war flats which were not let furnished to 16%, on page 7 of his statement of that year. I don't know if this has happened but I certainly do not recall having seen the legislation introduced since then, and it is now 2 years since the Government said they were going to do it and they certainly gave me the impression that they were proposing to do it in that budget because in fact the Financial and Development Secretary mentioned it in his speech and said that it was not included in the Finance Bill because it would be done under separate legislation. Now this has not happened yet. I can assure the Honourable Member, he may well know himself of specific cases, but I certainly know cases where the increases since he made that statement have been 100%+. On the other hand you have got people who are paying perhaps for reasonable accommodation extremely low rents and who say they haven't gone up at all. I, therefore, think, Mr. Speaker, that to say, right, we are going to introduce a 20% increase in rent which is going to affect the 65% of the population that lives in Government housing without the House being told what is the overall policy on the question of rent is something that I cannot support or accept, and certainly, although I do not think that the system that we have today is fair to either the landlord or the tenant, I think it penalises in fact the reasonable landlord and the reasonable tenant and protects the unscrupulous landlord and the unscrupulous tenant, I think as regards Government rents the reality of the situation is that the need has been pointed out and recognised by Government itself in past contributions on this subject in the House and by the Government's experts in the last City Plan, the need to move towards ensuring the subsidies go to those who need them rather than on overall subsidy for every Government tenant regardless of means. That is the way that we have to move. There is no other way. But in the absence of that move to increase rents - and I accept that the Government has not said that it is increasing rents either to finance the reductions in the income tax bill or to bring up reserves to a particular level or for any other reason other than it thinks as a matter of policy there should be regular rent reviews, and I would certainly say that as a matter of policy it is certainly better to have regular rent reviews than to have no rent review for a very long period of time and then clamp 100% increase on people, I think certainly if one has to choose between the two systems then the system of regular small increases is easier to absorb and preferable for a whole range of reasons not least of which is the fact that the people get used to expecting a relatively low proportion of their income to go on rents, then they get used to a pattern of expenditure which we have seen reflected in the Family Expenditure Survey which has to be changed afterwards because they expect to have 94% of their whole household income for things other than rents.

It is not going to be an easy road to follow, Mr. Speaker, but I think it is a road that the House needs to encourage and make clear in terms of the economic necessities of the situation, in terms of being able to provide the quality and the quantity of housing that Gibraltar needs. I think, Mr. Speaker, that in terms of the points made regarding the need to finance the increases in water through charges on water consumers I can only go back to my submission, I think it was 1978, which the Honourable Mr. Featherstone found very amusing at the time, of looking at marginal costs in terms of charging for water. And I still maintain that if we have a situation where a proportion of our water is very cheap and then increases in demands for water produce high cost water to meet that increased demand, the supply of water after a certain point increases in cost because of the need for distillation and for importation, then it is the domestic consumer that is entitled to the supply of the cheap water in the first instance. Now the Government although they rejected my thesis completely at the time I think made a move in this direction last year when they said that they were passing the whole of the increase cost of the supply to commercial consumers at a reduced cost, that is a subsidised cost, to domestic consumers. The policy that I advocated initially went further than that, Mr. Speaker, and I remind the House that since I do not make U-turns I am still of the same view today as I was two years ago.

HONOURABLE CHIEF MINISTER:

If the Honourable Member will give way. The only point is that there are no natural resources this year, because there has been no rain.

HONOURABLE J BOSSANO:

Well fair enough, Mr. Speaker, but I don't think that one should because of a slight hiccup in the Honourable and Learned Member's water diving powers which have failed him this year.

I do not think one should change one's own long-term strategy of water supply! Perhaps it can get better again next year. If he gets to work on it early enough throughout the summer then perhaps he can ensure that we have got the water in the winter like he has always done in the past. I think that if he really wants to get for his party that popularity which he claims to have he must really get back to his old City Council days and produce water for us every year otherwise I am afraid...

On this question of U-turns, Mr. Speaker, now that I have been reminded of it, let me say that I know we have heard a lot of it this year, I think it is a reflection of the popularity that the phrase has achieved in political circles in UK. I mean I myself have been accused of being inconsistent in the past but not of doing U-turns because it was not popular then to use the phrase U-turn. I draw a distinction between what one can expect the Government to do in terms of altering its policy depending on the motivation that bring about those alterations. And let

me say that I can quote two specific examples I think. One which I came across by accident this morning in fact when I was looking for something else, was an occasion in November 1977 when the Honourable and Learned Chief Minister got very annoyed with me, and said: "I hope I see the day when I can see Mr. Bossano in Mount Alvernia with multiple sclerosis and I can go as a strong man to visit him. By that time the Trade Union Movement in Gibraltar will have got rid of one of its greatest troublemakers." I would say that with the benefit of hindsight the Honourable and Learned Member has changed his opinion of me but not that he has done a U-turn, because I think that he was saying something that would not have made him politically popular then and that if he has changed his mind about me it doesn't necessarily make him politically popular today.

HONOURABLE CHIEF MINISTER:

I think, if the Honourable Member will allow me, I think that followed something very cruel that the Honourable Member said and I regretted saying many times, not because of the philosophy behind it but because of the unintended suggestion of any ill coming to anybody.

HONOURABLE J BOSSANO:

Well if I had been very cruel perhaps, Mr. Speaker, I have read what came before it. What came before that was that I said that if the Honourable Member was now too old to be in politics he should be in Mount Alvernia. I accept that that is probably a very cruel thing to say.

HONOURABLE CHIEF MINISTER:

The fact is that four years later he has been found to be wrong.

HONOURABLE J BOSSANO:

Oh, yes, I accept that, I was mistaken, that the Honourable and Learned Member is still as strong and as healthy as ever, and I am glad to hear it. I hope he has many years of active political life ahead of him.

HONOURABLE CHIEF MINISTER:

Thank you.

HONOURABLE J BOSSANO:

But as I say, Mr. Speaker, that is one example where I would not accuse the Honourable Member of having done a U-turn. The other example is of course I think the line that the Government took on the question of parity and which they themselves, I was impressed by the integrity of the Honourable and Learned the Chief Minister, in accepting that perhaps inadvisedly the

Government's views and predictions about parity and its effects have been proved to be incorrect. Now I don't think that is a U-turn, to sincerely support one line of action thinking it to be the best one for Gibraltar and to admit that one is mistaken when it is patently so is not in my judgement to do a U-turn. To do a U-turn, Mr. Speaker, is in fact to be forced by political circumstances in order to win votes to do something that one considers to be wrong. It is not to have changed one's judgement about a situation but to change one's policy in order to sail with the wind, and I certainly will condemn that sort of philosophy in this House of Assembly because I think that sort of philosophy would be disastrous for Gibraltar. If the present Members of this House, whichever side of the House they are sitting on today, are concerned about the service they provide to those who have placed trust in them and voted for them into this House, then I think the important thing is not the degree to which we are in disagreement with each other but that in our views we are expressing honestly and sincerely what we believe to be the best way to conduct Gibraltar's affairs and that we should be open to persuasion by rational arguments by other people. To accept rational arguments is not in my judgement to do a U-turn, to do a U-turn, Mr. Speaker, is what I was forced to do in 1973 when I was forced to vote against the Government's increase in electricity charges after having stood up and said that they were welcome, because I was told that what I was doing was the direct result of my greenness in politics and the fact that I had only been here 9 months. Now, I don't accept that philosophy. I am glad that I no longer have to subscribe to that philosophy and I comment my liberation from it to other Members of the House.

Therefore, Mr. Speaker, it is important I think that we should look to the financial strength of the reserves, the financial strength reflected in Government estimates, as something that is good for Gibraltar and not as something that is good for the party in power today. If it is good for them or bad for them is of little consequence really. If I had to have as a matter of choice a weaker economy and a Government that had less chance of being re-elected, and a stronger economy and a Government that had a better chance of being re-elected, then I would opt for the stronger economy not because I want the present party in power to stay in power, I want the GSLP to be the Government of Gibraltar, but I would certainly prefer to inherit a strong economy in 10 years' time than in one year's time. So that is the essence of the logic. And the essence of the reaction to this budget must be that, and I think that in the way that the Honourable and Learned the Chief Minister introduced his statement to the Finance Bill, I suppose possibly because he was expecting a more violent reaction that he has obtained from the Leader of the Opposition, either because of the experience of last year's budget or perhaps because of some of the things that went on on the Expenditure Estimates, nevertheless, I think that the way that

the Honourable and Learned Member has reacted to the Finance Bill shows, I think, that he also shares in fact the satisfaction at seeing the reserves better than we all expected them to be 12 months ago.

Having said all that, Mr. Speaker, let us not for one moment give the impression outside the House of Assembly that the coffers of the Government are bulging with money and that in fact we are about to go into a bonanza of giving away cash like confetti. Let us not forget, and I think the Honourable Mr. Perez was guilty of forgetting this in his own contribution when he said that now the Government was in a very strong position to enter into an expenditure programme of £15m on the I & D Fund, let us not forget a number of things. In my statement in 1980, Mr. Speaker, when I was defending the philosophy of strengthening the reserves, I said, "The reserves themselves," this is on page 268 of last year's Hansard, "are not excessive by past standards. The projected reserve of £5.5m must of necessity be seen in the context of a number of factors, in the context of the figure that the amount is there in money terms." That is that one must expect the figure for the reserves to be continually updated purely because with the same amount of money you can buy less and less every year. So just to be able to have the same purchasing power the reserves need to go up. Secondly, another element of that inflationary situation is the element of unpaid bills, even if the bills are three months bills, three months bills every year means more money. And this is something that every business in fact finds, Mr. Speaker, in terms of cash flow. Every business knows that its debtors and its unpaid bills acquire an increasing cash value every year and although they be included in the assets of the balance sheet in fact they can be a serious problem in terms of liquidity for a business. In this year's figures we are talking about I should think something like £2½m, and as I mentioned earlier, Mr. Speaker, there is another £1m which does not appear but which is also owed to the Government.

The third element I would point out in assessing precisely how strong our financial position is is of course that we have had very little reaction in the House to what in most Western European Parliaments today would be seen as a catastrophic policy, which is a trebling of the National Debt. We are talking about going from a National Debt of something like £7m to a National Debt of £21m, and that in any other Western European Parliament today, with the economic philosophies and the economic theories current today in Western Europe, any Government even hinting at anything like that would be absolutely crucified. We have not had a reaction really I think to the implications of that in this House of Assembly. Let me say that I do not share the current economic doctrines and consequently I think political decisions that are being taken today are being taken on an erroneous understanding of the way economic variables function. I think regardless of the immediate effect of the present crisis in Western Europe the reality is that financing

long-term public expenditure through loan capital, which I have advocated in this House since I arrived in 1973, makes as much sense today in 1981 as when it was widely accepted in 1973. But today it is not widely accepted, except in very recent circles I must say that I have come across some attempt somehow to marry monetarist theories and Keynesian theories and say, well, in a situation of massive unemployment there is some logic in increasing public expenditure but for long term investment and not for recurrent expenditure.

Now I am saying this because in terms of the expenditure programme that we are talking about, and we are talking about spending £55m over the next twelve months which is quite an extraordinary achievement for a place the size of Gibraltar, we are able to do so because the Government is going into financing of long term capital investment through the raising of loans. The Government accepted this philosophy I think it was really in the 1978 budget, I think it was in the 1978 budget that the Government indicated its intentions of following this road after having resisted my advice on the subject in the 73, 74, 75, 76 and 77 budgets. We are now about to enter this road and clearly it is important that the surplus of recurrent expenditure, or the surplus of recurrent revenue over recurrent expenditure, that is the surplus on the workings of the year, should be understood and seen not as money that we have got left over which either is being kept in reserve because we haven't got anything to use it on at the moment, or else save it for a rainy day, they must be seen as an essential element in the alternative policy to that which was practised until 1973 of financing development expenditure by contributions from the recurrent budget. In 1972, Mr. Speaker, in October 1972, the House approved a supplementary vote retrospective to the financial year 71-72 of £½m. It was originally a figure of £200,000 and it was increased to £½ m. Now if we think that that was 10% of the then recurrent budget in 1972, in the first matter of financial and economic policy in which I made a speech in this House, the House voted what was 10% of the then recurrent budget as a contribution to the Improvement and Development Fund. A similar decision today would require us to vote £4m, which is the entire amount of the surplus for this year. The whole of the surplus would then have to go into the Improvement and Development Fund. Now the beauty of long term development finance is of course that £4m, if we anticipate is going to be something that we are going to have there every year, we can then say, right we can now afford to spend, say £35m this year, because we are going to have a flow of income of £4m with which to service the £35m. And not only that, the £35m that we invest this year will itself generate new income. So to a certain extent there is clearly a similarity in terms of economic strategy between the Government doing this and what the Government is encouraging the private sector to do in allowances for capital investment to be brought forward one year. Now, therefore, in terms of economic strategy I agree entirely that that is the way that it needs to be done that it needs to be financed, and that in assessing our economic strength one should not be

misguided into thinking that we have got a situation where there is too much money, because I do not believe that to be the case.

In fact I will remind the House that in talking against the proposals last year for reducing taxation beyond the measures originally proposed I said to the House that one can only talk about reducing taxation in net terms, if one is not just simply shifting the burden of taxation from one form to the other or from one group to the other, because that does not alter the total level of taxation it just alters the component parts, but if one is talking about altering the total level of taxation then effectively one is saying that there is nothing left for the Government to do with its money. That is that the Government has now exhausted all the possible improvements that it wants to carry out and that therefore all it can do now is give people money back. Now I think it would be a considerable time before any Government should be in that very happy position. What any Government should aim for and try to do effectively is to have a target for economic growth, to ensure that without having to come every 12 months and introduce new measures of taxation there is a sufficient revenue yield, that there is sufficient cash flow, for the Government to meet its own commitments. And, therefore, rather than relying on a fiscal policy which is renewed every 12 months in order to meet its on-going expenditure programme, the Government would be relying on its management of the economy to generate the funds that it needs with the existing measures of taxation. So that it would be relying for example if one looks at the tax structure, it would be relying on creating, say, opportunities for more women to work, or creating opportunities for people to acquire higher skills, and consequently increasing the national income that way, and, therefore, policies which might apparently be labour policies, or apparently be educational policies, would, through their economic impact, provide the Government with increased revenue which would enable it in a year's time to be able to come to the House and say, well, because we have undertaken these measures the result of it is that the earnings in Gibraltar have gone up by 20% and the yield in Gibraltar for income tax purposes has not gone up by 20%. Now that in fact is not increasing the burden of taxation on people, Mr. Speaker, that is increasing the economic horizons for people, giving people an opportunity to produce more and to earn more and to achieve a higher standard of living, and, whilst contributing the same proportion of their income, to make a bigger contribution in cash terms. This is really where the Government should be thinking of moving and the way that they should be developing their economic strategies.

MR SPEAKER:

Well that is the end of your particular explanation of your strategy as to how the economy should be run. It is just about three minutes to five and perhaps we should now recess until tomorrow morning at 9 o'clock when you can continue your address.

THE HOUSE RECESSED AT 5.00 P.M.

WEDNESDAY THE 29TH APRIL, 1981.

THE HOUSE RESUMED AT 9.10 A.M.

MR SPEAKER:

Well I will then call on Mr. Bossano to continue his contribution to the Second Reading of the Finance Bill.

HONOURABLE J BOSSANO:

Mr. Speaker, I wanted to deal this morning with the contribution made by the Honourable and Learned Leader of the Opposition, which I think fitted next into what I wanted to say before I went into details on the specific measures in the Finance Bill that the Government proposes to introduce. But I think I will wait a bit to do that part in case Mr. Isola turns up, although it follows more logically at this stage, but I will come back to that because I would like him to listen to what I have to say about some points that he made which I cannot agree with.

Mr. Speaker, at the beginning I said that the Government tax structure presented to the House and withstanding the fact that it has been described by the Honourable and Learned the Chief Minister as a very elaborate and involved exercise, in my judgement in fact, it is not a reform of the tax system but simply an alteration as to incidence of tax.

Now, the Honourable and Learned the Leader of the Opposition remarked that the reduction in tax payable effectively goes up in cash terms under the proposals made by the Government and this might be something that I would find unpalatable. Well in fact he also correctly stated that it is an inevitable consequence of any progressive tax system, that if you introduce measures to reduce tax liability, you are bound to produce a system which will result in a bigger drop in tax payable in cash terms at the top of the scale rather than at the bottom unless in fact you go a very long way to claw back at a certain point in the scale the effects of the reform you are introducing because you don't want them to operate above a certain level. And if one looks at say the married couple effect in the figures presented by the Government, and let me say, Mr. Speaker, that I haven't set the figures myself I am assuming their mathematics correct, of course although we are talking about a £40 difference at the bottom and £660 difference at the top, in percentage terms we are talking about a 40% reduction in tax liability at the bottom, and that is expressed in the £40 as a percentage of the tax payable at present, and 11% at the top. I think this comes about because the Government correctly has gone about widening the tax bands rather than putting the reductions on personal allowances because by increasing personal allowances the effect is on the marginal rate of tax, and clearly the higher

ones marginal rates the greater the benefit one gets from an increase in personal allowances. I think it is important that this should be understood outside the House otherwise we can get a reaction of people thinking, well, all that has happened is that personal allowances has gone up by £100, which was the figure suggested by the Opposition last year, and I think it should be understood that in fact giving away if one likes tax in terms of personal allowances is not the most progressive way to go about it, is not the best way to distribute income, because the person paying 50% will get a £50 saving and the person paying 20% will get a £20 saving out of £100 increase in personal allowances, whereas if one increases the band say at 20% from £500 - £700, then the tax saving is £40 for everybody.

One thing, however, that I find effectively, in comparing the table that has been produced for the married couple and the table that has been produced for the married couple with one child, that in terms of tax payable the reduction seems to bear no clear-cut relationship between the two, and I imagine that this is because of people moving into the different tax bands at different points, but effectively if one looks at it if one can see the rather anomalous situation where for example if one compares the tax reduction for a couple and the tax reduction for the couple with one child, starting at the bottom, in one case it is £40 and in the other case it is £50 which means that the couple with one child will be saving £10 more in tax at the level of £2,000 and then it goes £15, then £3 then £18 then £5 and then in the case of the £8,000 in fact the tax saving is bigger if you don't have a child than if you have a child. It does seem in a way that this reflects, I think, what is an omission in what the Government has tried to do and that is to help and that is to help more the family unit with dependant children, which was, I would remind the Honourable and learned the Chief Minister, something that he drew attention to in last year's budget. And when he made reference this year to what the Government had done last year on tax I think it said, quite correctly, that last year in paragraph 6 of his statement he said; when he was defending the Government against the accusation that they had been responsible for a U-turn, he said "In 1979 we introduced an income tax family allowances package which considerably improved the position of the middle and lower income groups. In 1980 we introduced family relief in terms of income tax for those with family commitments. This year with a healthier financial position we feel able to go further in this consistent policy and provide relief which even after our revenue raising measures will mean" and so on. Now I think in fact that this year he is not being consistent in that sense, in the sense in which he mentions in that paragraph, Mr. Speaker, because he says specifically that in 1979 the Government produced a package intended to help family groups, and in 1980 they continue with the policy of helping those with family commitments and he says he has gone further with this policy in 1981. They haven't gone further with this policy in fact because that is the one omission this year, that they have

done nothing on the Family Allowances and they have done nothing on tax allowances specifically for people with family commitments. Now I mentioned in my earlier contribution that the Government should look at the possibility of going some way towards meeting the representations made by immigrant workers that the 1979 package effectively altered the incidence of tax from the resident worker with his family here on to the immigrant worker with family responsibilities but without the opportunity of having his family residing with him in Gibraltar. At one stage in fact immigrant workers were pushing for family allowances to be paid to them in respect of children not residing in Gibraltar. I can tell the House that having met with the Association that represents these workers I told them that I could not support politically such a move because that was economically impossible for us to meet, and that it would be wrong for me to mislead them, and I think they have been misled in the past by other people who indicated to them that all they had to do was to shout about it and they would get it, and I was not prepared to do that. But I did say and I gave them a commitment that I would raise in this House the question that if there was going to be a tax restructure to look at their position in that context and if we were going to have some opportunity to reduce somewhat the incidence of taxation then we should see to what extent something could be done to help them. I was not suggesting that we should go any further in the context of the amount of money we have available than perhaps a partial restoration of the pre-1979 position. And in saying that of course that would also be of some benefit to the family man in Gibraltar who is not being helped this year through family allowances.

Now the House will recall that in 1979, before the Government shifted over to what is virtually the UK system, which is towards payment of child benefit as opposed to having a system of allowances under the Income Tax Ordinance, I proposed in a motion in the House before the Budget that we should retain the dual system in fact, that we should have income tax allowances perhaps pegged at the level that they were of £100, and have Family Allowances increased and made taxable. That was the proposal put forward by my party. We think that although it does involve administratively a certain amount of work because the Family Allowances introduce a tax liability at the end of the year, and although it is an unpopular thing, people do not like finding that they have a tax bill in respect of Family Allowances, nevertheless it is better to concentrate in our judgement the amount of money available on those who need it more. But I accept that in moving towards this thing there are important advantages from an administration of the income tax law point of view and from the resistance of people to finding at the end of the year that having spent all their Family Allowance they have now a tax liability. I accept the logic of that, Mr. Speaker, although from a social justice point of view, clearly if you have got X amount of money to distribute in terms of Family Allowance, it is better to have

a higher Family Allowance taxable than a lower Family Allowance net, because, that pushes more of it onto the lower income group.

So that is the point that I am making and I have drawn the attention of the House to the way the tax affects the married couple with one child and the married couple without dependant children, because that is one of my objections, if you like, to the Government proposals and one which in the context of the Honourable and Learned the Chief Minister's desire to prove consistency I felt I was entitled to mention in that paragraph.

Mr. Speaker, perhaps I can just revert to my original programme now that the Honourable and Learned Member is able to listen to what I have to say.

HONOURABLE P J ISOLA:

I may be here but I may not be able to listen.

HONOURABLE J BOSSANO:

Well if he says he is not able to listen then I am seriously concerned to note that there is something wrong with his hearing, Mr. Speaker!

HONOURABLE P J ISOLA:

I may follow the practice of the Honourable Member, which he follows fairly regularly, and may have to walk out whilst he is speaking, but I won't.

HONOURABLE J BOSSANO:

Well, I mean, even if he walks out, Mr. Speaker, it doesn't stop him listening. Whilst his hearing is still good he can listen from outside because we have got a very effective system of relaying what one is saying on the floor of the House to listeners in the ante chamber, and of course, I want him to listen not necessarily to look at me, so it doesn't bother me if he listens from outside, I just wanted to know that he was within hearing distance that is all.

Mr. Speaker, I think in his contribution the Honourable Member for example said that the Government had agreed not to raise £172,000 through increased charges on the Telephone Account. Well, I don't think this is strictly true because I am not aware in fact that it is a proposal that has come from any other quarter to which the Government has agreed. It is a Government policy decision not to raise that money and it is up to us to say whether we agree with it or not. Now, I can understand that what the Government is doing is simply deferring the raising of that money presumably because they feel that it is better to raise it from those who use the telephone more than from those who use the telephone less, and that is something which they are not able

to do until the metering is done. Although it hadn't been put in those terms this is what I understood to be the position of the Government. I am not entirely

HONOURABLE P J ISOLA:

If the Honourable Member would give way. I think he has slightly misunderstood. I welcome the fact that the telephone charges are not being put up. I know the Government has said what it intends to do but, what they say they are going to do is not necessarily what happens at the next budget.

HONOURABLE J BOSSANO:

Well presumably at some stage they will have to do something about the telephones.

HONOURABLE P J ISOLA:

But they could, if they liked at a future date, on a change of policy, decide to make a budgetary contribution instead, couldn't they?

HONOURABLE J BOSSANO:

Yes, they could do that. I don't think it would be normal for the Government to do that, Mr. Speaker, because I think this is the one area where probably there has never been any disagreement to my recollection to the philosophy that the user of the telephone should pay for the cost of the telephone. I think it is very difficult to consider the provision of telephones as a social service. It may be that in the next twelve months the Government will come round to that view but in the seven years that I have been in this House I have never known any Government and in my recollection it was true also when it was run previously before the merger by the City Council, that it has always been a fundamental philosophy, whoever has been responsible for taking the political decision, that there is no valid reason for subsidising telephones and for providing it as a social service. Hypothetically, I suppose, the Government could decide that in twelve month's time, but I think that if we are going to react to Government decision making on assumptions as unlikely as that, then clearly our reaction to any measures would hold very little water. I think if one is going to introduce an element of subsidy in something like the telephones then clearly it should be aimed at a specific group. One could make a case for example that it might be considered socially desirable that elderly persons living on their own who might have particular need for a telephone should have a telephone without being required to meet the cost, the cost should be met by the community at large, but that to my mind would not be subsidising the telephone account and I would not agree for example that it should be subsidised by other telephone customers, just like for example on housing, on water, I think if we have, say, a

subsidy for the hotel industry that subsidy should be charged on the water account. To the extent that it is easier to identify in the case of telephones, there is a logic to it, but that of course is the logic that should really lie behind any subsidisation. If one talks of subsidies then one is talking of one sector of the community meeting the shortfall between what it costs to supply a given service and what the customer is being charged for that service. And if we are talking about transfers of income, which is essentially what we are talking about when we are talking about cost subsidisation, then the transfer of incomes must be framed in such a way that we are transferring income from those who have got more to those who have got less and not the other way round. This is one of my points on the question of the strategy on rents, that as it is today there is no identity between income and tenancy. And there is nothing to tell us, I suppose one might be able to extract those figures perhaps from the Family Expenditure Survey by doing some sort of cross-check on the details of the nature of occupation as between private rented accommodation and Government rented accommodation and the income levels, since the data is probably underlying the figures that we have got tabulated, there is probably some data behind that which might enable us to do some sort of exercise to show, but there is no reason why there should be any correlation, there is no reason why the lower income group, as it were, should be Government tenants and the higher income group should be private tenants, because the policy has never been to put an income ceiling as a condition, of say, entering the waiting list, and even if you put an income ceiling there is no reason why a person's income should not alter either up or down after he has become a Government tenant. So to the extent that it is Government tenants that are being subsidised by the general body of taxpayers, then the system has my support, because although it cannot identify the exact need it follows rationally that with a protective tax structure the element of subsidisation, the contribution towards the subsidy, is greater the more tax you pay, and clearly if you are a Government tenant with a high income to some extent, through your income tax, you are helping to make good part of the shortfall of what you are paying for your water, your electricity, or your rent. But because there is no identity between the Government tenant and the income group, and the private tenant and the income group, it is clearly possible and it must happen in many cases that people who are less well off than Government tenants are in fact helping to subsidise better-off people who are Government tenants paying lower rents than they themselves are paying in the private sector and they have to subsidise it through their tax.

Now in the case of the Water and electricity accounts, this is not clearly so because everybody is a consumer of these services and consequently everybody is getting the same element of subsidy if one were to identify the subsidy as an item per unit, as a figure per unit, if one were to arrive at the average cost per unit and the average price per unit and the average subsidy element in each unit.

Now the Honourable and Learned Chief Minister has said in respect of that question of the level of consumption, both this year and last year that just like the Government has got to be careful as to how it spends its money then the individual consumer must be careful presumably as to how much electricity it consumes and how much water it consumes. Well I don't think this is strictly true. To be quite honest, Mr. Speaker, I think that it is very likely, because when the Government is talking about Government being careful with its money in that respect, I would say that it is very likely that in practice people employed in the public sector are less likely to be careful with the use of water and the use of electricity at work than they are at home. So I think if anything, because they pay for it themselves at home and they don't pay for it themselves in Government they are more likely to leave lights on and water running when there is no need for it. It happens all the time and one sees it happening all the time. So I don't think it is strictly true to say that Government is more careful in respect of its consumption in these areas than the private individual is. And I think it has to be recognised that generally speaking there is a correlation between the level of consumption and the family size, and, therefore, to the extent that one is reducing the meeting of the cost of these services by general taxation and increasing the meeting of this cost through direct charges, then we are shifting the burden of running those services from the better off to the less well off, because we are shifting it from the higher taxpayer, if you like, to the lower taxpayer and from the single person to the person with a family to support because the consumption per capita even if it is the same in both cases will be greater in the case of a family unit than in the case of a single individual. And it is for this reason that I feel that without some attempt to produce a different approach to the whole question of subsidies, where we are concentrating it and identifying it on the actual categories of people in need, then I will oppose reductions of the subsidy and support in fact increasing the subsidy, if anything because even though it is an imperfect system there are clearly parameters within that system which operate in the direction that I would like to see it operating.

Going back to the Honourable and Learned the Leader of the Opposition's contribution, again, Mr. Speaker, he said that we had a much bigger surplus than necessarily required. Now, I don't know how big a surplus is necessarily required or how big the reserves should be, all I know is that the theory as to how big they should be tends to fluctuate with remarkable concurrence with what they actually are. We find successive Financial Secretaries, going back I don't know how far, probably throughout the list produced by the Honourable and Learned Chief Minister, that the ideal level of resources in terms of weeks or months, tends to have an incredible coincidence with what the reserve actually happens to be at any particular point in time. So I don't know what is the necessary or required level.

HONOURABLE CHIEF MINISTER:

We have had years when we have been very badly off like 79, where we aimed at a reasonable reserve the following year.

HONOURABLE J BOSSANO:

Well in fact in 79 the Honourable and Learned the Chief Minister said that the figure was the bare minimum that could be accepted as reserves and that the Government was not happy with it. In fact the bare minimum in 79 was the actual figure and the bare minimum seems to be the bare minimum whatever the figure is.

Now, one point that I would like to make in relation to that. I mean I know what I would perhaps want myself but to some extent it is a question of professional judgement, what one would like to see as a figure for reserves, but one point I would like to make in relation to that is of course that in the United Kingdom one talks about the public sector borrowing requirement or the Central Government borrowing requirement, as the shortfall between Government income and expenditure that is meant by borrowing. Now we have had in the last financial year a borrowing requirement shown in the Improvement and Development Fund of I think £3½m. If one looks at the receipts in the Appendix, Mr. Speaker, £3½m, was borrowed in the year 80-81 in the Revised Estimates and we are planning to borrow £13½m in the forthcoming year.

Now if we go back to the surplus for this year of just over £4m and we take away what we have borrowed then in fact we have just under £1m as the amount that is left over, and if we look down that page and we find that we run the Improvement and Development Fund at a deficit of £1.2m, then we find that we do not have a surplus at all!!

So, depending on how we present the figures when we are talking about the surplus for this year had we met the cost of our capital works from recurrent revenue instead of by borrowing, we would then not have had a surplus this year. In fact when the British Government presents its own budget to the House of Commons and it talks about the borrowing requirements, and the budget deficit, what is now called a borrowing requirement in the UK is what used to be called a budget deficit before, I suppose it is a nicer way of putting it. So in fact there is no deficit in UK ever, because the deficit is always balanced by borrowing whatever you need to ensure that you have got sufficient money to make up your expenditure for the year. And this is essentially what we are doing in Gibraltar now, because we are meeting our commitments on capital works by borrowing and we are effectively showing a surplus only in order to build up a reserve which will go some way towards ensuring that we have got something there for the liability that we are building up for the future in terms of loan repayment. And clearly if we look at the forthcoming year, the estimated surplus of £3m must be set against the estimated borrowing of £13½m.

I note that the Government in fact last year in the Development Fund, met the deficit in the Fund effectively by allowing the Improvement and Development Fund to use the reserves as a temporary measure. I was glad in fact, Mr. Speaker, that this was done. I suggested last year at budget time that although I had for many years consistently advocated the use of loan finance for long term projects in a period of time when we were facing historically very high interest rates, it would be a mistake to borrow long term and find oneself then entering a period of falling interest rates, like we have done, with a commitment of very high finance charges because they have borrowed at the wrong time. I certainly wish that the Government had taken the decision to borrow 7 or 8 years ago when it would have been much easier to fund and would have been much cheaper to borrow. But in fact, Mr. Speaker, although I said that in the circumstances of last year's interest rates I would support making a contribution, a direct contribution, to the Improvement and Development Fund from the recurrent budget, I am glad that it has been done the way it has been done because that is better than what I suggested, because had we made the contribution then under the limitations of the financial procedures once the money was in the Improvement and Development Fund we couldn't take it out and use it for something else. It is something that had not occurred to me and I am glad that the Government has done it the way it has. I think it is better than what I suggested.

Mr. Speaker, coming now to the question of the Landlord and Tenant Ordinance mentioned by the Honourable and Learned Mr. Isola, I agree entirely that there is a need to revise the Ordinance, but I think there is even a greater need to implement the Ordinance while it is still in force pending revision, and I would draw the attention of the House to the letter that appeared in the Chronicle, I think it was, yesterday, a copy of which I have been sent, and to say that it must be unacceptable to the House of Assembly that we should have a piece of legislation on the Statute Book that somebody should obtain legal advice telling him that he is entitled to certain legal rights and that he should be unable to obtain legal redress, which he is entitled to by law, because the Tribunal that is supposed to be looking at this case has not had a Chairman for two years. Well that is totally unacceptable. I mean, either we scrap the law or we make sure that the machinery is there to see that the law is implemented. As members of the House to see laws disregarded, and there is an area there where there is a clear and complete disregard for the law, and which has been known for a long time to be so, and although I think the law is antiquated in many respects, I think that whilst we are thinking of changing it, and we have been thinking of changing it for a very long time, we must make sure that it is being complied with, Mr. Speaker. The Government has only got to look at its own expert advice on the subject where in the City Plan produced in 1975, Mr. Speaker, on page C4, with reference to the Landlord and Tenant Ordinance, it said that in fact although the dwellings are rent restricted as soon as they stay empty they are being relet furnished illegally. And it

mentions that this is widespread and that one of the reasons for it is that there is no machinery within Government to ensure that this aspect of the Landlord and Tenant Ordinance is adhered to.

Well, if we know that there is no machinery to ensure that this is adhered to, and we know that now for six years, we are effectively permitting the law to be broken with impunity. And I think that is a very bad thing for the House of Assembly. What is the use of passing laws here if we know that there is no machinery for ensuring that the law is going to be complied with and we are doing nothing to put it right. So I think that while I agree with the Honourable and Learned

HONOURABLE P J ISOLA

If the Honourable Member will give way, I think there is a Chairman for that tribunal mentioned in the letter of the Chronicle. To my knowledge there is a sitting due on May the 8th of the Rent Assessment Tribunal. I am involved in it, I know. There is a Chairman of this Tribunal mentioned in the letter of the Chronicle. The Rent Assessment Tribunal.

HONOURABLE ATTORNEY GENERAL:

My understanding is that there is in fact an appointment in existence at the moment. There is a question of whether the office or chambers which are providing the appointee, which is my own Chamber are the appropriate ones to do so. But I thought there was an officer who was holding office.

HONOURABLE CHIEF MINISTER:

Yes, but I believe there have been particular difficulties in that case mentioned of a particular nature affecting the suitability or otherwise of the Chairman.

HONOURABLE P J ISOLA:

I think he is the Senior Crown Counsel, I believe he is the Chairman. I have got a case with him next week.

MR SPEAKER:

I can say that from personal knowledge that the Rent Assessment Tribunal has met in the past two months.

HONOURABLE J BOSSANO:

Well, Mr. Speaker, I am going by what has been published. I think that if the information in that letter is incorrect then certainly it would be desirable that the thing should be corrected for public knowledge. I think it is very bad that somebody should allege that in trying to obtain redress under the law, that he has got legal advice to say that the law is on

his side, and that he cannot obtain it because there is no Chairman for two years. I think that it is scandalous if that is correct, and if it is not correct I think it is important that the public should know that it is not correct.

HONOURABLE ATTORNEY GENERAL:

It is not correct that there hasn't been a Chairman for the last two years. I know that is not correct.

HONOURABLE J BOSSANO:

If it is not correct then it is not by very much? I think that that is a more substantial indication, really, because the Honourable Member, I am sure, would not wish to say that, being a Member of this House, where somebody affected outside might not give the importance to saying something like that if it is not true. I am sure that if a member says that it is not out by very much then he must have personal experience on the inadequacy of the machinery.

Let me say that there is something that the Government should seriously consider, therefore, in terms of introducing this rapidly without the major revision of the Ordinance. And I think it is important at the very least for the Government to have information if one is going to produce a comprehensive policy to resolve the housing problem as I have said within the next 5 years. We need to have more data regarding the composition of the private sector and the rents being paid in it, which properties are being rented with furniture, and which are being rented unfurnished, and, therefore, what I would like to see if this can be done perhaps by Regulation under the Ordinance is a requirement that every rent should be registered. Whether it is post-war or pre-war or furnished or unfurnished, I think the Government should have a record of what everybody is paying in rents, because then we can start trying to produce a comprehensive policy that is fair to everybody with knowledge of fact. We need facts to work with, Mr. Speaker. And I think that if the Government considers it necessary at some stage to introduce some legislation controlling rents, then if they have already got a system which requires everybody to register the rents, then they are able effectively to do things with more rational thinking behind it than if they are doing something blind.

Equally I would like to see Regulations introduced requiring the price at which properties change hands to be information to be passed to the Government's Valuation Department or an appropriate Government Department who would have a record of what is happening with property values and how properties change in value when they change hands. Now that again is the sort of information that I think is necessary. I mentioned earlier that I had the impression, Mr. Speaker, that there had been quite extraordinary inflation in the prices of property

recently and that if this was the result of some property-owners exploiting an increase in the property value because the shortage of accommodation was pushing up the rents and they were then capitalising the income flow of the property to produce a grossly inflated figure which was not going to reflect the value of the substance of the building then the Government should consider taxing such gains. This is only an impression that I have. I prefer to work with facts and, therefore, I would prefer that every time that somebody buys or sells a house the information should be recorded by the Government and then the Government would be able to present a proper picture whenever one comes up with a feeling that something is going on somewhere that shouldn't be, then one can look at the facts.

So those are the two things I am specifically proposing for Government's consideration in the knowledge that the other members of the Opposition also feel that there is a need to revise the Landlord and Tenant Ordinance, although they themselves have not suggested any specific points on which they would like to see the revision introduced.

Mr. Speaker, I would like to take up now the question of the Committee System which was mentioned by the Honourable and Learned the Chief Minister and which the Honourable and Learned the Leader of the Opposition said that they could not agree to. Well, I know that up to 1976 in fact the Honourable and Learned Member was in favour of the Committee System, I know it from my own experience when we were together in the IWBP, because I was as opposed to it then as I am now, and in fact it was following the Constitutional Committee and the Hattersley Memorandum, really up till then, Mr. Xiberras at the time supported the Committee System, and other members of the House supported the Committee System to the extent in fact that we put it forward as a constitutional proposal.

HONOURABLE P J ISOLA:

If the Honourable Member will give way I think his recollection is not too good on this. What was put forward, the Committee System, was a package deal linked with economic intergration, linked with first class British citizenship. On that basis the then Opposition, to which the Honourable Member was then a party, agreed as part of the package that they would agree to the Committee System provided the Government agreed to support what was in effect economic intergration and first class British citizenship, in other words exemption from the Immigration Act. And it was on the basis of this that it was agreed. When I say economic intergration I am going too far, some sort of permanent economic relationship, let me put it that way. I think virtually it could amount to that but there was some sort of permanent economic relationship which Hattersley then agreed referred to as "integration" and rejected. That was what we agreed to, it wasn't that we were in favour of the Committee

System. What we were saying was, given a situation where the economic future of Gibraltar was assured and the Gibraltarians were first class citizens, let me put it that way, in that situation we would go along at trying the Committee System. That is very different to saying that we supported the Committee System and so forth. We were prepared to support what the Government wanted on that side in return for their support on what we wanted on the other thing. I think that is the correct position and not as the Honourable Member is stating.

HONOURABLE J BOSSANO:

I know, Mr. Speaker, that it was a package deal and I know the proposals came from the Government side, but I know that within the party the Honourable Member in fact was one of the ones that personally was more favourably inclined to the Committee System than anyone else. I have a good recollection of that happening.

HONOURABLE P J ISOLA:

Well I must tell the Honourable Member that that is not so. It is no use arguing.

HONOURABLE J BOSSANO:

Mr. Speaker, we remember different things of what happened five years ago.

In fact I think it was until the last elections really that there was no indication of the Opposition to the Committee System. I am glad to see that we all on this side of the House now consider that the present system works sufficiently well and that it would be a mistake to move from the present system of Government and Opposition into a Committee System and I think in fact that if the Honourable Member goes on effectively to do what I have been suggesting since last year, and which he has said this year, it conditions the approach of the opposition, and that is that they are not going to oppose for the sake of opposition. I am glad to hear that that is also the case, because I have been accused

HONOURABLE P J ISOLA:

Mr. Speaker, that has always been the case. It is the Honourable Member who has described our position, and the Government who have described our position as a different one. It is not that the Opposition is changing on what it said last year, the Opposition is saying everything exactly the same as last year. We do not oppose just for opposition's sake but we do see that we have a particular role which I have described on a number of occasions.

HONOURABLE J BOSSANO:

Well it may be a matter of emphasis, but when one stands up in this House of Assembly and gives reasons for either opposing or not opposing a measure, and one is accused of not providing strong effective opposition publicly, regardless of the reasons that are given, when one is told on Television by a Member of the House that surprisingly the Honourable Member did not support this or that, well I do not see why people should be surprised, they should be surprised if they do not come to the gallery. I can understand all the people who are missing there being surprised by anything that is not recorded outside but I cannot understand anybody being surprised who has the patience to listen to me on the very lengthy explanations for everything I do. When somebody else stands up and opposes something without giving any explanations as to why they are against a measure then to me that is opposition for opposition's sake, and it is the first time that the Honourable Member has made a clear statement to the effect that they do not believe in opposition for opposition's sake, and let me say, Mr. Speaker, that I certainly have noticed a difference in approach in the Honourable Member's speech today relating to the Finance Bill.

HONOURABLE P J ISOLA:

We agree with it.

HONOURABLE J BOSSANO:

Right, I accept that the Honourable Member agrees with it. I accept that, yes. But the reasons why they agree with it this year, Mr. Speaker, and what they don't agree with it whenever anything else comes up which one can show they have previously agreed with, is because presumably this year they decided that they would oppose those things that they themselves would not do. And that is a good thing because then we can use the House of Assembly in a constructive way which makes unnecessary the introduction of Committee Systems for the reasons given by the Honourable and Learned the Chief Minister. The Honourable and Learned the Chief Minister said if we have to move away from the limelight - I don't know what limelight we are talking about - the limelight of the House of Assembly - with all the public gallery empty seats - then in Committee System we may be able to be more open, more constructive, more positive. Now I think we can be as positive as that in the House of Assembly, and I think in the House of Assembly one can still stand up and say I oppose as I have said some of the things the Government is doing for the reasons that I have given, and give an opportunity to the Government to give me an answer. And if the Honourable Member was talking about the possibility of the Committee System working in public, well that makes it even more so, that we can work positively together for four years in this House and still go into an election campaign based on our performance in the House and give the electorate an opportunity to change the composition

of the Government if they so wish. And, therefore, Mr. Speaker, I commend that approach to the House as I have done on previous budgets, and I hope that the contributions by other members in this debate indicate a move in this direction which I think will be of benefit to us ourselves in our work here and to the community generally. Therefore, in that context clearly, the general offer of the Honourable Minister for Economic Development that I might one day be speaking from that side of the House, is totally unnecessary and will not be taken up. I will still continue speaking from this side of the House, and hopefully the Government will still continue doing what I propose from this side of the House.

Mr. Speaker, I think I have covered the main items that I wanted to and I can only say that the budget this year gives us an opportunity really to perhaps put right something that the Government may have felt in previous years they could not do. I can understand that in terms of fundamental financial policy the level of reserves, the strength of the Government's financial position, will determine to what extent they feel they can move in one direction or another, however convinced they may feel about the social needs to do it. And in terms of the measures that are being introduced let me say that in the specific cases of the new charges that are being introduced for motor cycles I myself feel that there is a social argument for introducing very hefty rates on these powerful machines that some young people are using in a lethal way to themselves and to other people. I know it will not stop them, Mr. Speaker, but at least if we make it very expensive then it will be the sons of the capitalists who break their necks, and not the sons of the workers!

If it doesn't stop them it will limit the market to ability to pay, and given that in so many other areas of life ability to pay makes a difference then let it make a difference in this area as well. Now, I believe to the extent that the cost of any product is disincentive, to the extent that supply and demand works, then the more expensive it is to buy a powerful and dangerous machine the more likely it is that some people will think twice before they do it. And even if we reduce the numbers by one then whether that person has got a lot of money or not really, we are putting one less person at risk and I think this is a worthwhile aim of social policy, and it would be one way of using the tax system for something other than purely raising money. Clearly the Government itself went along in that direction when they introduced different import duties for different sizes of cars because they thought that there was a need to use the fiscal system to discourage the importation of very large cars which placed a social burden on the rest of us, unsuccessfully perhaps, but unsuccessfully to the extent that it has not stopped the cars coming in, successfully to the extent that it has produced more money for the Government which at least can be used for relieve the rest of us who are suffering the consequences of these very large cars being brought in. So it is not a total loss.

Mr. Speaker, I really think those are all points that I really wanted to cover, I didn't want to leave that part out because I think it was an important point to be made.

HONOURABLE P J ISOLA:

Mr. Speaker, can the Honourable Member before he sits down. He has spoken for an hour and three quarters and he hasn't told us whether he is going to vote in favour or against the Finance Bill or abstain.

HONOURABLE J BOSSANO:

Oh, I see. I am abstaining on the Finance Bill. I disagree with some elements of the proposals of the tax structure. I have said that I agree with what Government is doing on motor-cycles, although I would have preferred that there should have been a clear indication that we want to discourage specific ones, but I will not be supporting the Finance Bill and I will be voting against the increased water charges and the increased rents, and I thought that was obvious in fact from my reaction to it.

HONOURABLE A J CANEPA:

Mr. Speaker, during the course of the debate on the Appropriation Bill the budget was being described as a U-turn Budget. Of course at that stage that description was totally incorrect. I think it made headline news but it was still incorrect not only because the Government as has been clearly demonstrated hasn't made the U-turn that the Honourable Major Peliza in particular has alleged that we had, but also to speak at the stage of the Appropriation Bill in terms of a Budget is really nonsense. The Budget does not consist of the Appropriation Bill, the Budget is a sum total of the Appropriation and the Finance Bills.

My own view considering the two together and in particular considering what for the man in the street really constitutes the Budget, which is the element of taxation, my own view was that the Government had come up with a package of relief on the one hand and minimal revenue raising measures on the other - which would probably be described as between mild and moderate, perhaps more mild, but hearing the Leader of the Opposition speak yesterday on the Finance Bill and on the attitude of the Opposition it is clear to me that in fact this is going to prove to be a highly popular Budget. Otherwise I do not think that the Opposition would associate itself with it. I think it is a clear cut case of, if you cannot beat the Government join them or, well, let us at least get some of the credit for it, let us jump on the band wagon and we shall say that the Government has done it because we have been pressing them for the last eighteen months to do it.

I was very glad to see the Honourable Mr. Bossano explain what was meant by U-turns, at least that is what is meant in the United

Kingdom by U-turns, and I hope, Mr. Speaker, that we can depart here in this House from this nonsense of speaking so much about U-turns. Prior to this meeting of the House it was something we hardly ever mentioned. I don't think people understand what a U-turn is. I have been stopped in the street by a number of people who have asked me, would you please explain what a U-turn is, because I don't know what the members in the House are talking about. So I would very much hope that it doesn't become the in-phrase here and that we can continue to speak about inconsistency in the approach of the Government or of the Opposition, departure from established policies, and so on.

Mr. Speaker, the Honourable Mr. Isola said, and I quote, "We have to congratulate ourselves for having waged a successful campaign over the last eighteen months", and later on, referring to the income tax package, he said that the Opposition welcomed the direction in which the Government was moving, the course that they had set us on, I will come back to the second point in a moment. But I think we ought to analyse what has been the nature of this campaign of the Opposition over the last 18 months. I imagine he means the campaign on taxation on the budget and so on. Well I remember a great deal of debates obviously in last year's budget sessions, but I don't remember the Opposition taking up the cudgels again until the autumn when at the autumn meeting of the House I introduced a number of motions to increase social benefits and then we had a fairly substantial debate on the question of taxation and the Elderly Persons Pension in particular. In between I can remember nothing. I would imagine that a campaign consists of a number of debates in the House over the matter, motions in the House, public meetings on the matter, letters to the press, communiques which Honourable Members opposite are very addicted to, but we have had none of that, Mr. Speaker. In any case if a campaign is going to be waged by the Opposition in order to get the Government to move in a certain direction merely by coming to the House occasionally, spending a few days here, making a few remarks, a few proposals, not specific proposals but general proposals, and then expecting the Government to take that away and do all the dirty work, as we invariably have to do, then I think that that is a very poor performance. And the extent of involvement by members of the Opposition, with one or two notable examples, in public affairs, is very very limited. And when one bears in mind that ordinary members of the Opposition get paid half of what ministers get I think their performance is even more woeful. So really to try and take credit for what the Government does presupposes greater involvement in public affairs and a more deliberate approach. I said during the Appropriation Bill that if anybody, and I think I mentioned the Chamber of Commerce and the Union, and if they wanted to make representations to the Government it wasn't good enough to come along to a meeting and mention ten or twelve headings. Specific proposals have got to be made. Government Ministers put in a great deal of hard work in framing the Budget. There are a number of meetings and I could give chapter and verse

from my diary of the number of meetings that Government Ministers collectively hold on the Budget, individually in discussions with the Treasury, in committees, it is a very laborious process starting usually in late January or early February. So really to talk about a campaign I think is nonsense, and I think the Honourable and Learned Leader of the Opposition knows that that is nonsense.

I want to deal at some length with the income tax package but before I do so I want to deal with two other specific points that were mentioned by Mr. Isola. On the question of rents he said that the Government should not pass on to tenants their inefficiency. Tenants should not be expected to pay more in rents because of Government inefficiency, particularly in the Public Works Department.

HONOURABLE P J ISOLA:

If the Honourable Member will give way, I gave that as a principle, but I said that we couldn't make a judgement because we hadn't seen the Public Works Department Report.

That was the qualification and the reservation made and I think that if he is going to mention what I said, he should try and quote me correctly.

HONOURABLE A J CANEPA:

Well even without the Public Works Report let us assume that there is inefficiency, let us assume that in maintenance and in repair work, there is efficiency. But can we quantify that inefficiency because at the moment the general body of taxpayers are subsidising Government tenants to the tune of £1.4m, and the rent increases next July are going to produce about £2m, I am not sure whether it is £2m this coming year, or in a full year. £2m in due course. Now, if there is inefficiency should taxpayers, therefore, bear the whole burden. Should we subsidise Government tenants to the tune of £1.5m and not £1.4m. I would disagree with that as a taxpayer. As someone who lives in private sector accommodation I would disagree. To me I resent the extent to which I as a taxpayer am having to subsidise tenants living in Government accommodation, in better accommodation, in accommodation where they get some maintenance work done, whereas tenants in private sector accommodation find it extremely difficult. Living in properties which are fifty, sixty if not more years old we find it very difficult to get any work done on maintenance, and I resent having to subsidise people who are better off than I am. So I think regardless of what the root cause of the shortfall, the deficit in the Housing Account might be, and I am not prepared to accept that it is all due to inefficiency, it is manifestly the fact that rents are low, that people in Gibraltar spend a small proportion of their income, I think the Honourable Mr. Bossano mentioned ~~for~~ something per cent whereas in the UK for instance it is well over 10%. I think

that that is the root cause of the matter, that rents in Gibraltar by and large, particularly in the public sector are too low, and the Government has been moving in that direction. We have had very sharp increases over a period of two years consequent on the implementation of parity. So I would not accept that as a principle. Even if there is inefficiency I think that people have got to suffer what is after all a minimal increase in rents of 20%.

Mr. Isola also made reference to the private sector and on their inability, compared to the Government, to pass on wage and salary increases. Of course I just want to comment on that point that the Government does allow people in the private sector, employers, wherever appropriate, to pass on wage increases, which very often, such as in the case of the ~~trade~~ bread industry, form a very substantial proportion of costs, 70%-75% the Government does allow these employers to pass on costs to the consumer. This happens again and again. And I think that in a world where rising prices are a fact of life I don't think that the evidence indicates to those products becoming less competitive to the extent of driving people out of business. I don't think the Government is unreasonable in that respect because it accepts it as a fact of life that if we are able to pass on increases to consumers, the consumers of the municipal services or by way of increased taxation to meet our own increased costs, then that principle must logically and fairly be applied in the private sector as well.

Coming now, Mr. Speaker, to the income tax package. Before I deal with the Opposition's attitude on this generally, I want to remind the Honourable Member that in the one particular example that he mentioned of a married couple with a child and an income of £5,000, where I have to correct him as to the extent of the weekly benefit, which is £133 per annum divided by 52, and the extent to which that was going to be offset by the increase in rent and the small increase in water charges and so on, I think I should also remind the Honourable Member that there is a pay review due in July and that that pay review at the very least is going to be 7½%. And even after you take account of tax that will mean once again, particularly with inflation running at about seven something per cent, that pay increase in July, on top of the very substantial pay increases over the last 2 years which have produced a real increase in disposable incomes, will continue. That happens and people will be once again better off after July. So this is a fact that I think must never be lost sight of.

Mr. Isola welcomed the income tax package, he said it wasn't generous, he would have liked to have seen more, but we were moving in the course that they had set us on. And as I say I refute that they set us on that course, not only because they haven't waged the campaign but because he is forgetting one very important point, and that is that the Government did not just introduce an income tax package last year in 1980, we in fact did so the year before. In 1979, personal allowances were

increased from £550 to £650; last year we increased them from £650 to £750; and now we are proposing to increase them from £750 to £850. Again remarkable consistency. We started in 1979 by increasing them from £550 to £650 and we also moved away from tax relief for families with children, and in return for that we doubled Family Allowances which then stood at £2 a week and we doubled them to £4 a week and then last year we increased them from £4 to £5 and made them tax free. So we had started in 1979, two full years ago, not as a result of any campaign from Honourable Members. What happened of course was that last year the Honourable Members moved an amendment to increase the personal allowance by a further £100, the Government voted against that and now of course it is a case of the Opposition saying, well the Government has agreed with us and now we are having the other £100. That is not the case. If the Honourable Members have moved an amendment this year for another £50 or another £100, we would have voted against this even though next year we may well be in a position, having regard to the overall position, we may well be in a position to give another further relief in the personal allowances. But you see the Government is in the position, the fortunate position I think that we are the ones that review the position, we are the ones who exercise our judgement based on the situation as it unfolds from year to year. It is not a question of being led in that direction when we were moving in that direction the year before.

Mr. Bossano made reference to the maximum tax relief of £685. I think he mentioned £660, £685 for a married couple with a child with an income in excess of £14,000, and I think what is significant to point out there is that that is the maximum relief that any taxpayer can get with an income in excess of £14,000. If their income is £20,000, £25,000, or £30,000 the tax relief remains at that maximum of £685. I think that that is a very good aspect of this package, that we have set a ceiling on it. And I think that with the ceiling, having regard to the way that incomes have been moving in Gibraltar, at £14,000, have hit the target roughly in the right place, and I think that we were taxing rather heavily what I would call the middle-income groups, very many people who have got regular overtime in Gibraltar, and who have incomes in the region of say £11,000 - £12,000, without being capitalists. But we have set a maximum there and the so called capitalists, or the capitalists, would only get £685 of tax relief. I think that that is a particularly equitable aspect of the income tax budget.

Coming now, Mr. Speaker, to the position of immigrant workers which the Honourable Mr. Bossano made reference to and where he thought perhaps the Government would want to consider a mix of giving some relief in taxation perhaps at the expense of Family Allowances in the short term, in the long term it might even out. And in this connection I think that there is some information that should be valuable to Honourable Members opposite in analysing the extent to which what has been referred to as discrimination against immigrant workers, I think this

information is very valuable and it is necessary as background information before any consideration can be given to measures to meet the representations, or any measures that might be intended to meet the representations of immigrant workers. Based on a survey which was carried out in 1980, Mr. Speaker, of PAYE taxpayers, and a sample survey, the following facts were elicited. In 1979-80 immigrant taxpayers, and in particular Moroccan taxpayers, enjoyed an average tax allowance of some £1,600 per annum and paid an average of £515 income tax per annum. The corresponding figures of all other taxpayers were £1,200 per annum tax allowance and tax paid £914. And this difference, Mr. Speaker, is not entirely explained by the lower average level of incomes between both categories of taxpayers, there is a differential of around 20% because obviously the majority of immigrant workers are industrialists whereas in taking into account average incomes for the rest of the community there are highly paid executives and white collar workers to be taken into account, but there are other factors which explain the difference, and I think that these also are very significant. Over 80% of Moroccans claim allowances as married couples with or without children and dependants, compared to just over 50% for all other taxpayers. Around 25% of Moroccans claim in respect of one or more dependants, compared to 3% for all other taxpayers. And again during 1979-80 Moroccan taxpayers contributed an average of 15% of their gross income in income tax, the corresponding figures for all other taxpayers was around 25%, and I am not going to make any further comments on this, Mr. Speaker, I think it is just information which Honourable Members may be able to dwell back upon in any future discussion or debate on the matter.

A great deal of play was made by the Honourable Mr. Isola about the remarks of the Chief Minister that the party in office was the most popular political party in Gibraltar. I don't think that there can be any question as to what are historical and mathematical facts. A contrast was drawn between 1976 and 1980. In the 1976 elections there were only two parties, one a well organised party and another one which had developed overnight to contest the election and therefore was not to that extent as cohesive or as well organised, whereas in 1980 there were four political parties: three large parties, well organised, and I think in a situation where there is an increase in the number of well organised political parties with a full candidature, the support which any party by and large is going to draw, particularly the party which traditionally has been the most popular, I think is bound to dwindle in an inverse ratio to the increase in the number of political parties. But if there were to be ten political parties at the next elections and the GLP/AACR share of the vote were to decrease from 38% to 30% and 30% was still the largest percentage support, the argument could still be sustained that we were still the most popular political party. I don't think that there can be any doubt because it is a mathematical fact. And as for the nice remarks about the loss of support, and he singled me out amongst others,

I think I should inform the Honourable the Leader of the Opposition, he also made reference to the ups and downs of the party in office. If anybody in this House that has had ups and downs it is the Honourable the Leader of the Opposition himself. From having got 5,500 votes in 1969, when in the wake of his trip with the Chief Minister to the United Nations he was the second most popular political figure in Gibraltar, to slightly barely over 3,000 votes in the 1976 elections. I have held my position as at least the third most popular political figure in Gibraltar in election after election. I first stood for election in 1972. I defeated the Honourable the Leader of the Opposition and I defeated the person who was previously Chief Minister in the outgoing administration, that perhaps is just by the way. But I think, Mr. Speaker, that if an opinion poll were to be held amongst people outside in the street, I wonder, and I am not a betting man, but would be prepared to bet on this one. I have every reasonable confidence that I would defeat the Honourable the Leader of the Opposition in any poll about popularity. And I am being personal, Mr. Speaker, because I resented one comment, and I still resent one comment, of the Honourable the Leader of the Opposition, and that is when he said that the Government was playing politics with elderly persons. He said that immediately after singling me out as Minister for Economic Development as being the person most responsible for the fact that the Elderly Persons Pensions continue to be taxable. Well I have taken a very strong stand in this matter and I intend to continue to do so, and I suppose it would be appropriate for me to say that I am not going to make a U-turn on this one. And if ever the electorate feels that I can best serve them from the Opposition benches and they consign me to the benches opposite, and if a DFEC Government brings in a measure to remove taxation from the EPP, I will vote against that measure. And if the Honourable Mr. Restano will take note that I am speaking at 10.25 on the morning of the 29th of April, 1981, years from now he can remind me of that and I assure him that I will be consistent and I will vote against that measure, regardless of what it might do to me in the popularity stakes. If anybody has been playing with elderly persons, Mr. Speaker, it is the Honourable Members of the Democratic Party of British Gibraltar. They promised elderly persons the moon: free cinema shows, this and that, which other taxpayers were going to have to pay for, which perhaps families with children were going to have to pay for. My children would probably have to pay more to go to the cinema in order to subsidise elderly persons over 65 who might have very substantial incomes, who might be working, who might have a pension from their former employers, and a tax free Social Insurance Pension, my children would have to pay more so that these people, by the mere fact that they are senior citizens could have a free cinema show. That is what Honourable Members opposite promised them, and they knew that they were on to a good wicket, they knew because of the campaign of Mr. Xiberras on the matter for about a year prior to the 1980 elections, they knew that the Government was unpopular with this group of people, and I in particular was even more unpopular. I knew I

was going to lose a lot of votes in the 1980 elections but that didn't make me change my mind and it doesn't make me change my mind now. Perhaps that is where the Honourable the Leader of the Opposition and I differ but I do not mind accepting what the electorate decides in this respect. If the people no longer want me in Government I am quite happy, if they do not want me as a member of the House I will go back to teach and I will be perfectly happy because I do not have an all consuming ambition in public life. There are other things that matter more than personal ambition. But I think that that is the underlying difference in our approach to politics and I have been saying this again and again.

It is the opposition who have been inconsistent because they opposed the introduction of Elderly Persons Pensions in 1974, and Major Peliza and the Honourable Mr. Isola - I don't know about Mr. Bossano - they opposed that at the time, and they pressed the Government, because the pension was introduced in January 74 and the budget was coming up a few months later and we were not going to introduce an amendment to the Income Tax Ordinance in January if we were going to do so during the course of the budget, they pressed us to make the Elderly Persons Pension taxable and punitively taxable with a clawback so that the people with the Rolls Royces would in fact not go to College Lane and collect their pension. The first thing they did since then was to press for the clawback to be removed and then for the last couple of years with the campaign which Mr. Xiberras started with motions here in the House and letters in the press, they were pressing for the Elderly Persons Pension to be made tax free and for these people to be brought into line with others under the Social Insurance Scheme. My attitude all along has been perfectly consistent and I did not agree in principle that this should be done and it was not a question of £50,000 which today, in tax collected from income of £16m or £17m is peanuts, but that is not the point behind it. But those remarks about me, as I say, Mr. Speaker, I do resent, and that is why I have replied in the terms in which I have.

Perhaps the Honourable the Leader of the Opposition doesn't give me credit for holding certain views sincerely, but I assure him that I do and that I will continue to do so because I value my integrity above everything else. I think that I have dealt by and large with most of the points that concern me, Mr. Speaker, but having regard to the general tone, to the general underlying points made by the Honourable Mr. Bossano in his contribution, it seems to me that the general drift of his argument regarding the needs for a programme of economic expansion has been very much reflected in the statement that I had made on economic development during the debate on the Appropriation Bill, when the House will recall I made reference to the link that must exist between the Government's Development Programme, the borrowing requirements and the level of reserves, and the general budgetary strategy not just in any particular year but for the future. It is already clear, Mr. Speaker, that

the borrowing requirements based on the present and on the proposed capital development programme will be greater every year until the peak is reached in about 1986. And so the policy of the last few years must continue to be applied in order that we may be able to mobilise the necessary financial resources to service and to finance Gibraltar's capital development project.

Thank you Mr. Speaker.

HONOURABLE A T LODDO:

Mr. Speaker, before I make my humble contribution, I must take up the Honourable Mr. Canepa on one point in his intervention when he implied that DPEG were going to buy the vote of the old age pensioners with free cinema tickets. I think really this is nit picking because if my memory serves me correct the AACR offered these old age pensioners a similar concession in respect of the Montagu Seabathing Pavilion last year. I did not see long queues of old age pensioners going down

HONOURABLE A J CANEPA:

If the Honourable Member will give way. I only mentioned one specific thing. I said there was a package of proposals, free cinema tickets, subsidies on the telephones, lower municipal charges and so on. It is all in the manifesto, I have a copy of it in my office but unfortunately I did not bring it along otherwise I would have made reference to it. There were a number of things, not just free cinema tickets.

HONOURABLE A T LODDO:

Yes, Mr. Speaker, including subsidised transport. But I mean if we are going to nit pick, there you have one. Free entry to the Montagu Sea Bathing Pavilion. Probably in the hope that these elderly persons would take a cold dip and never recover.

Now to the substance, such as it is. I realise that anything that I might say in this contribution will be an echo of what the Leader of the Opposition has already stated so ably, but I feel that the Budget debate is the highlight of the year insofar as the House of Assembly is concerned and that one is in honour bound to make a contribution however humble. The supposition of last week, that is as to what was going to go up is now no longer a supposition, it is a reality and all of us who were holding our breaths can let it go. When I heard the Honourable the Financial and Development Secretary's statement, I said, let's face it is not bad, it will never be a best-seller but it is not bad. Generally I could go along with practically all that he was saying, that is why I felt it was a bit of a shame that the Learned Chief Minister addressed the Opposition more as a headmaster castigating naughty school-children and that he assumed our reaction, because I will assure

the House that my reaction originally was a very favourable one. In fact even after analysing it overnight it is still not unfavourable.

As I said, to most people, all in all, this was a reasonable budget. But the question is, taken on its own it seems very reasonable, but taken in the light of the previous ones I would call it a budget of restitution. Giving back to the people what had been taken away from them over the last two years. And I am sure that when people get over their sense of relief, because that is what it is a sense of relief that more things have not gone up, and they analyse the budget with cold logic, they will see that this is the case. However, I will repeat, it seems a reasonable budget which it is. The Chief Minister used the word "pinpricks", well it had to be pinpricks because after the studs of the last two years we do not want the patient to bleed to death.

I can understand, Mr. Speaker, that the Government dislike the term "U-turn" and I am sure that if we could find a more euphemistic term we would use it, but U-turn seems a very apt term to describe the reaction of the Government this year. I can see the Chief Minister does laugh, and I can understand them being upset at the success of the Opposition. It has been a success, Mr. Speaker. It has been proved that a strong Opposition, a responsible Opposition, by doing its work properly has got the Government to do a better job itself and the Government has done a better job. Or is the Government not prepared to accept that, that they have done a better job. If they are not prepared to accept that they have done a better job then they have done a worse job. As I see it and as I said before the role of the Opposition is not merely to oppose for opposition's sake and we have given proof of this in this House today. The budget is reasonable. By and large we can find nothing to quarrel about so we support it.

The fact that on income tax the Government has seen the error of their ways is worthy of note, and unlike the Honourable Mr. Bossano we will be voting for the measures. That I think is positive. It is very comfortable to ask for the power to be able to stand up in this House and speak without the responsibility that should go with it and it is very comfortable to abstain most of the time. It is not as comfortable to vote for or against because if you vote for, the Government can turn around to you and say you are now inconsistent because you should be voting against it, because you are in Opposition, and if you vote against, they say, what more do you want, we can never win. Heads you win, tails we lose, it does not matter what kind of budget we present you are going to vote against. If we vote, for, people in the street will say, ah, they have gone over to the Government side. So I think that in this case we are in the position of "heads you win, tails we lose" but we don't mind. We believe that a responsible Opposition should act responsibly and if you have to get a pat on the back we will be the first to give it to you.

I must say that for all its faults, the grafting of the Westminster pattern on to Gibraltar works by and large, works reasonably well, and as the Leader of the Opposition said the only way you can have a Committee System is without parties. The complete collapse of all the parties and then they are all individuals: we go back to City Council days. But that is a step backward. Like everything else you can not please all the people all the time. I am not too happy on the 40% increase in the car licences: I will qualify that. What am I going to get in return? What I expect is a betterment of traffic circulation, of parking facilities and the like. I would agree with increased licences for motor cycles but not for the reasons that the Honourable Mr. Bossano has mentioned because I fail to see his logic. The richer you are the more you should be prepared to pay for the motor cycle, so if you want to get killed and you are the son of a rich man, it is better that the son of a rich man should be killed than the son of a worker, but by the same logic Then I misunderstood it. Perhaps, the Honourable Mr. Bossano would like to correct me.

HONOURABLE J BOSSANO:

Mr. Speaker, I said that if that is not a disincentive, it is bound to limit the number of people who can do it the more expensive you make it, and if we just stop one person doing it because of the money then it is better than not to stop any at all.

HONOURABLE A T LODDO:

Yes, that was the second time round but the first time he said it slightly different and Hansards will show that.

MR SPEAKER:

I think what Hansard will show is that Mr. Bossano said that if the result is that, he would rather see the son of a capitalist killed than the son of a worker. But not that the introduction of the measure was to have that effect in itself.

HONOURABLE A T LODDO:

Yes, of course, I take the point, Mr. Speaker, I understand that, but by the same line of logic there are more workers than capitalists, so if a chap on a motor cycle wants to kill himself, hard luck for him, but there are more workers walking around than capitalists and he might not just kill himself he might take two or three with him.

Another thing I would like to see as a result of this 40% increase is garages not using the public highways as their own private garages without paying anything for the privilege. They are depriving other taxpayers from the use of these roads.

On the question of gambling, as I am not a gambling man myself, I in fact applaud this, I really do. I think gambling is a useless exercise, but I mean if people want to indulge in it they should be made to pay. After all the Government has been gambling with the good will of voters for a long time. As I said it is a reasonable budget but it is a budget of restitution.

HONOURABLE J BOSSANO:

Mr. Speaker, if the Honourable Member would give way. I do not know if this was a point that he was going to make or not, but before he leaves completely I would like to know what is the view of the Honourable Member or his Party regarding this question of doing away with tax relief for children receiving full-time education in the UK, because as I understood it from a question in an earlier meeting of the House it seemed to me that he asked the Government whether they would be reviewing the question of allowing tax relief for children in full-time education outside the state system, and I got the impression that there was support for that, and I in fact asked the Government in a supplementary that if it was going to be reviewed whether they would also consider in their review doing away with it altogether. Now, that has been completely omitted so far from the contribution, I think it was the Honourable Member who raised it a few months ago, and I imagine this is not a U-turn, I mean, are you still in favour of it or do you feel it should be done away with.

HONOURABLE A T LODDO:

No, Mr. Speaker, I am still in favour of it but the thing is that now in the UK it costs so much to educate your children that what they would get in Gibraltar in allowance is minimal. It hasn't now become such an important issue, such an important point, it is probably just a point of principle.

HONOURABLE J BOSSANO:

I think the Financial and Development Secretary made a valid point when he said that there was no reason really why tax relief should be limited for people in full-time education in UK, I mean, why especially in UK. If we don't think that our educational system in Gibraltar is good enough it would seem to me that what we need to do is to insist that the Government should improve it. Now, if an individual does not think it is good enough then he cannot expect to be subsidised by the Government just because he doesn't want to make use of what is available. Now, that is my view on it, I thought that other Honourable Members in fact were earlier on pressing for this to be increased. Now it is going to be done away with, and I understand they support that it should be done away with it, is that the case?

HONOURABLE A T LODDO:

I am going to give the Government a lot of pleasure, I am going to make a U-turn. (laughter) As I said, talking in the terms of what it costs now, I don't think it is very important.

Anyway, I have completely lost the drift of what I was going to say.

MR SPEAKER:

Order, order.

HONOURABLE A T LODDO:

With the leave of the House I will just end up by saying that we definitely will be voting in favour of the Bill.

MR SPEAKER:

Gentlemen, we will now recess until 1.45 when we will resume the debate on the second reading of the Finance Bill.

THE HOUSE RECESSED AT 10.45 AM.

THE HOUSE RESUMED AT 1.50 PM.

HONOURABLE MAJOR F J DELLIPIANI:

I think I mentioned in my intervention that my intervention was only in response to a point of clarification from the Honourable the Leader of the Opposition with respect to the sponsored children to the Services school and in fact I mentioned that I was only doing it in response to it.

MR SPEAKER:

I think if members agree that will be fair enough.

HONOURABLE MAJOR F J DELLIPIANI:

My contributions are always brief.

I think, Sir, that the way the Government has approached the Budget this year is based on promises made last year: that we would produce a package deal which would suit the more moderate income groups of Gibraltar and this has been the basis of the approach of the Ministers and Government and on the advice of our financial experts. I think that the Honourable Mr. Joe Bossano has dwelt on the fact of the Moroccan workers. I think to some degree the Government does do something indirectly with the Moroccan workers although I must admit not in respect of all, but I don't think that the Honourable Mr. Bossano has taken this into account in his discourse and I have a lot of sympathy with what he says. It

is a fact that there is a great element of subsidy in the hostel accommodation that we provide for Moroccan workers and I think that should be taken into account, it is a fact, though that we might not appear to give as much as they might contribute, there is an element in the subsidised hostel accommodation that we provide for workers and there is quite a substantial amount of money.

HONOURABLE J BOSSANO:

If the Honourable Member will give way. This is not apparent from the Estimates because the Estimates show for 1981-82 £400,000 cost and £400,000 income for the hostels.

HONOURABLE MAJOR F J DELLIPIANI:

The Honourable M. Bossano has forgotten the non-recurrent expenditure of the hostels. We spent something like £½m last year in the modernisation of the Casemates. £½m is a considerable sum of money. That is all my contribution, Mr. Speaker.

HONOURABLE MAJOR R J PELIZA:

Mr. Speaker, it is very difficult to talk at this time of the day after a meal with the person speaking falling asleep, let alone those who are listening. So I will try and make it as lively and as interesting as possible even if only to keep the House awake. Indeed I don't think we have ever heard so much argument about one single word said in this House, U-turn, Mr. Speaker. It has ceased to be a discussion on the Budget and has become a discussion as to what a U-turn means. Now to put the House at ease I think I should say what a U-turn is, Mr. Speaker. Anyone who has been on the road will see now and again signs to say you cannot do a U-turn, you cannot go round here.

HONOURABLE H J ZAMMITT:

If the Honourable Member will give way. That is a no U-turn!

HONOURABLE MAJOR R J PELIZA:

A no U-turn, so, therefore, if you do a U-turn you are doing the opposite of a no U-turn. And that means a U-turn, Mr. Speaker! (laughter) Now it seems that my Honourable Friend here had to spend quite a lot of time. . . .

MR SPEAKER:

With due respect to the Honourable and Gallant Member, you are coming back to what you originally started, in other words you have turned back in your opinion.

HONOURABLE MAJOR R J PELIZA:

This is not a U-turn, Mr. Speaker, this is a roundabout.

Mr. Speaker, of which I think my Honourable Friend is very fond of. So we have a U-turn and we have a roundabout. And they are both really traffic signs when it comes to it but I think everybody knows what it means. If people didn't know what it meant I don't think that the Government would have really taken so much notice of it. So when you realise that the Chief Minister in his reply has used the phrase "U-turn" about six or seven times, what does it contain that has made the people so interested in finding out what it means. The fact is that I think they do know what it means, Mr. Speaker. It is trying to cover up, what it means that all this discussion has been about. It has been very clear, Mr. Speaker, to me anyway. Of course every one is free to think the way they like. After all it is a matter of opinion at the end of the day. It is a matter of opinion perhaps because opinion is so much more on the side of the Opposition than on the side of the Government that they have got so worked up over the meaning of this word.

I think that there is absolutely no denying, Mr. Speaker, that the Government did go back on their position on the question of parity. No one can deny that. The reasons why they did it is neither here nor there.

MR SPEAKER:

With due respect to you, let us talk about U-turns on this Budget and not on parity.

HONOURABLE MAJOR R J PELIZA:

I am just mentioning it because they say that they haven't done a U-turn and I have got to prove that they have. Mr. Speaker, on the question of helping hotels over water is another U-turn. It is a subsidy and I think in fact the Chief Minister does mention the word subsidy in his address.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, Sir, if the Honourable Member will give way. I don't want to enter into any political debate, it is not my job, but I think looking back through the Hansard of last year on the debate on the Finance Bill the Chief Minister made it quite clear that what the Government was opposed to was hidden subsidies to anybody and on this occasion the subsidy to the hotels is open and everyone knows about it. The Chief Minister made the point last year in the debate on the Finance Bill that the Government was opposed to hidden subsidies to any organisation and this is why the hotel rates were lifted up to that of the normal non-domestic users of water. This year the Government has agreed to open subsidy, everyone knows how much it is and it will be in the Estimates. This is just a point of clarification for the Honourable Member.

HONOURABLE MAJOR R J PELIZA:

Yes of course, all that he has really said is exactly what the

hotels are going to get, but they are going to get it and I suggested last year, Mr. Speaker, that they should have got it then because of the situation of the tourist trade in Gibraltar. This is an industry about which I will speak later on because my Honourable Friend here made a very good point during his contribution. I thought that this was a particular industry in Gibraltar that needed some support and this is the way to do it. I fully agree. Call it what you like, subsidies or call it what you like, if some financial help is required directly or indirectly for the purpose of generating more economic activity in Gibraltar, then I think it is in the interest of everybody in Gibraltar to see that they get it. That again is a decision that the Government has got to make but we thought it was necessary last year; the Government thought that it wasn't, this year I think they have realised that this should be so.

I think my Honourable Friend made a very good point when he mentioned the many things that can be done which make the Budget more than just an exercise in the balancing of the books of the Government. That used to be the case here. I remember when we came into Government in 1969, from the feeling I got from the people that I was dealing with, the whole object of the exercise was to balance the books, and if the books were balanced and there was a nice bit on the side for a rainy day, all was fine. I think that since the Government became more representative as it is today, as the Ministers become more responsible in every sense, including the finances, and I as the Chief Minister who probably first took the political aspects of the budget in hand, things have been seen in a different way. I remember that one of the things that I did was to exempt landlords from tax, because we wanted to embellish the town, who painted the fronts of their houses and shops. We defined the period as one year then and it could have been extended. That is what we did. Equally we thought there were too many old lorries and vans hanging about and people were importing old ones because they were cheaper. The way that we encouraged people to bring new ones was precisely by taking away the import duty on new vans. So there are many ways I think in which the element of taxation can be used either in a positive or negative way, and this is something that I am glad my Honourable Friend has brought out and it is something that in my view is obviously on the up and up, this is going to be used more and more. That is one thing simply because the Government has become a responsible Government.

Now because the Opposition may agree or disagree with the political views of the Government let alone the economic and fiscal way of tackling budgets, because we disagree, it doesn't necessarily mean that we are irresponsible, nor does it mean that the Opposition has got to be brought into the bosom of the Government before they come to a debate in the hope that no dirty linen is washed in public. I would be dead against a Committee System simply because if we were to do

that we would become so inter related that the functions of the Opposition would be totally nullified after a little while. It is a difficult enough as it is now to oppose, it might seem from the other side that that is quite easy because perhaps they have been in Opposition such a little time that they do not know what the role of the Opposition is. The role of the Opposition is not so easy as it looks. One has to be responsible, but at the same time one must be critical and critical in a way that will influence the Government into changing. Now we all know human nature, and it is very very seldom that eloquence by itself will change policy. It is not eloquence that usually changes policy, it is pressure. And it is public opinion pressure that normally does this. And quite rightly so. In a democracy it is based on whether at the end of the day the electors are going to agree with what the Government has done during the period that they have governed, or they are going to disagree with what the Government has done. It doesn't mean to say that because in the previous four years of Government they have agreed that they are going to be quite as happy after the next four years of Government. So, therefore, it is necessary for the Opposition to be critical in such a way that it is brought to the notice of the public. It is difficult as you know to bring things to the notice of the public because we haven't something that I was hoping we would have, and I am sure that we will have some day, and that is the direct broadcast of our meetings. It is clear that the public is not really interested enough to make its way here: we have seen this over the years, but it would be a different thing to have proceedings broadcast because then they can listen to it in their homes. So I think that when that happens the Government will be much more subject to pressure from political opinion than they have been up to now, and, therefore, they will take more notice of what the Opposition says.

Now let us see why we believe that we were right last year. We made certain predictions. One of these predictions was that the surplus was going to be much greater than that forecast by the Government. I think my Honourable Friend, my Leader, almost hit the jackpot, he almost said the amount that it would be. I myself said \$5m a lot more than £5m, nearly double. I think, if I remember rightly and if the frontier opens in my view, and I said it then, it would be more. So because we believed at the time that there was going to be a big surplus we also believed that the Government should be, I won't say more generous, more fair, with the people whose money they were taking away. My philosophy is that the individual has a right to what he earns. Totally. And then the Government comes and says, in the circumstances of our society, and this is in agreement with all of us because of our constitution and our elections and so on, we believe that it is necessary to take away from you X number of pounds. But the right remains with the individual, my philosophy, not to the State, not to the Government, and the Government is only entitled in my view to take in a fair way such amounts of money as in the

policy and philosophy of the Government they think it is fair for that society, because that is why they have been placed there. Well if you take that to its logical conclusion it is unfair, therefore, to take more than what the Government is going to use. And this is why I say that if you have a large reserve, and that reserve is not necessary - some people think it is, some people think it is not, we don't think it is necessary to have such a large reserve, and I will tell you why I don't think it is - then in our view in our philosophy you are misappropriating money from the individual from whom you are taking it away.

Well, you say no, but this is our philosophy. You may have another one. If you have another one, good luck to you, I mean, at the end of the four years we will see! Well, this was what we said last year and I stand even today by what I said last year, because that is my philosophy. I think it is good for the individual, it is good for society and it is good for Government. Nothing is worse than for Government to have huge reserves because you finish up with mismanagement. The Minister knows this very well and I have been in Government and I know what it is. How the departments always require more and if the money is there it is extremely difficult to put up a case to say you cannot have it. But if it is not there then you are against the wall and you have to say, I am sorry, I haven't got it, and I cannot give it to you. Mr. Speaker, this is one reason why, and I am not saying this is the only one I will mention a few more that, I do not believe it is in the interest of anybody including the taxpayer to have huge reserves. I do not agree that a huge reserve is what gives you credibility, Mr. Speaker.

Let us take £10m out of whatever it is £40m, 1/4th of our recurrent expenditure. First of all I don't see suddenly the whole thing coming to a standstill and the Government having to use the £10m in the next three months. That does not make sense unless an atom bomb is dropped on us, in which case we must forget about the money. So, it is clear that from that aspect it is not necessary. I know that attention was drawn to what I said in 1972. Well, to have to go back nearly 10 years to try and prove the point shows you that there is no argument whatsoever. And I am going to say now why I said that 10 years ago.

HONOURABLE A J CANEPA:

Because you were in Government.

HONOURABLE MAJOR R J PELIZA:

No, not because I was in Government I could have said it if I were in the Opposition.

MR SPEAKER:

Order, order.

MAJOR R J PELIZA:

I was responsible for the budget, it is very silly for me to say from the Opposition, I have to say that I was in the Government, of course, but there were two reasons. One was that the idea of the reserves was very deep in the minds of my advisors: we had been there for a very short time and it is not easy to act without very, very strong reasons against advisors who have been there for a long time. You have heard what the Chief Minister told Mr. Bossano. What was it? Financial Secretaries cannot be wrong and you are going to be right. 20 Financial Secretaries cannot be wrong and you are going to be right! You have only been here two years, are you going to tell them now, all these people who came before you, the basis of why the reserves are there. Me, without an economic degree. He has got one but even so this is of no consequence whatsoever when you are discussing with Financial Secretaries, at least according to the Chief Minister.

So for me a poor ordinary layman with no economic degree it was not an easy thing. But even so it wasn't £3m as the Chief Minister said, it was £6m, and £1m out of £6m is 1/6th according to my arithmetic. But £10m, as we thought it was going to be out of £30m is more than one third. So, you can see straight away that not because I was quoted, what I was quoted at the time has the same situation got to be necessary today. Those were other circumstances. We had just come into Government and labour had been completely withdrawn. We had ideas, in fact we did implement them, ideas of introducing new plans and we did introduce a number of plans to increase productivity. Again I think something that the Government must carry on thinking about. If you remember before we came in there used to be a sort of trolley that used to go round to pick the barrels, we had to make quite an investment in getting a lorry that used to it hydraulically, and so we saved about 6 or 7 men. I notice for instance, and this is something we had in hand and I don't know what has happened, how when you were trying to fix the electric cables there were about 20 or 30 men pulling a rope. I think I have seen in other places where they use an electric winch and that I think saves quite a lot of money. I don't know whether the Government has got it now but that is the sort of thing that I if I were in Government I would give consideration to. It is a very good investment and I would rather put money into that kind of investment than have it in the reserves.

What happens in the reserves? There is no inflation and as time goes by that money is gradually losing its value. I know that some of it is invested: invested, where? - abroad. So the benefit of that investment is not coming into Gibraltar. We get the interest but the interest is never equal to the amount of depreciation. So what are we doing? Unless there is a very great need to have those reserves my suggestion is to keep it as low as possible, not as high as possible. And

now you see, Mr. Speaker, why there is a difference in our thinking and in the thinking of the Government.

I don't know what the thinking of Mr. Bossano is but this is his prerogative. He has had his say and it is up to him the way he goes. I don't think he is entirely in agreement with Government because he is going to abstain. So he may not be in fact in agreement with the Government or disagreement with the Government as we are. He is I am afraid as I said before in the roundabout, not doing U-turns but going round and round the roundabout.

MR SPEAKER:

I think the Honourable Mr. Bossano made himself very clear on this question of borrowing.

HONOURABLE MAJOR R J PELIZA:

Well, however clear he has made himself he is going to abstain. Mr. Speaker if you tell me all your arguments and at the end of the day I tell you, I love you, I love you but in the end you do not want to marry him or you don't want to make a marriage, it does not mean a thing.

HONOURABLE J BOSSANO:

Mr. Speaker, I did the same thing last year. I don't know why it has come as such a big shock to him!

HONOURABLE MAJOR R J PELIZA:

It does not come as a big shock. What I say

HONOURABLE J BOSSANO:

Mr. Speaker, the Honourable Member congratulated me for taking the same line on previous years as I have taken this year. I do not agree with everything that there is in the Finance Bill, I have said the things I agree with and the things I don't agree with, and, therefore, on the measures as a whole I am abstaining, because I cannot support it entirely or oppose it entirely. I am opposing the increased charges for water and for rents and I have given my reasons why. I thought I had taken a great deal of care and gone into a great deal of detail to explain things to the Honourable Member, but, if he wants to think that I am in a roundabout

HONOURABLE MAJOR R J PELIZA:

Well, I think you are. We all have the benefit of thinking what we like and I think you are in a roundabout. You are not doing U-turns but you are not going one way or the other. You are going round in circles in other words.

HONOURABLE J BOSSANO:

I will by the time I have finished listening to him!

HONOURABLE MAJOR R J PELIZA:

Maybe you will, maybe it will do you some good too, then you will realise that you are in a roundabout.

So Mr. Speaker, I think that a reserve is something that obviously we need to some degree, the same as a business needs a cash flow, but you do not find a business hoarding its cash and putting it there for a rainy day because that is very very bad business. What the business wants to do is use plenty of cash on somebody else, and with that I agree with Mr. Bossano. I agree entirely. The amount of borrowing that we are doing now is excellent, not only because I think we are obviously going to get a lot more value for money that we are paying for whatever we are going to get now and not in years to come when things will cost twice, three times, four times as much, but because we are going to get it, we are going to enjoy it and we are going to have it. If it is for extra production, for the creation of wealth all the better. If it is just for social improvement it is still good, so if it is for a good cause let us have it. And if we have to borrow, let us borrow. And finally, Mr. Speaker, it is a much fairer way of doing things because it is not just the individual of today that is going to pay for it, the individual of tomorrow who is also going to enjoy it will be contributing towards that. That, Mr. Speaker, I fully agree with. There are a lot of things with which I agree with my Honourable Friend Mr. Bossano, and I think that he will see that I may be wrong in his view but it isn't, it isn't that I am anti his views in any way, and I hope that he accepts that. But on the question of reserves Mr. Speaker, to me there is a great difference, I agree we are owed some money and obviously we have to, somehow from payment that are not forthcoming, somehow pay for those services ourselves, even if we are not paid for them and I accept that payment should be made from the reserves rather than borrow because you are going to pay even more in interest and therefore one should use one's own cash. Have a little bit for a bridging loan which you may need suddenly. But if you are going to ask this House for reserves you have to tell us why you want those reserves. That is what you have to do. You have plenty of economists in the Government. Come out with a clear indication what you need the reserves for the same as you are for other money of recurrent expenditure. But don't come along and say we want £4m for the reserves without in any way telling us what you want it for, but simply because for whatever it is you must have that amount, for 3 months which doesn't make sense because as I say it is not going to happen suddenly in three months. If you are short of money this will go over a number of years, or a number of months, much more than I hope. How can you suddenly say that you are going to need the £4m

just like that. What has gone wrong, people do not pay tax, are we going to have a civil service strike and therefore no one is going to pay tax, and as nobody is going to pay tax the Government is going to be left without money. Even so I am sure borrowing could be done from the Bank if it came to that situation. And since that situation is so improbable, so remotely improbable and very unlikely to happen, I would rather pay the interest when it happens than lose money all the time whilst hoping it will not happen.

Now, Mr. Speaker, I believe that we should allow the individual to keep as much money as the Government think they should, based on the philosophy of the Government. I am sure that if my Honourable Friend had his party there perhaps he would think completely differently. I don't know, he might say no, we are really going to have a socialist government in which public enterprise is more or less going to be cleared off the Rock. We are going to tax very heavily and instead of the individual buying his services, whatever he wants, the Government is going to decide what is going to happen and how he is going to have it, because he believes that that is a fairer way of doing it. Well, that is what he believes. I do not believe the Government thinks that way, and if the Government doesn't believe that way, and if the Government believes on the lines that I am saying, then I think the logical way to do it is the way that I say, whereby you allow the individual to keep as much money as possible and you tax accordingly to what you think is fair both for the good government of Gibraltar, and for good social services, and above all I think because I think that is the way the Government thinks, to make sure that nobody, nobody in Gibraltar suffers any form of hardship. That in things like education they have good education, things like medical services, they have good medical services, housing, that they have a good house. I think that is the way that Government thinks. If that is the way that Government thinks then what it needs is a good thinking on how to fiscally make the arrangements. And that is the way I see it. I am concentrating on the reserves because this is where I think we basically differed last year. The Government says that if we are going to borrow money we need credibility, creditworthiness, if that is what Government says, I say to the Government; it is not the reserves that are going to give you the credibility that you need, it is the resources of Gibraltar that are going to give you that credibility, and the faith the person who is going to give you the loan places on the Government of Gibraltar and on the political scene generally of Gibraltar.

What is the political scene of Gibraltar? On the whole, I think a very stable society with a very stable Government, and I would say a stable Opposition as well. No one can expect any undertaking given by the Government of Gibraltar not to be honoured by the Government, if there were to be a change of Government, by whoever came into Government. This is not a banana republic, Mr. Speaker, and I think we can boast of. Now, if this is not a banana republic, and from the

political aspect, nobody is going to doubt that the Government of Gibraltar will honour whatsoever borrowing is done, what else would worry any person trying to invest in Gibraltar by loans directly or indirectly. Is it possible that this town will go bankrupt because they haven't got the resources? I say, very unlikely. Our income, as I have said before comes from the defence industry. From what one can gather now or in the foreseeable future there is no likelihood of this changing. I haven't heard. I asked the Financial Secretary whether in his reply he could do so, as well as the Chief Minister, and unfortunately they haven't done so, I said that whatever changes there might be internationally, and I repeat this, I do not agree with the Financial Secretary the same as I didn't agree with the question of reserves I don't agree on this question with the Financial Secretary. Whatever little changes there might be in England I still maintain it is marginal. It is not going to sink Gibraltar, but what will sink Gibraltar is if the Dockyard suddenly decides that it is not going to be a refitting base any more, and that the real income of Gibraltar which comes from them is going to be reduced considerably. That will affect us very considerably, and I would like to hear at Budget time every year the Financial Secretary making a statement in that respect. That is most important.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, the Financial and Development Secretary cannot possibly make a statement of that kind. Only Her Majesty's Government can make a statement like that. I do not represent Her Majesty's Government here, I am employed by the Government of Gibraltar.

HONOURABLE MAJOR R J PELIZA:

Of course, Mr. Speaker, he is not going to speak for the Admiralty, and I do not expect him to do that, but I do expect him, since he is taking so much notice of how the economy in Britain is moving and is likely to move, that we should also have some information, I don't know if they do not want to give it, they can come and say so, but I cannot see information from the MOD

MR SPEAKER:

I think you are being completely and utterly, if I may say so, unfair to the Honourable the Financial and Development Secretary. The expenditure of the Ministry of Defence in Gibraltar, the viability of the Base or the Navy, has nothing to do with either the Government of Gibraltar, in general, collectively, or the Financial and Development Secretary. He cannot answer to that. He cannot be asked to answer to it, and that is what you are asking.

HONOURABLE MAJOR R J PELIZA:

Mr. Speaker, I know it has nothing to do with him but in the same way as they make analysis of other aspects that can affect our economy I think it is very important that they should make an analysis of this. I know they cannot give an undertaking but I think they should be able in my view, and certainly the Chief Minister should make this point, I certainly would if I were on his side now, because I think it is so important. I would seek some information from HMG on what the position is going to be this year, next year, 10 years hence because it is most important. And to talk about development in Gibraltar and to ignore that particular thing to me, Mr. Speaker, is talking a lot of nonsense, because if that goes, we will have to completely re-arrange our economy and will we be capable of doing it? At least we could have some warning, at least we should know what way we are going, and then we can start thinking how we could go about it. Because, if that collapses Mr. Speaker, I don't think anybody has any doubt about it, our economy will be in great trouble, and then I think this is where we come into this House and see what can the reserves do for us. Nothing at all. Because if the cost of living goes up in England or comes down or there is a shortage here and there, it has been proved, Mr. Speaker, that there are 2½ millions unemployed in England. What is the unemployment in Gibraltar? Has it moved in line with them, nowhere near, thank God, and it not likely to, but, what have we seen about inflation? Inflation has been higher in England than Gibraltar. Very rightly. My Honourable Friend pointed it out because part of that inflation is created by indirect taxation and therefore does not apply to us. A very good explanation, but one way or the other we shall carry on ticking I think with a little bit more or a little bit less, but we can survive I think quite happily. So I think, Mr. Speaker that is vital.

I was very pleased today for instance, Mr. Speaker, the Freedom of the City to the Royal Regiment of Artillery. Ideal. Because here we are showing our unity, our joint thinking with the rest of the defence of the Western world of which we form part. I do not consider Gibraltar to be mercenary, we are working together for the same aim, and in this respect I think fits very well. I was very pleased today, delighted to see the Royal Regiment of Artillery getting the Freedom of the City, and of course as you know I was instrumental in seeing that the Royal Engineers got it too. Perhaps we could have somebody else in mind for the future just to show how close we are to them. Apart from being in the interest of our own protection here, it is our livelihood

Now if we go from there to tourism, Mr. Speaker, which is the second industry we are going to get the money from, I think my Honourable Friend made it very clear, the budget can also help in creating wealth, and this is vital. I think people have become very conscious of this as never before. I think

they have realised that the only way in which the standard of living can really rise is by creation of wealth. Taxation may distribute wealth but it will not create wealth and, therefore, we should use taxation in a positive way to create wealth. And the one that I think needs most in Gibraltar, when we talk about expansion and so on, I think it has been clear from what we have heard from the Minister already, as far as the Port is concerned, we cannot expect all that much from it. Certainly, it is no substitute for the Defence. But on Tourism I think, Mr. Speaker, which is a third approximately of our income, it may perhaps be less, a quarter, but is still I think a very important sector of our economy. Now that in my view needs developing at full speed because I don't think it is just for tomorrow, it is for today. The more we can get in from tourism the better off we are going to be, the more money the Government is going to receive through taxation and this is where expansion in fact helps to reduce taxation. This is why I think the Government finds it possible to reduce taxation, above all, it is because parity is beginning to show now in the circulation of our economy, the money going around is beginning to show up in the form of taxes and is coming into the coffers and this is why I think, Mr. Speaker, we are beginning to get the money in now, particularly I think lots of accounts which have not been paid are being paid now, and because of that, because I think there is going to be much more collection in this coming year, I believe anyway that the reserves which have been estimated will be increased from between £2 to £3m than what is stated there. I am sticking my neck out and I am sure that even the Government hopes that I am not wrong. I believe so. I think there is a lot of money to be collected. And when that is collected that will show up.

Now, since tourism is such an important industry I think it is vital that the man who is responsible for economic development should take tourism over. Because if you look at Gibraltar there is where I think there is economic development. All the rest is pie in the sky. You cannot think of having light industries in Gibraltar, it hasn't worked in the past: it is not going to work in the future, very unlikely. We cannot compete with Korea and Hong Kong and places like that where the labour costs are so low and where they have the real technique and knowhow now. We have tried before. Someone tried to assemble watches here and it was a total failure; somebody has tried to make shirts and leather bags and so on and it was a total failure, and I doubt whether the Minister can ever get people to come here and do that in a big way.

HONOURABLE H J ZAMMIT:

Toilet paper has been quite successful.

HONOURABLE MAJOR R J PELIZA:

Well I am not so sure it is doing so well, I hear it isn't

actually. I think it has closed down already, so that is another failure.

I think we have got to be realistic about this. If there is going to be economic development here it is in the Tourist industry, and what better than to have the Minister for Economic Development linked up with Tourism because then the same head will be carrying out the functions that it is the most important function, economic development. Above all I think he is an active man, he has got the personal abilities to perform and produce results. And I do hope the Chief Minister, who I think has taken notice of this suggestion before, I don't think that U-turns in themselves are a bad thing if I may return to the word, Mr. Speaker, it is only fools who do not change their minds if he thinks that something else is better than the way that he was thinking. It is nothing really wrong in accepting that you have heard something new, I think that is great, I wouldn't be all that annoyed if he did some U-turns, well if I thought.....

MR SPEAKER:

No, no, you are not going to start all over again on that.

HONOURABLE MAJOR R J PELIZA:

No, Mr. Speaker, all I am saying, Mr. Speaker, is that I do hope that the Chief Minister will take note of what I say because I do believe that tourism is the most, important industry after defence and that it would be in my view in the interests of Gibraltar and in the interests of the trade itself that the Minister for Economic Development should take that ministry over. And I have no doubt that it would be not be very long after that that we should see results. I only hope of course that he doesn't get entrenched on any matter as he tends to do now and again, I am sorry he is not here and as you can see I am a great admirer of the work that that Minister has done and can do. I do hope, however, that he doesn't get entrenched as he does at times. For instance he has got entrenched on the question of Elderly Persons Pensions. In a way he says, no, no, no. He will not even listen to any argument any more, as if it weren't possible in a year's time for something to happen where let us say the people in the higher bracket are already all gone now and that there are only people in the lower brackets who are really going through hardship and then he says because I said no in such a year I say no again today. That is not good thinking, Mr. Speaker, and in that respect this is not the only thing in which he has done it. He does it now and again. I don't know why. I think he believes that sticking to a point regardless of the consequences is good and honourable and as a politician he proves integrity. Now let me tell him one thing. Even as a politician, even if he did not agree with that, Mr. Speaker, if for the sake of getting back into Government because he thinks, and this is where ambition, political ambition, comes in, because he thinks that by being in power he can do so many good things

that it is worse compromising on this one, to be able to do all the other good things that he can do, even on those grounds. Mr. Speaker, he should be more flexible. Nothing wrong at all in giving way politically, even if you think you are doing the wrong thing, provided that you do it for the sake of bringing greater benefit, greater happiness to the people that you are going to govern. So even on that score I think it is wrong and I do hope that he is listening because if he is, I hope he takes my advice in that respect. If he is not, well perhaps his colleagues can tell him that I treat him very gently and very well.

I think Mr. Isola has made it quite clear. We asked last year for the £100 allowance. We thought it was fair, we still believe it should have been done last year and we have been proved right. There is no doubt about it. The money was there and the money has been there. Now, whether by doing that we are going to benefit one bracket or the other bracket, that is neither here nor there. We cannot go into the details because we haven't got a computer. Nor are we responsible in that respect. But what we do know is that if you had given those £100 then there are a lot of families in the lower income bracket who perhaps would have felt they had been done a kind gesture. It hasn't worked that way, we are doing it this year. There has been a slight change in the scales. The Government think this is fair, my Honourable Friend Mr. Bossano thinks they haven't been fair that the whole structure should be re-arranged.

HONOURABLE J BOSSANO:

The Honourable Member does not need a computer to arrive at the conclusion that if you are paying £50 in the £100 in tax and I am paying £20 in the £100 in tax and we both get an improved allowance of £100 you will save £50 and I will save £20. You don't need a computer for that. Secondly, I have said that I do not consider that what the Government has done is an in-depth study of the tax structure which they claim to have done, because as far as I can see all they have done is an exercise with two components: one is the example I have just given in the allowance, and, secondly, is the example on the bandings. Now I believe an in-depth study of the tax structure means a complete reform of the tax structure as we have had it up to now. I support an in-depth study, I think it is necessary, but it isn't what we have got today.

HONOURABLE MAJOR R J PELIZA:

Well this is what I was trying to say, Mr. Speaker, in other words, this is what I mean. He does not agree with the structure of the Government as it is today he would have preferred it another way.

HONOURABLE J BOSSANO:

Yes.

HONOURABLE MAJOR R J PELIZA:

Yes, Mr. Speaker, that is what I said before, that he did not agree with the structure of the Government as it is today and that he would have done it in a different way. Now we say that we cannot go into that, perhaps we haven't got the mathematical knowledge of my friend on my left, perhaps we need a computer as the Government does. Not only, Mr. Speaker, one, I think they have fed into it twenty different programmes and it is just, so you see, not as easy I think as my Honourable Friend on my left is trying to make it, or perhaps as difficult as the Government is trying to make it. But we are not here to tell the Government exactly how to tax. That we shall do if and when we are in Government.

So I think it fair to say, Mr. Speaker, that we have been consistent, very consistent, last year and this year. So consistent, Mr. Speaker, that when the Government has come with suggestions that by and large we go with, we have shown that we support them. Support them with not all those many reservations. Now, why the Government tries to be offensive to the Opposition I cannot understand. But of course the more they try to hit us the less they can because they are hitting at nothing. There is nothing to hit at. We are in agreement with them. How can they hit at that Mr. Speaker. Of course all they can think about is another U-turn, and so they go on on that. Well if they want to repeat it well and good, but what we say is, call it what the Chief Minister says, Mr. Speaker, skilful driving, skilful driving not a U-turn but of course when they come to the precipice, as any skilful driver would have done, they turn round and they come back on the same road. That is skilful driving, Mr. Speaker!

MR SPEAKER:

Order.

HONOURABLE MAJOR R J PELIZA:

That is skilful driving, and I must say very skilfully done too. So skilfully, Mr. Speaker, that they are now saying that they didn't turn round. And so, Mr. Speaker, I believe that even if we feed 30 different programmes into the computer, 100 different programmes, there will always be somebody who will benefit more than others, that some people will think that they shouldn't benefit for, other people think, yes, they should give it to him, even in the House itself. So what I think in fact, at least as a measure perhaps until we really find out the right balance in income tax which I think will never be, but until we find that very fine balance so that everybody is treated in exactly the same way, so that it doesn't look absolutely, shall we say, divine justice because I doubt whether we can do human justice in that respect, it is

divine justice, we have reached the point of divine justice, Mr. Speaker, until we reach that, I think that we should give careful thought to giving relief to certain people in the lowest bracket, relief. We have rent relief, Mr. Speaker, which I think is very good, because then you subsidise the tenant and not the house, and there is no question then that the person who should get it will get it. I think my Honourable Friend Mr. Bossano will agree with me there. Why can we not think of a similar device for other services like water, electricity and even telephone. I can see an old lady, who today is picking up a telephone which is, you may say, her only communication with the outside world in Gibraltar, suddenly finding that every time she picks up the phone, and it is usually these very old ladies who spend most of the time talking to their friends, their old friends, I know I can see my mother-in-law doing it very often. And I feel very sorry that the day is going to come when she will not be able to do that any more because the bill that is going to come in is going to be pretty hefty. Not only then because they have to recover everything that is being lost this year and perhaps the next. So at the beginning she is going to find it - the Chief Minister laughs but I think he made it very clear - I think everybody has agreed that we are not collecting now, we shall have to collect in the future unless it is going to be subsidised from the Consolidated Fund. He hasn't done it and he hasn't said he is going to do it and we do not know whether he is going to do it next year, and with that I agree, this is what my Honourable Friend here said. We do not know what he is going to do next year. We do not know, but even if he does do it this year or he doesn't do it next year, the time will come, Mr. Speaker, when that old lady will find it almost impossible to use that phone, because the amount that she is going to pay is going to be pretty hefty. Now I believe that in instances like that, consideration should be given to an allowance or whatever it is in the use of that particular phone, and equally I said in respect of electricity and water. Water is another matter which I think is getting more and more expensive. I am not blaming the Government for that because the cost of living is going up inevitably, but these old people find themselves in a very, very difficult situation and as time goes by they are going to find themselves even worse. If you try to help them by giving them allowances in income tax, by giving them more social benefits, there will always be the argument that you have a man with a Rolls Royce going to collect his pension. I think that may be the most equitable way of doing it and I commend it to the Chief Minister to give it some thought so that perhaps next year something can be done in that respect.

Mr. Speaker, I think I should come to an end. I certainly haven't fallen asleep and by looking at the faces of the opposite side they haven't fallen asleep either. In that respect, whether it was total nonsense or whatever it is, I have certainly made them listen which was the object of my exercise, Mr. Speaker.

Perhaps I should just finish up by making a prediction, Mr. Speaker, and I am sticking my neck out of course. I say that the reserves next year are going to be up by about £2m to £3m more than has been assessed here, and one of the reasons perhaps is because there is a lot of income tax to be collected which I don't believe the Government has taken full account of. Thank you, Mr. Speaker.

HONOURABLE M K FEATHERSTONE:

Mr. Speaker, I must congratulate the Honourable and Gallant Major Peliza. He said he was going to provide some entertainment for us and he has done so.

This debate has been a very interesting one, Mr. Speaker from the approach of the Opposition. Gone are the days of attacks of mismanagement, we have not heard that at all. In fact, the Honourable and Gallant Major Peliza says that we have now become a responsible Government. Well, Sir, I think that is a little patronising.

HONOURABLE MAJOR R J PELIZA:

Could the Minister give way. Responsible in the sense of the constitution, in other words the Ministers are responsible for their Departments which at one time they were not, we were only representative Government. There were no such things as Ministers, there were Members. There is a great difference between one and the other. It is in that sense that I meant responsible. I have always thought that the Government has been responsible in the other sense, and I am talking about Ministers being responsible, constitutionally so.

HONOURABLE M K FEATHERSTONE:

I must have misunderstood, but I got the impression last year and the year before when we were being told that we mismanaged the whole thing, that we were not very responsible.

Anyhow, Sir, it now seems that we are managing very well indeed but of course there is a very simple reason for this, we are doing what the Opposition has been telling us to do! We are doing exactly what they want! In fact it seems that the ship of state is perhaps steered by the Honourable Chief Minister, but the Captain is Mr. Isola and the radar stations of Peliza and Restano are doing all the work and telling us how to go. Well, Sir, that of course is not the case whatsoever. The case is very simple: we have been following a policy not simply since we were returned to office after the last Election but over the last nine years, since we came back in office in 1972 after the Honourable Major Peliza took his chances with the electorate and was not successful.

Sir, I would just like to do a little digression on this

wonderful word, the U-turn. I think it takes a big man to admit that he may have done something wrong and to do a U-turn. This is not necessarily saying that we are doing U-turns, but if one were to do it because one had been following a policy which perhaps one thought was right but one found that circumstances proved that it was not quite as right as one had been, and one did do a U-turn, then it takes a big man to do it. It is only the small minded man who sticks to the same old policy and never changes. And here we have a typical example with some members at least of the Opposition who continue to advocate integration, that dead duck. And however much they try to disguise the fact they have come back to the old policy of integration at every time. I suggest to them that the sooner they do a U-turn on that the better it will be, not only for them but for the whole of Gibraltar.

Sir, the Honourable Major Feliza has made a big, to use the particular word of my Friend the Honourable Minister for Tourism, a big cuffle about what should be the level of reserves. We all know, however much he tries to get out of it now, that in 1972 he was very proud that he had high reserves. He was extremely proud of this. Now, of course, he says he did not know very much about the things that were going on, he was really at the mercy of his civil servants, he had to take their advice, he was not an economist. I thought he was the Chief Minister at the time and that he was going to lead Gibraltar into this great new future when they came forward with their wonderful policies. I believe one of them we had ad nauseam, "high wage, high productivity." He started off giving the high wages but he did not get the high productivity if everybody remembers at the time. But then he was very proud that he did have high reserves. I will not query his figure of £6m but I think the reserve figure was £1.7m, so that was at least some 30% odd.

He makes much today, and perhaps this is a U-turn, that in his opinion reserves should be kept as low as possible. That might not be unreasonable to say but what is meant by "as low as possible." Perhaps he wants to say as low as is reasonably sensible, because as low as possible could mean your reserves could be zero. He comments that in business you do not have reserves. I suggest that he gets the statement of accounts of any limited company of any value, which are quite easily obtained in the stockbrokers office down the road, and he will find that practically every one of those companies does have reserves; very considerable reserves, even though they have bank loans at the same time. So I do not think it is an unwise thing to have reasonable reserves at all. One thing that must be kept in mind about reserves, as inflation is piling up the cost of the budget every year, last year our budget was some £34m, this year it is £40m, and that is an increase of 17%, if reserves increase in cash terms by perhaps £1m, and that is the 17% you are no better of whatsoever. You are still at exactly the same point. So as your budget increases,

as inflation takes your costing up, then I would consider it prudent that the reserves should go up at the same time.

The Opposition made much, and this seems to have been one of the themes also of the budget, that they must take the credit for everything that has happened. The Opposition made much of the fact that they said that this year we were going to be far better off than what we estimated. It is true that we are far better off but much of this has been due to the excellent work done by the Income Tax Office in chasing up people who were slow in paying their taxes, but this of course is a one-off exercise. Once you have got a person who is in arrears up to date and you keep him that way, you do not get those big windfall inputs that you have had in one year. Perhaps we are still somewhat behind and perhaps the Honourable Major Feliza may be right that this year in chasing up again we will improve on the estimated figure of the reserves, but the time will come when people are up to date and then these windfalls will not come in. And so it will not be so easy to say, you are going to get all this extra.

We have always followed the prudent policy as regards taxation and we do not tax for the love of it. We tax only insofar as it is wise to tax and reasonably justified to tax. We followed the policy that when we had in our minds sufficient reserves, sufficient incomes to give something back to the people, we would do so, and we promised last year that we would make, and I use the word advisably, an "in depth" study into our present system of income tax and see how we could improve on the actual bandings, allowances, etc. I accept that this is not an in depth study into taxation per se as the Honourable Mr. Bossano would like, but I think his ideas are very radical indeed. I do not think they are accepted by any Western European Country and I cannot really foresee that we are going to change our taxation system along with what I might consider to be his rather theoretic Socialist lines, which may sound very good in theory but which are not so simple to administer and to put into effect in practice.

Where we said the computer did some twenty operations, of course one of the needs for these operations to be done was to say, if we do this change in the allowance or that change in the banding, how much is it going to cost us? Or how much is going to be given away? Until all that is done you cannot come to a reasonable answer of what you can afford and what is the best system to change your structure into. That is where we did the twenty operations or so with the computer. It is so simple for all sorts of ideas to come up, but one of the ideas that we have wanted to get basically is a progressive idea so that perhaps, and I hope we will be able to carry it out next year, we can do an improvement in the banding structure and possibly an improvement in the allowances as well. We want a progression, not a fluttering around, one

year do this, next year do that, without any idea of how we are doing it.

It has been commented by the Opposition, why didn't we give an improvement in Family Allowances. That is really easy to answer: the cost of living has gone up in the year by about some 8% to 8½% and if we were to make an improvement in Family Allowances of some 8% to 8½%, which might be considered justifiable, then it would mean odd amounts of pennies etc. If we were to make the improvement a £1 improvement it would be far beyond the inflationary needs, and so we said, we gave a reasonable increase last year, we hope to give another reasonable increase next year, and when we do it next year I sincerely hope the Opposition will not come forward and say, we told you to do it last year, now you are doing it next year. I think they can take it as a reasonably good assumption that next year Family Allowances will be one of the points that will be in our tax package.

We have had, Mr. Speaker, the usual plea, tirade, cry, groan or whatever you like to call it, about the Elderly Persons' Pensions. I think this is now becoming the story of flogging a dead horse. I think the Opposition should get it firmly into their minds what our viewpoint is on this matter, not because it would only cost £50,000, but on a point of principle. After all, if they are so pledged to parity, as I have said before, Elderly Persons' Pensions would not be paid until the person was 80 years of age, whereas we pay it at 65. We have also thought that it is more equitable to give an improved Elderly Persons' Pension still taxable rather than to remove the tax and leave the pension as it is. This is not the intransigence of the present Minister for Economic Development, this is the considered viewpoint of the Government. It is a point of principle. This is a benefit which is given entirely out of the Consolidated Fund, it is completely different to the other Social Insurance Pensions which have been contributed to and there should not be any comparison between the two. It is not simply the easy way out of saying, all state pensions should be treated the same.

I would like to speak a little, Mr. Speaker, on the question of water. The Honourable Mr. Bossano has put forward, and he mentioned what he said in 1978, that the cheaper water should be given to the domestic consumer and the person who wanted the marginal costing water should pay the marginal cost. I am not going to say, Sir, that I am doing a U-turn, although I find there is some merit in what he says, though I would comment that the consumption by the domestic consumer is using very rapidly and the day may come when the consumer himself will be using some of the marginal water rather than the cheaper water, which is basically rainfall, the wells and importation.

I did a little working out of the actual water that is used by the domestic consumer who uses some 295,000 tons, and that,

using all the cheap water, is costing some £637,000. From the new prices we are going to charge for that water we hope to get back some £512,000. So there is a subsidy on using even the cheapest water approximating some £115,000 or an 18% subsidy. I also did, just as an exercise, what would be the position if we assumed that all the water used by the domestic consumer should be charged at the average cost, not the marginal cost, because the marginal cost should take in the most expensive water, but at the average cost of all water produced. That would work out to a cost figure of some £1,034,000. So under that basis we would be subsidising to the tune of some 50%. Thus, whichever way you care to look at it, Government is subsidising the domestic user of water quite reasonably and this I think is not unfair insofar as this is one of the services that perhaps can justifiably be a subsidised service because of the rather peculiar position in Gibraltar where our water is supplied by so many different sources. And I would like to comment on one small point which I consider one of the Honourable Major Feliza's rather comical remarks, in which he talked about the water that is thrown away. He said, it comes out yellow from the tap and it has to be thrown away. This of course does occur at times, Sir, not very frequently, it occurs when we have been night testing in a district and I am sure the ordinary consumer would be happy to throw away a small quantity of water, because it soon runs clear again, rather than have great leakages and great losses which are detected by these night tests.

On the question of our Development Fund, as the Honourable Mr. Bossano claims that he has been advocating, more being done by loans since 1973, this is to a great extent the policy of Government, and of course it is essential when we go for these loans, as I said last year and has been proved this year when we have actually gone for loans, that we must have, not credibility because of good reserves but credit-worthiness. People have got to see that we can manage our affairs properly. And bankers, who are hard headed businessmen, basically look at the accounts of a Colony, or the accounts of the Territory to see if they are in a good state and they can see that affairs are being managed on a reasonable basis much as a bank would hope to see them being run.

And so, Sir, in spite of all the Cassandra's in town, we have presented our Finance Bill, what is being called by some as the revenue raising measures. I would almost call it, Sir, the revenue lowering measure, because we are raising only two areas, one of them the tax on motor car licences, something which is not unreasonable. If you can afford the luxury of a motor car you can afford a reasonable figure for the road tax. I would agree with the Honourable Mr. Bossano that the motor cyclist should pay a reasonable figure. Unfortunately I don't think however high you were to put this, you would really stop these rather dangerous machines charging around Gibraltar, possibly to the detriment of the rider, but also to the danger of other people.

The other tax which we are putting on is gambling. I think we are closing one of the loop-holes in the extra tax we are putting on the football pools because there was the loop-hole before that if you paid over £1, you only had to pay, I think it was fifteen pence, and some people were doing what is called a standard instruction coupon, in which they said, I want the same team every week and do it for thirty weeks, the cost per week is £1.50: thirty weeks at £1.50 is £45.00, and yet only 15p tax was being collected. And that is the reason why we are now putting the tax at 5p extra for every extra £1 above the first £1. That is to close the loop-hole. It is not any specific tax against the pools as such, and as far as the increase of tax from 10-15%, well if you enjoy a Flutter I think you can easily afford a little bit more for the Government coffers, and if you win, well, I am sure that you're quite happy anyway.

Against these two modest increases we have £2½m at least being given away in income tax: an unquantifiable amount being given away on an improved Estate Duty System; a small amount being given away on not applying way-leave; and on exempting a number of articles from duty at importation through Waterport.

So, as I have said, the Cassandras who were rushing around and saying that cigarettes would probably go up, and alcohol would go up, turned out to be unwarranted in their expectations. I said two years ago it was a moderate budget, I said last year it was a mild budget, this has been almost a give-away budget. So much so that nobody can find fault with it, not even the Opposition.

HONOURABLE G T RESTANO:

Mr. Speaker, the last speaker began saying that he was surprised that this year he hadn't heard any attacks on the Government for mismanagement. I agree that perhaps the word mismanagement was not used at any stage, but if he had at any time followed the arguments of the Opposition with regard to power development in Gibraltar, he would have realised that the whole emphasis of what the Opposition were saying, and I am taking power as just one example, was in fact complete mismanagement by Government and lack of planning in the past.

Then he went on to talk about U-turns, which is word that the Government clearly has not liked this year, and he said that it takes a big man to do a U-turn. He further asked the Opposition which of course is not the Integration with Britain Party, but he asked the Opposition to try and do a U-turn on Integration. Well, as I say, the Opposition is not the Integration with Britain Party, but I do remember, if I remember correctly, I think it was in 1969, I think it was after the 1969 election, when during the ceremonial opening of the House of Assembly, the then Leader of the Opposition who, is now the Chief Minister, rose and when he gave his address he said that he had been elected in his consideration into Opposition to fight integration. Yet

this is the same person who introduced integration of wages since 1969. Of course, it's ironic that. He was pushed and he was goaded into it by various quarters, but eventually he had to give way. But he never agreed that it was a U-turn.

The Honourable Mr. Featherstone also spoke about the reserves and compared the 1972 position with the present position. What I think he forgets is that there is a complete difference between the situation in 1972 and the position today, and that basic difference is the cash-flow problem. In 1972, there were always problems with cash-flow other than perhaps import duties. Import duties used to bring in the cash-flow, or at least a certain amount of cash-flow to the Government then, but in those days of course, there was no Pay-As-You-Earn. And Pay-As-You-Earn of course since this introduction has considerably improved the situation of the Government as far as cash-flow is concerned. We see in the estimate what a great amount is being collected throughout the year, weekly even, or monthly, by the Government on the Pay-As-You-Earn structure. In 1972 of course the Government had to wait until the end of the financial year, until it had distributed the income tax returns, and then a further period of time before it received that money back. So the cash-flow problem then was a much more serious one than it is today, and, therefore, it was more necessary then to have a larger degree of reserves than is necessary today, when the cash-flow is in a much improved position.

The Honourable Mr. Featherstone then went on to talk about water. Of course, I am not surprised that he failed to mention the committee that he chairs, that long lasting committee, Select Committee of this House on losses of potable water

MR SPEAKER:

I don't think that this was a Select Committee of this House.

HONOURABLE G T RESTANO:

It was certainly convened after the last election. It may not have been rectified in the House I agree, but certainly those of us who convened immediately after the last election were certainly led to understand that that particular committee was going to continue. In fact, we were only waiting for

MR SPEAKER:

No, what I mean is that it is a Government committee not a committee of the House.

HONOURABLE G T RESTANO:

It was a committee of the House, Mr. Speaker.

MR SPEAKER:

With due respect, I don't think it was. I think it is a Government committee.

HONOURABLE G T RESTANO:

In any case, be that as it may, certainly that committee has been allowed once again, once again may I add, to lapse completely by the Chairman, by the Minister, who once I remember had to resign from that committee because, obviously, there was no interest from the chair and now we would have had to wait a year before a further meeting has been convened.

Why it is that the Minister seems to keep losing interest in really such a vital area, because although, and I know it has been pointed out in the Principal Auditor's Report that in the last year the losses of potable water have decreased, I think never a position where complacency should creep in.

Now the other point on water which the Minister mentioned was that thrown away. He referred to my Honourable and Gallant Friend's example of dirty water, but of course he mustn't forget also that a lot of potable water is thrown away during power cuts when salt or brackish water cannot be pumped into certain stations for use in toilets and people have had time and again to use potable water for that particular service. That is also throwing water down the drain.

Mr. Speaker, I don't want to make this a long contribution. Most of the points made on income tax and most of the revenue-raising measures have been touched upon in detail by my Honourable Friend Mr. Isola, Mr. Lodo and Major Peliza, and I want to avoid repetition, but there are two specific points that I want to correct in the statement that the Chief Minister made at the beginning of this debate. The first one is in paragraph 4, when he was mentioning the Committee System, he said: "If in keeping with our views on a Committee System, individual members of the Opposition had contributed to yet another successful and relatively painless budget," and I will leave it at that, I don't think the rest is relevant "they could have claimed some credit for it." If the Chief Minister had said that members of the Opposition contributed to a successful and relatively paying budget, I would have agreed with him, but to have the affront to suggest by using the word "yet another," that for the last four years we have had anything but successful and relatively painless budget, is absolutely tremendous. Year in, year out for the past four years and that is what he is trying to imply by the words, yet another, year in year out, for the past four years, we have had very severe budgets indeed. We have been saying almost every year, we have had increases in electricity, in water, in telephone, in tobacco, in spirits, in beer and a whole host of other areas, and really for him to come along now and say that here is yet another relatively painless budget is an affront to the people of Gibraltar.

We know, and we have said so all along, we have said so earlier in the proceedings of this House, that we consider that

over the last three or four years the people of Gibraltar have been overtaxed. They have been overtaxed, and a result of the overtaxation, in our view, is the very large balance and the reserves that the Government find today, which is a reason why it can now this year present what I agree with him, is a relatively painless budget. But it is only because there have been overtaxation in the past. So that to say, as I say, that it is "yet another", is a statement which I cannot agree with and I thus bring to the notice of this House.

Now the second inaccuracy, specific inaccuracy, that I want to bring to the notice of the House is contained in paragraph 10 of the Chief Minister's report, when he said, "The Opposition does not charge us with making a U-turn in increasing charges for water. One must accordingly assume that the Opposition does not disagree with this increase, and one can only go on to assume that in spite of its disclaimers, the Opposition would have wished us to increase electricity and telephone charges as well."

That is a mischievous statement, Mr. Speaker. A mischievous and inaccurate assumption as well. Not ever, at least whilst I have been in this House, has the Opposition ever agreed to any increases in Electricity and Telephone Charges. We have agreed this year on a package as a reasonable Opposition. I will say it later on, I will not say it now. All I want to say now is that it is a mischievous assumption and allegation which the Chief Minister has made in this statement, and I just wanted to correct that wrong impression that he tried to give.

So much for the inaccuracies. One further point in his statement which I would like to bring up because it is a matter of policy which I would like clarification on. I remember some years ago the Honourable Mr. Canepa talking about Funded Services, said in the House that his own view, as a socialist, was that the

HONOURABLE A J CANEPA:

Mr. Speaker, if the Honourable Member will give way. I am sure that the Honourable Member, unless he quotes chapter and verse must be mistaken. I have never described myself as a socialist. I have always described myself as a social democrat. I challenge him to produce evidence of such a statement, where I have described myself as a socialist. Once again I am consistent. I have never done so.

HONOURABLE G T RESTANO:

Would he not agree, Mr. Speaker, that he has always said that he has adopted socialistic policies?

HONOURABLE A J CANEPA:

No. Sir.

HONOURABLE G T RESTANO:

Well, I cannot quote chapter and verse here. I haven't looked into that, but I will agree and say, social democrat, his socialistic democratic policies led him to believe, and if I am wrong now I would like a correction because I distinctly remember him saying that he felt that there should always be subsidies to a certain extent in the Funded Services.

HONOURABLE A J CANEPA:

In particular, Mr. Speaker, I think I cited, Water, but I do not think that he will find my stating that the Electricity or the Telephone Service should be subsidised. Water, I very much agree because of special difficulties.

HONOURABLE G T RESTANO:

I am glad to have that confirmation, Mr. Speaker. That is why I find it rather peculiar and surprising to see paragraph 12 of the Chief Minister's statement, saying: "The Funded Services" in the plural, "will have to pay for themselves sooner or later." I wonder whether here there is any change in policy either of the Chief Minister on the one hand saying that now the Funded Services must pay for themselves, or whether the Minister for Economic Development has changed his policy and he now no longer believes in what he has confirmed just a few moments ago, he stated some years ago.

I want to know whether it is the Chief Minister who keeps fundamentally to this principle which he has now elaborated in his statement that the Funded Services, that means all of them presumably, will have to pay for themselves sooner or later, whether the Minister for Economic Development believes in that, and whether he believes that the Funded Services will have to pay for themselves, and whether he has changed his mind in tune with the policies enumerated here by the Chief Minister.

HONOURABLE CHIEF MINISTER:

I am very glad for the opportunity because it will certainly shorten other things perhaps to say that I have not changed. What the paragraph says is the Government's aim of policy, and in fact I agreed earlier in the course of the debate with Mr. Bossano that in particular we had to make provision for services that had to be independent because they were not entirely economical. I say that as an aim of policy. But then I go on to say, "the extent to which and the speed at which this is achieved is a matter for the political judgement of the party in office." That is exactly what we are doing.

HONOURABLE G T RESTANO:

I take it then that this is confirmation that the Government

as a whole collectively believe that all the Funded Services will have to pay for themselves sooner or later.

HONOURABLE CHIEF MINISTER:

As an aim of policy this should be. We are not writing the Bible here, we are only talking about aims of policy. If we have to change within that aim of policy in particular circumstances we do so. We do not have to apologise about that. We have said clearly on the Funded Services in this particular year the reasons why we haven't done it. There may be reasons why some of them may be subsidised permanently, but the aim should be that they should pay for themselves.

HONOURABLE G T RESTANO:

In that case, Mr. Speaker, I must say that as far as the Minister for Economic Development is concerned, as far as the Potable Water Service is concerned there is another U-turn. He will have to accept the collective policy of the Government to make the Funded Services on Potable Water pay for themselves.

HONOURABLE A J CANEPA:

But Mr. Speaker, if he will give way. That does not have to be done just by increasing charges. If now you have a new power station as a result of which you are going to be able to use exhaust heat for distillation, and if the cost of distillation is going to go down considerably, that will mean that you are running the service rather more cheaply. If you have a year in which you get 60 inches of rain and the cost of importation goes down, and if deep drilling is successful, and I hope we continue to find water and not oil, because that will add to our problems, then you might be able to bring costs down. It does not just have to be done by increasing charges year after year after year. That is a way of making the service pay for itself.

HONOURABLE G T RESTANO:

That will be the day, but there are also two different policy statements by the Minister. On the one hand he said earlier that he held to the view that he had put forward in the House that there should be a subsidy on water and now he says he changes it round a bit. I wish he would also change round his policy of the Elderly Persons Pension.

In his contribution he brought in once again the red herring of the rich versus the poor on Elderly Persons Pension. I think that he is quite correct in saying that if the Elderly Persons Pensions were made tax-free, as we are on this side of the House would wish, yes, some people who are rich would definitely benefit. Of course they would. At the same time those people who are not well off would be helped to a considerably greater degree, in the same way as he refuses

time and again to answer what we have to say on this side of the House about the Social Insurance Pensions, where there are people in the Social Insurance Pensions, who receive their pensions tax-free who are very well-off. They get their pensions tax-free as well as those who are less well-off. Why is there this distinction which comes in time and time again, particularly from that Minister, saying that with the Elderly Persons Pension it would be only the rich that would benefit. Why is he never completely honest and admit that in the Social Insurance Pension, which is tax-free, there are a lot of people who are wealthy and who are getting it tax-free.

We consider that this is an unfair situation and I will give an example just to illustrate what I mean. Let us take two pensioners taking jobs side by side in a particular company, doing the same work together: one receives an Elderly Persons Pension because for whatever reason he was not able to join the scheme during his lifetime; the other working next to him was able to join the scheme at its due date and is receiving a Social Insurance Pension. Perhaps the first one is taking a job after having reached retireable age because he needs an extra income, an extra revenue, in order to make ends meet, perhaps get a few of the small luxuries that people of that age are worthy to receive, and perhaps the second one has got sufficient income but he feels that he has got enough time on his hands and he wants to do some work. What is the net result? Both are getting the same salary from the firm, one gets Elderly Persons Pension and that first of all is taxable, and, secondly, it increases the amount of PAYE that he has to pay because it puts his bracket up, whereas the other one, who is getting a much higher pension under the Social Security Scheme, which is tax-free, is not only getting it tax-free, and therefore not reduced by a certain amount like his neighbour's, but on top of it his PAYE structure is lower, so he is paying less tax. Is that social justice, Mr. Speaker?

We have had another excuse, that those who are obtaining Elderly Persons Pension never paid any contributions. That, I agree. They did not. And that is why their pension is considerably smaller and of a considerably smaller value than the pension received by the person who did contribute under the Social Insurance Scheme. Let us not forget, Mr. Speaker, when we are talking about contributions, that we in this House not so long ago voted for ourselves pension benefits and that certainly I would have thought that for members who have served as long in this House as some of those in receipt of Elderly Persons Pension served in working, that the non-contributory pension, for members of this House will be far greater than those of the Elderly Persons Pension. Let us not forget that. So really at the end of the day there are two principles involved. One, the principle of the Government. The principle of what I consider to be obtuseness and pig-headedness. The principle as stated by the Honourable Mr. Featherstone earlier of flogging a dead horse. No, he is not flogging a dead horse

he is flogging a pensioner, that is what the Government is doing, flogging the elderly persons pensioners. Our principle is that all state pensions should be the same for all. We are not saying that they should all get the same amount of pension; if a man has contributed then obviously he should get a bit more in return, but the Elderly Persons Pension should certainly not be taxed in the same way as the other two state pensions are not taxed.

Mr. Speaker, I have two points on revenue raising measures and I don't think either have yet been touched upon. One is the Government Stores Rent and I do have a query here which I hope the Honourable Financial and Development Secretary will be able to answer in his reply. The changes that are now being envisaged are that first of all there is an increase; and the second one is that instead of levying various rates for different items it is proposed to charge 15p for every month or portion thereof per cubic foot or part thereof. I am not sufficiently aware of the workings of the Government Stores Rent but it would appear to me that this could well be giving those individuals who store perhaps small items of perhaps high value a very great advantage as compared to other traders, perhaps, who may be storing in Government Stores bulkier items, which perhaps may by their very nature be of a lower cost and which can absorb less of an increase. I wonder whether there is not a punitive element here for shall we say building materials. One can store now a piece of jewellery for really a fraction of the amount which is being levied and that jewellery perhaps is of an intrinsic high value, and yet will be paying such a low fraction that it is inescapable in the intrinsic cost of the article, whereas building materials being stores in Government Stores are of an intrinsically lower value but they will have to be paying a lot more because their cubic capacity is greater. I do not wish to jump to conclusions but I would like the Honourable Financial and Development Secretary, if he could, to give us a bit more amplification on the results of this proposed change in structure. I know that in the past there was considerable negotiation between the Government and trade generally as to which items could afford to pay a little more and which could afford not to pay so much for rent in Government Stores. I would like to have amplification on that.

The next item, Mr. Speaker, is the increase in the Government Lottery. The Lottery Committee, of which I have been a member for over 15 years, met on 13 February 1981 and in the agenda it was asked to consider a restructuring of ordinary draws for the lottery. In the accompanying notes to the Agenda - and I would like to read it out - amongst other things it was said that "Government considers that there may be a case for restructure. Value of prizes is being eroded by inflation and the profit accruing to Government is in addition being affected by increased costs." The Lottery Committee then proceeded to look at the two options which had been laid before it by the Government side. Option A was as has been exposed by the Financial and Development Secretary an increase from £2 to £2.50 with a first prize of

£20,000; a second prize of £3,000; and a third of £1,500. The second option was for the 19,000 tickets, but in this case at £3 with a first prize of £25,000; a second prize of £4,000; and a third prize of £2,000. The Committee looked into both options. They took the decision which they felt was the right decision, they considered that the second option of putting the tickets up to £3 would be a more attractive proposition because in its view the Committee collectively felt that what attracts most punters to buy lottery tickets is the first prize and the higher the first prize the more punters can be made available, in this case £25,000. The Committee then suggested and proposed to the Government that that should be the new restructure.

I know that it is the complete and utter prerogative of the Government whether it should accept or reject the advice of an Advisory Board. After all the Advisory Board is there to advise and the Government is there to take the actual decisions, but I would have thought that as a matter of only mere common courtesy and consideration that should have demanded at least from the Government to the Committee, which after all are men and women who are there trying to work in the interest of the Government and of the people, and who do a very good job, I think it would have demanded at least a letter informing the Committee that the Government had not seen fit to accept the proposals made by the Committee and perhaps given even a brief explanation. There isn't such a great deal of principle but it does must say affect the sensibilities of people, who do spend after all a lot of time during the year one way or another, to find that their option was not accepted, but at least that there should have been a comeback, that there should have been no information, no explanation. And if I may say so if this is any indication of the way that the Government and the Chief Minister would have applied his Government to the Committee System that he was proposing earlier, then all we can assume is that any Opposition accepting that sort of attitude would be wasting its time. The application in this particular case, if applied in the same way, shall we say, to a Committee System would have been that the Opposition would be doing a lot of work and the Government at the end of the day would either accept or reject as it wished.

I wonder when the DPBG is elected in 1984 to Government what the reaction would be from the AACR if when we were in Government we were to suggest to the AACR, would they like to come into the same sort of Committee System, would we see the same consistency in 1984 were that to happen, that some members opposite have said there is consistency in their estimation and control of the financial affairs of Gibraltar. I think that there may well be a very different reaction.

Mr. Speaker, I reiterate again, it has been a mild budget. Our support of the Bill is based on the package deal that in this instance the Government is giving back to the people more

than it is taking away, but let us not forget that the net gain which taxpayers will receive from the Budget measures will definitely be eroded to a certain degree by the very high increase that we have faced recently in rates. Thank you, Mr. Speaker.

HONOURABLE H J ZAKMITT:

Mr. Speaker, Sir, I will be very brief as usual, but there are just a few little points that have come out during the Finance Bill.

The first thing is that I think the Opposition should not congratulate themselves as a result of the betterment that Government has done since the last Budget for one very simple reason, and that is that if they look carefully, or if their memories can go back just a mere twelve months they should not assess it as triumph for themselves because they face no responsibility inasmuch as they voted against every revenue-raising measure. As such the attributes and credit, if anything, must fall squarely and fairly on those who have to have the responsibility of coming to this House and of being able to obtain the money by the majority that Government possesses and not through the assistance of the Opposition, who, I repeat, voted against every single revenue-raising measure. Therefore, Mr. Speaker, there are many things that one can say at Budget time and one can pat oneself on ones own back and say that we the Government are the only people who can take full credit for the well-being of our finances particularly in the 1980/81 Estimates of Expenditure and Revenue. I would like to repeat, and I remind Members opposite, that they voted against every single revenue-raising measure and, therefore, the credit that they claim goes overboard.

Mr. Speaker, the Honourable and Gallant Major Peliza who I must say always brings affectionate smiles from Members opposite, and on both sides of the House, does add that spice of life, particularly after lunch which I think the House needs, but there are some things which as I did interrupt, Mr. Speaker, and you called me to order, there are some things that you can say easily when you are in Opposition that you cannot equally say when you are in Government. Looking through Hansards of the Budgets right back to when I came into this House in 1972, it is remarkable how politicians have the ability to change their attitude according to the seat they hold. I will remind the Honourable and Gallant Major Peliza, and I say this because he did mention looking at the Gallery - all two of them that were here at the time - why we did want all these millions of pounds in the Consolidated Fund, and I think the impression can be given to the general public that it is money that we just have there, there is no real need, he mentioned that it was an impossibility that we would ever have to dig into that kind of reserve. Well, Mr. Speaker, I did a little bit of research and I will remind the Honourable and Gallant Major

Peliza when he was Chief Minister of Gibraltar of the 27 March 1972 in the Budget debate and he said, and I quote: "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 and to say that as it looks today the revenue balance of reserve will be £1.4m, this is after putting £300,000 into the Improvement and Development Fund. So in fact if we had not done that we we had wanted to show this as reserves we would have had £1.7m today, an astronomical 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 Chronicle, nothing else has come out and I have not even heard the figure on television or on radio news. I just cannot understand it because it was printed in the speech that was given by the Financial and Development Secretary.

MR SPEAKER:

With due respect, you must not go on reading Hansard like that because we are just reproducing it here.

HONOURABLE MAJOR R PELIZA:

On a point of order, Mr. Speaker, isn't that repetition? Did not the Chief Minister read that report?

HONOURABLE H J ZAMMITT:

I cannot recall the Chief Minister having read this, Mr. Speaker, but what I am saying is that when I was called to order by you, Sir, previously, is that what he was saying today is certainly what he didn't say in 1972, and that is what I think the people of Gibraltar do not deserve and that is to be swindled by the positional seat one holds in this House.

MR SPEAKER:

Order, you will withdraw the word swindled.

HON H J ZAMMITT:

I will withdraw the word swindled, Mr. Speaker. I will say that the Honourable Mr. Loddó did mention before that people had gambled their future with us. I do apologise for the word swindled. What is not tolerable I think is that members can dance a tango according to their own tune. That is not on, Mr. Speaker. There must be some fundamental argument and we must not allow our credibility as politicians to be misinterpreted by the general public just because it suits us to hit each other, and that is wrong.

HONOURABLE MAJOR R J PELIZA:

I think the Minister possibly wasn't listening to my argument. I think I made a very good exposition of why that was said then and why the same just does not apply today. If he had been listening to my contribution he would have heard that. And again if all the defence we have is reading the same bit of Hansard not only this year twice but last year as well, it seems that they have not got a very strong argument, Mr. Speaker.

HONOURABLE H J ZAMMITT:

Mr. Speaker, the argument will be that if I have to repeat that same thing again next year I certainly will, because what I am trying to say is that we cannot allow the general public to feel or get the impression which is going round Gibraltar today. It is very easy to blow people's ego up by saying, it has not been a bad budget but it could have been better, they have got £8m. or £9m. and they could give it away. What I would like to know is what was the Honourable and Gallant Major Peliza going to do with £1.7m. in 1972? That was ten years ago, it is now history and we must forget it! The point I am trying to make is that it would be a very happy day for Gibraltar the day that the general public can see this bickering stopping. If we are realistic and honest with ourselves then I think we may gather a little more concern if not respect from the general public. We just cannot be saying that what is white today is black tomorrow.

Consistency, I just cannot see it. Looking through Hansard, as I said earlier on, the amount of repeated words; it was red herrings I think in 1972 up till 1976; then we had something else and now it is U-turns and we stick to these things. Therefore, Mr. Speaker, that is the point I would like to make in this Budget. I have always listened very carefully to Members' contributions since I have been in this House and some members put in a lot of logic. But there are others of course that just come out because I think if we fail to stand and make a contribution here then we should not be here. I think that is not the case. Providing they can give you something of substance, certainly it is of some importance, but to stand up and say things which next year, unless people read Hansards, which I find they don't, otherwise they wouldn't repeat what they said last year, it is repetitive, and it does not give the people outside the kind of leadership that all members of this House should offer to the people of Gibraltar. I do not think it would be proper, and no doubt we will hear it on television on Friday, "Government should give you back another £300 or what have you." I think the sensible person in Gibraltar realises as no doubt, they realised in 1972, that there was a need for £1.7m, people will realise that we can only stand on our own two feet if we have a healthy economic state. I think we all have to agree to that, there is no other argument. In fact, the arguments in the past have always been that we have been too weak financially.

So, Mr. Speaker, having said that, one other point I would like to take up with the Honourable and Gallant Major Peliza on his intervention this afternoon was that we should put more into tourism.

The other last point I would like to tell the Honourable and Gallant Major is that the Minister for Economic Development who he praised in one breath and criticised very severely in the other, should not become Minister for Tourism. I say this quite clearly we don't jockey for positions, I can assure the Honourable Member, since I have been in the AACR I have not pre-conditioned the Chief Minister by saying I want one post or the other, it is up to the Chief Minister's better judgement to put us up where we are best suited, and most of us if not all of us have proved our ability in whatever Ministry we have been appointed to. But, Mr. Speaker, to say that it is proper to have the Minister for Economic Development together with the Minister for Tourism makes me wonder why during Major Peliza's time as Chief Minister, Major Gache

MR SPEAKER:

No, no, we are talking on the Finance Bill. With due respect you must go on speaking on the Finance Bill. You will not mention that.

HONOURABLE H J ZAMMITT:

May I just ask a question. I may be wrong and if I am I shall bow to your ruling. Did the Honourable and Gallant Major Peliza not say that he was asking the Chief Minister to make my colleague the Minister for Economic Development Minister for Tourism?

MR SPEAKER:

I am sure that rightly or wrongly he feels that in the present circumstances it would be the right and proper thing to do. But it does not entitle you to bring up whatever anyone else has said four or five years ago because otherwise we shall just be having debates within debates, and that is what is happening in the House and one must put an end to it somehow.

HONOURABLE H J ZAMMITT:

Sir, but certainly it is a very awkward situation because

MR SPEAKER:

May I say, and perhaps I am being slightly unfair to you. In other words I would not like you to do what you have just been complaining about. Literally throwing things at people and debating things that are not really relevant. You just said it about five minutes ago and you are now falling into the same temptation.

HONOURABLE H J ZAMMITT:

Again there is inconsistency there, and, therefore, Mr. Speaker, I think that this particular budget has been one carefully thought out, carefully planned, the credit of our success falls on this side of the House, as I said at the commencement of my intervention, totally on this side of the House, the Opposition can claim absolutely no credit for having refused to go with Government on the revenue-raising issues last year and, therefore, Mr. Speaker, I hope the Opposition are proved right next year in saying that we may have another £2m or £3m. I sincerely hope we have. It will be for the betterment of the people of Gibraltar if we have another £2m. or £3m. over in the 1982 Budget.

MR SPEAKER:

Are there any other contributors on the Second Reading of the Finance Bill?

I will then call on the Honourable Chief Minister to exercise his right of reply.

HONOURABLE CHIEF MINISTER:

Mr. Speaker, I am one who believes in avoiding unnecessary repetition. I think if you say the same thing ten times it is about enough.

Mr. Speaker, before I deal with the few points of substance which have been raised I want to deal with the remarks of the Leader of the Opposition to my opening address, and let me say that I hope that I will not be contradicted if I claim over a period that I am normally helpful, conciliatory and accommodating to Members' convenience and not quarrelsome. But really, Mr. Speaker, the performance of the Opposition in this Budget session made me taunt the Opposition deliberately this year. It is not in my nature to do so but I did it deliberately and I am quite sure that had I not done it the way I have done it the attitude to the Budget would have been different. I have taunted them to try and bring them out from their ostensible sense of self-righteousness to which they give so much credit. I am glad in a sense that this has brought forward certain ideas but I can assure members that I do not propose to do this as a matter of practice. I have never done it before but I thought that this time they did deserve a little taunting and I am glad that that has had the effect that I meant it to have.

With regard to the question of my opening remarks about the popularity of my party, I think the Minister for Economic Development dealt with that and I do not like to be personal, I will try to avoid repetition as much as possible. I think he dealt with this question and I think he dealt with my claim on the first paragraph of my remarks fully and justifiably.

But I must say that the Leader of the Opposition, from Independent Right-Winger to Groupist, to IWEP, to DPEG, Leader by Omission, hardly can claim that his Party has won great popularity. Therefore, I leave that without further remarks. I think the point has been made. But I challenge him and any member, for the future - I shall certainly not be around - to have a record of service to Gibraltar that the AACR has had since its inception. There may not be the opportunity to have that repeated.

To the more substantial points raised by the Leader of the Opposition and others in respect of the debate I have summarised some points very briefly. In his statement the Honourable Mr. Isola said that the Government was taxing the people of Gibraltar unnecessarily harshly and that the Budget was bound to produce far more revenue than we expected. I think in this respect I must draw the attention of Honourable Members to the explanation given by the Financial and Development Secretary of how these tests of estimates are made and how they are collated, studied by a number of people in the staff, and how it is the best that can be produced. I can assure the House that there is no political intervention in that matter whatsoever. The Estimates are the Estimates of the Treasury and if they are under-estimated, well, that is one of the hazards that have to be taken one way or the other.

He also said that there had been an under-estimate in gauging the tax that could be got from the wage review. Well I think that we have made quite modest provision but likely to be what is the norm in England and for which there is this difficulty coming on now; 7½% for three quarters of the year, and 10% for a year. I hardly think that parity, as things are developing in England this year, will bring settlements of much more than 10%. Indeed the big problem that is going on now about Civil Servants is the very rigid attitude of the British Government to the 7% norm that they have established.

The Honourable Member and Mr. Bossano both made a point with which I agree, the Landlord and Tenant Legislation requires revision. Mr. Bossano said that there was an element of it that required enforcement. I did say two years ago that the matter was being considered. In fact we have made a certain amount of progress in this respect and I hope that we will be able to bring, if not a full revision of the Landlord and Tenant Ordinance which would require a considerable amount of further study, certainly amendments to deal with the worse aspects of it in the course of the year, hopefully, after the summer recess. But it has been something that has required a considerable amount of work.

I think the Honourable Mr. Isola mentioned the possibility of a Select Committee. We will look at that if necessary. It may well be that the far-ranging ones require it because it affects people, property, etc. It could well be that this would be a

way in which the matter could be looked at. I do not reject the suggestion just because it has come from the other side. It is a thought that we could be looking into when the time comes.

The question about Family Allowances which had been raised earlier has also been explained by the Honourable Mr. Featherstone. I do not think it requires my mentioning it further.

I also dealt with the question of ODA in the other debate and I think we stand a good chance of having early talks.

The idea came from members opposite that the Aid talks would not take place until the end of the year, a matter which we know nothing about. The Honourable Member has been told by some visiting fireman or other but certainly we have not been told. Certainly we have not had any indication that it is postponed to any period. What we are expecting is a reaction to the Aid submission and we certainly would consider that if we did not have a reply in the course of the next month or so, we will be urging for a reply. We do not accept that, and although I am not inclined to prophecy in respect of the Spanish question, I am afraid I was misquoted in the Chronicle as having said that the Aid talks would be at the end of the year and that by that time the frontier would not have been opened. I do not link one thing with the other but certainly I have given no indication one way or the other that the frontier is going to be opened or not opened. I would be equally surprised in either instance, so I was not giving any indication or any ideas about the question of the opening of the frontier. There are unpredictable reactions sometimes when one has got to keep one's options open and ready for whatever happens.

The Honourable Mr. Bossano made some remarks with which I entirely agree about the policy that we are following and the one which certainly was the practice in the Municipality, and that is that long-term investments are paid by loans spread over the year to cover redemptions of loan charges and interest, and this is the practice that I thought had always been the case. Unfortunately, from time to time that has not been followed but I am very happy that this is being followed now because it is a much fairer way of raising these loans. It does not make the present taxpayer pay for the benefit of that future taxpayer will get, although of course every Budget must have an element of capital works paid out of the recurrent revenue because it always happens the same. But insofar as things like IDD, the Power Station and assets etc. or matters of deferred expenditure, like the big roadworks etc, it would be unfair to tax the particular taxpayer one year to pay for something, an asset, which could last for some time. In that respect I am glad that our policies meet with the approval at least of the Honourable Mr. Bossano.

One or two things before I finish, on the question of the

Committee System and the matter that was raised by the Honourable Mr. Restano, towards the end. In the first place I have found out that the Chairman of the Lottery Committee was written to and informed of the decision of the Government to accept the second of the options taken. I would like to take this opportunity of thanking all the members of the Lottery Committee for the work they do, day in, day out, and unlike the Honourable Major Peliza who when he took office promptly dismissed me from the Lottery Committee in which I had served for a number of years, I have never interfered with the continuing presence in the Lottery Committee of the Honourable Mr. Restano, whom I know takes a great interest and makes a good contribution to the Committee, and for that I am thankful.

HONOURABLE G T RESTANO:

If in any way the Chief Minister is implying that I should not be in the Committee I will resign straightaway. I will have no hesitation in doing so.

HONOURABLE CHIEF MINISTER:

I am not saying that. Of course I could have asked him to do that four years ago, but I am not saying that. I am only saying that in reply to the fact that he has made certain accusations about our not taking the Committee's recommendations and what would we do otherwise in the case of the Committee System. Well, that would be a completely different set-up and this is an Advisory Committee. May I say, too, that the Chairman came to see me before the proposals were put to the Committee and discussed the matter with me and I did tell him that I thought from my experience that the Treasury would take the more cautious of the two proposals and advice would be given on that system. He said he would be quite happy whichever of the two were taken but of course he thought the Committee would recommend the second. The fact that the first choice of the Committee was not accepted is no reflection on the Committee nor has there been any attempt not to deal with the Committee with full courtesy and gratitude for the work they do. As I say I understand that the members were told, perhaps the timing was not very happy because the meeting was very close to when the question of the budget measures were being taken, and perhaps the announcement by the Financial and Development Secretary followed very closely on the information given to the Committee of the acceptance of the second suggestion, because they put two and we accepted the second suggestion.

As I say we are grateful to all members of the Committee for the work they put in and I would like to say, having served on the Committee for quite a number of years, that one of the psychological results, and I am sure the Honourable Member who raised it realises this, one of the psychological difficulties about the question of the increases is that if you make the wrong decision and your overstate the thing, and

there is more lottery than there is demand for it, then the whole psychological effect of play goes down and in fact in order to maintain the full number tickets being taken up by the public, there must be at least an idea that lottery tickets are scarce. If there is any idea that lottery is too plentiful then people are less inclined to buy than otherwise. It is psychological but it has its effect and we did suffer that at the beginning, in 1947, when we went in for a very big ambitious scheme prepared by an Honourable Member who has served in this House and is related to one of the Honourable Members opposite, and then we had to go back to a lesser one, until then the increases started coming as people became more interested in the lottery. The fact that we have accepted the second choice is only due perhaps to being a little more cautious, having had to have the responsibility to make sure that the lottery is in continuous demand, and for no other reason.

In that respect I am sure the remarks made by the Honourable Member will not be taken as meaning that in any way the Government has been discourteous with the Lottery Committee or with the valuable advice that they give us but because it is an Advisory Committee and of course

There is only one thing I have to say at the end and that is that the Honourable and Gallant Major Peliza in his intervention came very near to suggesting that the extent of subsidies to services such as telephones should be assessed as compared to the individual users. He was talking about dear old ladies who are not going to be able to make calls on the telephone etc. As I said before when I resisted getting involved in the nature of the telephone tariff, that will come the day when we have metering that will be discussed here in full length, but of course if he is advocating particular individual subsidies, or rather subsidies to individuals rather than to the service in general, then of course this is a big departure of policy. We will have to have an assessment in respect of the electricity, the water and the telephone of each individual and I would think that that is a policy which is not likely to create much happiness because of the difficulty of having it implemented individually. I hope he does not mean that that should be done, but at one stage

HONOURABLE MAJOR R J PELIZA:

If the Chief Minister will give way. I was not thinking generally but perhaps pensioners. In the winter when they need heat and obviously because of the high rates of electricity, the consumption is high, frankly they just cannot afford it. Literally they are going through great suffering and possibly could even risk death. What I was suggesting is that the same as we have a rent relief, something like that could be looked into. Obviously I cannot propose a scheme just like that but I hope the Chief Minister will just not throw it out of court just like that. I think there is merit in it.

HONOURABLE CHIEF MINISTER:

I am not throwing it out of court, I am just wondering whether it is a new policy that is being advocated. In respect of electricity charges certainly and even of telephones when they are required, the Minister for Economic Development when Minister of Labour had repeatedly stated in this House that in assessing the increases of social benefits every time they go above the norm in order to provide precisely for these increases in addition to the fact that there is an element of discretion in the Supplementary Benefits scheme for hard cases. With regard to the question of the telephones that will be looked at when the time comes.

Mr. Speaker, on and off we have been able to carry through these Estimates up to this stage with other things happening and so on and I hope that we will be able to finish our business hopefully tomorrow morning when the Honourable Financial and Development Secretary will reply, and we can then go to the Committee Stages of the Bill.

MR SPEAKER:

Gentlemen, as you all know from the times of sittings that we circulated, tomorrow we meet at 8.30 am. So we will now recess until tomorrow morning at 8.30 am..

THE HOUSE RECESSED AT 4.20 PM.

THURSDAY THE 30TH APRIL, 1981.

THE HOUSE RESUMED AT 8.35 AM.

MR SPEAKER:

Well, I think I will now call on the Financial and Development Secretary to reply to the motion on the Second Reading of the Finance Bill.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, Sir, there are very few points I want to make mainly of a technical nature. Much has been said both in the debate on the Appropriation Bill and also on the Finance Bill about the size of the Consolidated Fund Balance. This is a matter of judgement and a question that needs to be looked at at the beginning of each financial year. It is rather like the advertisements for shaving cream which one sees that you spray on the face, not too much, not too little, but just right. What just right is, as I said is a question of judgement, and then looking at what is just right I think it is important that we look particularly now at the projected growth in the Public Debt and the servicing cost of the Public Debt, and I

did mention the amount which these are likely to grow over the period of the next five years, and we ourselves have done projections of how we think revenue may grow and how Public Debt Charges may stand in 1985/86. What one must remember is that we here in Gibraltar have not got what one might call a lender of the last resort. Local authorities who have public debts in the UK have the Public Works Loan Board on which they can fall back if in any year, because revenue has not come forward as they expected or they have had difficulties with expenditure and costs have gone up, then they can fall back to borrow from the Public Works Loans Board to meet servicing charges. Large countries in the international field can of course go to the World Bank and the International Monetary Fund for assistance. These are not bodies to which we have access in Gibraltar and, therefore, when we are going into a large public debt and increasing public debt service charges, which I obviously think is the right policy otherwise I would not be advising the Government to pursue it, then we must have a solid base on which to go forward. And if we have not got that solid base behind us then we would be at risk.

The Honourable Mr. Bossano quite rightly pointed out that the present changes in the Income Tax Ordinance are changes within the existing structure. A point that I would like to make clear to the House is that during the review of the Ordinance we have looked at other fiscal options open to the Government. These require further and detailed study and whether or not they will feature in later Finance Bills depends entirely on the outcome of those studies.

The Honourable Mr. Restano was a little disturbed about the changes in the Government Stores Amendment Regulations. In fact the changes proposed are merely taking account of a situation that has actually taken place over the last seven years. With the opening of the Bonded Stores for tobacco and drink, the provisions in the Regulations that give separate costings for liquors, empty casks, unmanufactured tobacco, manufactured tobacco and chopped tobacco, have disappeared. Precious stones, building materials and the like have always appeared under subhead (g) in the Regulations, "other goods not otherwise specified." So this is not such a significant change as I may have led the Honourable Member to understand. If I did mislead him, I am sorry.

Finally, I have already apologised to the Honourable Member in person but I shall do so openly in the House, the fact that he was not informed before I announced in my opening speech on the Finance Bill of the details in the changes of the Government Lottery. What in fact happened was that after a decision had been taken by the Government of the new arrangements, the Secretary to the Committee prepared a letter to the Chairman and all Members which I cleared and which he sent on the Friday evening. Unfortunately, whilst it did, I know, reach the Chairman by Monday, it did not reach the Honourable Member. For that I am sorry.

Mr. Speaker, those are the only points I have to make.

I beg to move.

Mr. Speaker then put the question and on a vote being taken the following Honourable 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 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 Zammit
The Hon D Hull
The Hon R J Wallace

The following Hon Members abstained : .

The Hon J Bossano

The following Hon Members were absent from the Chamber :

The Hon I Abecasis
The Hon A J Haynes

The Bill was read a second time.

COMMITTEE STAGE

The Honourable the Financial and Development Secretary moved that the House should resolve itself into Committee to consider the Finance Bill, 1981, clause by clause.

This was agreed to and the House went into Committee.

THE HOUSE IN COMMITTEE.

THE FINANCE ORDINANCE, 1981.

CLAUSE 1

HONOURABLE P J ISOLA:

On Clause 1, the heading of the Bill, "and generally for the financial policies of the Government." I only query that because it seems to me that there are amendments of specific ordinances. Is there any particular reason for putting that phraseology?

HONOURABLE ATTORNEY GENERAL:

Mr. Chairman, if I may speak to the point. I can explain the reason behind it. I think as a normal rule it is not desirable to inter-mix measures in one Bill and the only two cases I am aware of where it is done and in the case of this Bill, and I think last year in the case of the Administration of Justice Bill which members, as I recall, accepted was a proper case for it. There is now inter-mixing but they follow a common theme, namely the implementation of the budget policy for the year. I have said this in the Long Title to underline this point, just to show that there is a common theme behind it which is in general terms correct.

HONOURABLE P J ISOLA:

Yes, the only thing I mentioned that is because we are voting in favour of the measures but not necessarily for the financial policy of the Government except as they are expressed in this Bill.

MR CHAIRMAN:

I am delighted to hear from the Honourable Attorney General that now the Finance Bill is going to be the exception of amending Ordinances because up to his membership of this House we have had the practice of having general amending Bills. They are not related to the particular Bill which is being amended but they are general amending Bills for different Ordinances which I think causes a tremendous amount of inconvenience.

HONOURABLE ATTORNEY GENERAL:

Mr. Chairman, if I might just add something, although the inconvenience you are referring to is the inconvenience of this House. I think in another area where it causes problems is in the indexing of the laws and perhaps I might take this opportunity to say that this year, as from now on, in the index of the Laws of Gibraltar, it shows not only the Finance Bill, but if you look under the particular subject again it will also be shown there.

I think this was a point made by the Honourable Members of the Opposition last year, so we are taking care of that point.

On a vote being taken on Clause 1 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 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 Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 1 stood part of the Bill.

Clause 2

On a vote being taken on Clause 2 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 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 Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 2 stood part of the Bill.

Clause 3

On a vote being taken on Clause 3 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 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 Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 3 stood part of the Bill.

Clause 4

On a vote being taken on Clause 4 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 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 Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 4 stood part of the Bill.

Clause 5

On a vote being taken on Clause 5 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 P J Isola
The Hon A T Loddó
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 Zammit
The Hon D Hull
The Hon R J Wallace

The following Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 5 stood part of the Bill.

Clause 6

On a vote being taken on Clause 6 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 P J Isola
The Hon A T Loddó
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 Zammit
The Hon D Hull
The Hon R J Wallace

The following Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 6 stood part of the Bill.

Clause 7

On a vote being taken on Clause 7 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 P J Isola
The Hon A T Loddó
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 Zammit
The Hon D Hull
The Hon R J Wallace

The following Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 7 stood part of the Bill.

Clause 8

HONOURABLE ATTORNEY GENERAL:

Mr. Chairman, I should like to move a drafting amendment to this clause. Clause 8, subclause (1), paragraph (b) the new item 5. If I can explain, it is simply to make it clearer that this, which is a duty on bottle mixtures of spirituous

liquors, is instead of the general duty on spirituous liquors in item 3. Therefore, Mr. Chairman, I beg to move the following amendments:-

(i) Insert in the new Item No 5, after the word "beverages", the words "otherwise dutiable";

(ii) Insert in the new Item No. 5, after the expression "3 and 4", the word "but".

Mr. Chairman put the question in the terms of the Honourable the Attorney General's amendment which was resolved in the affirmative and the amendment was accordingly carried.

HONOURABLE ATTORNEY GENERAL:

Mr. Chairman, I beg to move that Clause 8, subclause (1) paragraph (i) be amended by inserting in the proviso to the new item number 44, after the words "provided for", the words, ", at the time of importation".

If I may explain, Sir, the reason for this is that Item 44 provides an exemption from duty on goods which are imported solely for exhibition in a gallery or museum and are intended to be exported within two months. In other words goods which are brought in temporarily for exhibition purposes. If they are not exported within that time then duty becomes payable and I think it is desirable to make it clear that duty is, of course, payable at the rate prevailing at the date of importation and this amendment would have that effect. I move accordingly, Sir.

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

On a vote being taken on Clause 8 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 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 Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 8, as amended, stood part of the Bill.

Clause 9

On a vote being taken on Clause 9 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 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 Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 9 stood part of the Bill.

Clause 10

On a vote being taken on Clause 10, 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 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 Zammit
The Hon D Hull
The Hon R J Wallace

The following Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 10 stood part of the Bill

Clause 11

HONOURABLE J BOSSANO:

On Clause 11, Section 15A of the principal Ordinance refers to the deduction from assessable incomes of interest payments on mortgages for owner/occupiers, and in fact the new section 15B comes under that section because it is a deduction from income on the same basis. I wanted to mention in that Section, I am not proposing to move an amendment at this stage, because what I want to say refers effectively to section 15A, and anything changing 15A would have the effect, as I see it of changing 15B, but I believe in the UK the interest deduction is from taxable income rather than from assessable income. I don't know whether this was done in order to encourage the question of the tax-relief on insurance premiums or the tax-relief on mortgage interest, but in fact there is a relationship that was introduced recently in UK where in arriving at the amount of insurance premiums that can be deducted from one's income, the amount of interest repayment on which one gets tax-relief is not taken into account in arriving at that income. So if one is allowed a proportion of one's income on which one obtains tax-relief for insurance premiums, that income is grossed up as if there was no relief for mortgage interest repayments, whereas in Gibraltar the link between the two is as it used to be in UK a few years ago, which is that if one pays more in interest repayments on a mortgage then one's assessable income comes down and consequently the amount of insurance premium that one can claim relief on comes down also because it is a proportion of assessable income. I am raising the point in the context of the Government's avowed intention of encouraging owner/occupation and giving relief to that, and I think the Government should consider, if not at this stage perhaps at some stage, the possibility of doing something along these lines.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Sir, we will certainly look at the points raised by the Honourable Member although my understanding immediately is that the effect is the same. But we will look at it.

On a vote being taken on Clause 11 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 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 Zammit
The Hon D Hull
The Hon R J Wallace

The following Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 11 stood part of the Bill.

Clause 12

On a vote being taken on Clause 12 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 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 Zammit
The Hon D Hull
The Hon R J Wallace

The following Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 12 stood part of the Bill.

Clause 13

On a vote being taken on Clause 13 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 P J Isola
The Hon A T Loddó
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 Zammit
The Hon D Hull
The Hon R J Wallace

The following Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 13 stood part of the Bill.

Clause 14

HONOURABLE J BOSSANO:

On Clause 14 on page 16, Mr. Chairman, in subsection (4) which refers to section 21 of the principal Ordinance, the amount which can be claimed by one-parent families is being increased from £400 to £500. In the case of the one-parent families what happens is that the one-parent family has effectively one-and-a-half times the allowance of the single person, that is the allowance for a married man with a family would be £1,700 now, a single person's allowance is £850 and the £500 allowance is halfway in between.

When we did away with wives' earned income we gave the £850 single person's allowance on the earned income of the wife. The effect of this is that when the single parent family is the result of a separation or a divorce, the net result is that the Government taxes the couple more than they would if they were together, because in fact I have seen this in the past when the Government initially made a move in introducing this. The effect of this is that the husband can claim tax-relief on the whole of the alimony. The husband, for example, initially might be getting £1,700, then he goes down to £850 plus whatever payment he makes to the wife as a result of the court order. If that payment is £850 he goes back to his original allowance; if it is more he goes to whatever the figure is, but in fact the income is then taxed in the wife's hands, and if she is already working, and most people in these circumstances, if the wife is not working initially invariably she goes to work afterwards, effectively, because the payment from the husband is added to her own income, but her personal allowance goes up from £850 by £500, and the husband's goes down from £1,700 to £850, there is a differential of £550 between the joint incomes as before and afterwards. Consequently the Government taxes them on £350 extra.

I think this is something - the sums involved in terms of money are very small - I think the Government should in fact correct this although in doing so they will be giving an extra benefit, for example, to a situation where the single-parent family may be the case of a widow or a widower. I think although those cases will actually gain a net benefit of £350, it is an area that is worth giving additional help to and that it is worth introducing. As I say, the cost would be minimal in terms of revenue, but I think we are correcting an anomaly and we are giving an extra benefit to a group that deserves to be helped.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Chairman, Sir, the Government will look at the points raised by the Honourable Member.

On a vote being taken on Clause 14 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 P J Isola
The Hon A T Loddó
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 Zammit

The Hon D Hull
The Hon R J Wallace

The following Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 14 stood part of the Bill.

Clause 15

On a vote being taken on Clause 15 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 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 Zammit
The Hon D Hull
The Hon R J Wallace

The following Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 15 stood part of the Bill.

Clause 16

On a vote being taken on Clause 16 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 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 Zammit
The Hon D Hull
The Hon R J Wallace

The following Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 16 stood part of the Bill.

Clause 17

On a vote being taken on Clause 17 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 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 Zammit
The Hon D Hull
The Hon R J Wallace

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 A J Haynes

Clause 17 stood part of the Bill.

Clause 18

On a vote being taken on Clause 18 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 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 Hon Member voted against:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

Clause 18 stood part of the Bill.

The Long Title

On a vote being taken on The Long Title 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 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 Hon Member abstained:

The Hon J Bossano

The following Hon Members were absent from the Chamber:

The Hon I Abecasis
The Hon A J Haynes

The Long Title stood part of the Bill.

THE HOUSE RESUMED.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to report that the Finance Bill, 1981 has been considered in Committee and agreed to with amendment and I now move that it be read a Third Time and passed.

Mr. Speaker then put the question and on a vote being taken the following 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 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 Hon Member abstained:

The Hon J Bossano

The following Hon Member was absent from the Chamber:

The Hon I Abecasis

The Bill was read a third time and passed.

COMMITTEE STAGE AND THIRD READING.

MR SPEAKER:

I will remind members that we have two Bills for the Committee Stage and First Reading, which are the Public Health Ordinance and the Gaming Ordinance.

HONOURABLE ATTORNEY GENERAL:

Sir, I have the honour to move that this House resolves

itself into Committee to consider the Gaming (Amendment) Bill, 1981, and the Public Health (Amendment) Bill, 1981, clause by clause.

This was agreed to and the House went into Committee.

The House in Committee

THE GAMING (AMENDMENT) BILL, 1981.

Clause 1

HONOURABLE ATTORNEY GENERAL:

In view of the time that has elapsed since the Bill was introduced I would like to give notice of an amendment to the date of commencement. I should like to move that Clause 1 be amended by omitting the word "April" and substituting the word "July".

Mr. Chairman put the question which was resolved in the affirmative and Clause 1, as amended, was agreed to and stood part of the Bill.

Clause 2 was agreed to and stood part of the Bill.

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

HONOURABLE P J ISOLA:

The only thing I wish to say, we were not going to propose any amendments on this because we are looking into the idea that we put forward of having a Gaming Advisory Council set up in Gibraltar, but as I said we were not thinking of an amendment to this Bill because we would like to think about it.

THE PUBLIC HEALTH (AMENDMENT) BILL, 1981

Clause 1

HONOURABLE ATTORNEY GENERAL:

Sir, the same consideration arises in the case of this Bill, and I beg to move that Clause 1 Subclause (2) be amended by omitting the word "April" and substituting for it the word "July".

Mr. Chairman put the question which was resolved in the affirmative and Clause 1, as amended, was agreed to and stood part of the Bill.

Clauses 2 to 4 were agreed to and stood part of the Bill.

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

The House resumed.

HONOURABLE ATTORNEY GENERAL:

Sir, I have the honour to report that the Gaming (Amendment) Bill, 1981, and the Public Health (Amendment) Bill, 1981, have been considered in Committee and agreed to with amendments and I now move that they be read a third time and passed.

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

SUSPENSION OF STANDING ORDERS.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move the suspension of Standing Orders No.29 and 30 in respect of the Development Aid Ordinance, 1981.

This was agreed to.

FIRST AND SECOND READINGS.

THE DEVELOPMENT AID ORDINANCE, 1981.

The Honourable the Financial and Development Secretary moved that a Bill for an Ordinance to provide for relief from income tax in respect of income derived by approved projects for development in Gibraltar be read a first time.

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

The Bill was read a first time.

SECOND READING.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

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

Sir, I understand on good authority that even the devil can quote the scriptures to his own advantage, and if that is so I am sure that one of his favourite children, that is the Financial and Development Secretary might quote from the Hansard of this House. But instead of only going back to the last two or three years, as is often done in debate, I would like to go back to the Genesis, as it were, right back until 1962. So far as I can trace from the papers that are available to me the Genesis of the Development Aid Ordinance, 1963, goes back to a question asked in the Legislative Council on 30 March, 1962, by the Honourable S A Seruya who inquired, inter alia,

whether the Government would devise a policy to attract adequate finance from abroad. In a supplementary question the Honourable and Learned Mr. Peter Isola, now the Leader of the Opposition, said, and I quote, "Is it not a fact that what is required is a policy that will attract capital finance within Gibraltar for investment schemes, a policy including such things for example as relief from taxation". The then Financial and Development Secretary as is the wont of all Financial Secretaries was extremely cautious and said that the suggestion raised far-reaching policy problems which needed very careful and special consideration. Words which I think I have reiterated myself from time to time. However, subsequently on 4 May 1962 the Honourable and Learned Mr. Peter Isola moved a motion in the following terms: "In view of the Defence White Paper the possibility of Great Britain's entry into the European Economic Community and the rapidly changing position in Europe, this House considers that urgent consideration should be given to measures designed to give rating and taxation relief to capital investment in Gibraltar and thus encourage development projects which Gibraltar will undoubtedly require if it is to maintain its present economic position." The motion was warmly welcomed by the Government and the whole of the Council and it passed with minor amendments which were proposed by the Government, and the Development Aid Ordinance was enacted on 12 December 1963.

Despite the fact that the Honourable and Learned Leader of the Opposition's crystal ball at that time on Great Britain's entry into the European Economic Community was slightly early and that the time span was rather different, and that in fact under the Defence White Paper things changed very little or less than expected in Gibraltar, the point is that this was a most important Ordinance and it was a timely introduction at that period. It has remained unchanged except for minor amendments for eighteen years and this, Sir, I think is a tribute to the authors of the legislation. The House may be interested to learn that during that 18-year period, 59 licences, covering a total of 77 projects have been approved, and the total value of approved projects is somewhere in the region of £15.5m. To those who are charged with the administration of the Ordinance it has become increasingly evident that major changes in the legislation were required to make statutory provisions for the criteria to be adopted in considering the grant of licences, to make provision for appeal against decisions on applications - at the moment there is no provision for appeal - and to provide a measure of flexibility in the grant of applications, and finally to place firmly on applicants the responsibility to demonstrate the economic benefits to Gibraltar of a project for which Development Aid is sought.

Legislation to attract development in any Territory should provide an instrument to direct investment in line with Development aims. Experience has demonstrated the importance of selective examination of each application for tax-relief to determine the nature and extent of assistance which is required

to overcome obstacles or to induce investment. The responsibility for demonstrating and quantifying that need and to demonstrate the economic benefits to Gibraltar of the project must be placed firmly on the applicant for a licence. It is not sufficient for an applicant to state flatly that a project is for the economic benefit of Gibraltar, and to refuse to supply further information supporting this contention. Some projects may be clear candidates for aid, others may be marginal. Under the existing legislation there is no power to specify the proportion of expenditure on a project qualifying for tax-relief or the period over which such relief may be enjoyed. The Government can only approve a project for 100% relief of the cost of the project over an indefinite period or reject the application. For this reason marginal projects tend to be rejected, whereas under the more flexible system a proportion of the cost might be approved for a given period.

In the absence of a statutory requirement for an applicant to approve to the satisfaction of the Government the economic benefit to Gibraltar of the project, the Government has become increasingly bound by earlier precedence which has brought within the ambit of the Ordinance projects of doubtful value to the economy as a whole.

Finally, Sir, the current minimum expenditure limits are too low, having been eroded by inflation since they were last changed in 1977. At present the Ordinance provides no machinery for appeal against decisions on applications. Such machinery is not merely desirable, it is essential. As the issue of a licence involves in essence consideration of economic policy the Government proposes in the Bill now before the House that licences should be issued by the Minister responsible for Economic Development with the right of appeal to the Governor. In performing his functions under the Ordinance the Minister for Economic Development would be advised by a small statutory committee of officials. The Government also considers it important that the criteria to be adopted in assessing applications should be specified in the enabling legislation. The criteria is set out in the Ordinance as Clause 10. The criteria set out in the Ordinance is based on that which has evolved over the past eighteen years in the administration of the existing Ordinance.

They provide for the creation in Gibraltar of a new, tangible and immovable asset of a fixed nature which will remain behind after the full benefits of the concession have been enjoyed by the developer. Exemptions to existing assets in the form of structural alterations will be considered on their merits. That is an area where the flexibility to which I referred earlier on marginal schemes are of particular importance. Schemes for additional housing, to improve the infra-structure of Gibraltar, to develop tourism, and new industries, are also included under the criteria.

The proposed minimum amounts which developers should spend are £150,000 if the scheme is to be completed in two years, - currently the figure is £50,000 for a scheme to be completed in one year - and £500,000 if the scheme is to be completed in five years. Currently the figure is £250,000 for five years. The information which will be required to support an application for Development Aid will be detailed in Regulations to be made under the Bill.

I think it would be helpful if in this Second Reading debate I informed the House the type of information which the Government has in mind. First of all, details and description of the development including the location and existing use of the land; secondly, the projected date of commencement and of completion; thirdly, the estimated capital cost and life of the assets; fourthly the source of fund, that is, whether they are to be raised locally or overseas; fifthly, whether the work will be contracted out and, if so, to a local or an overseas firm; sixth, particulars of any expansion of the existing trade of the applicants and of the new trade or business to be generated by the project; seventh, detailed quantified assessment of the benefits to the economy to be expected from any extension on new trade or business; eighth, the expected volume of imports of raw materials and of sales to the local and export markets; ninth, the number of persons to be employed in the construction trade of the project and the proportion of:-

a. imported to local labour;

b. labour costs to the total projected cost of the project; and

tenth, the employment effect of the project after completion, that is the number of employees, broad details of appointments and projected wages bills for the first three years of the operation.

In the light of the information supplied on the proposed project and the projected economic benefits to Gibraltar as a whole, it will be possible to decide whether or not a project should qualify for 100% relief, on its cost and, if so, over what period; or for a proportion of the cost of the project and again over what period.

The House will note that there is no provision in the Bill before the House for plant and machinery. This follows the change in the Income Tax Ordinance which the House has just approved in the Finance Bill 1981. I refer, of course, to the provision providing for 100% initial allowances to certain plant and machinery.

Mr. Chairman, Sir, pending the enactment of the Bill now before the House applications will be considered against the criteria which I have mentioned and information to support applications

will be required. Of course the existing minimum expenditure rate and limits will continue to apply until the new Bill is finally enacted.

Mr. Speaker, Sir, I commend the Bill to the House.

MR SPEAKER:

Before you do that may I draw your attention to page 11 of the Bill, like that we will not have to carry amendments later on. The Honourable the Attorney General has just called my attention to the fact that on the first line of sub-clause 4 it should be "notwithstanding section 15 or section 15b." and not a. If you mention that at this time then we do not have to amend the Bill later on. If that is correct.

Secondly, I think that sub-clause should not be 4. but 5. Because sub-clause 4 is the previous one, which has got the subsections (a) (b) and (c).

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, Sir, I am indebted to you and if I may formally mention to the House that in clause 14 sub-clause (4) where it says "the second time" - two thirds of the way down page 11 of the Bill, - it should read sub-clause (5) and in the first line of that sub-clause (5) section 15a. should read section 15b. I apologise to the House for the typographical errors which were not picked up before the Bill was circulated.

Mr. Speaker, Sir, I beg to move.

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

HONOURABLE P J ISOLA:

Mr. Speaker, I would like to make a preliminary remark. I presume that the Committee Stage of this Bill will be taken at the next meeting of the House. I am going to make just general remarks on this Bill, if I may, and we would be grateful on this side if when we get to Committee Stage, you would give a little more indulgence than is normally given on Committee Stage if we have discussions almost of policy on them, because, Mr. Speaker, it has not been possible in the time that we have had to consider the Bill in depth. Having said that I would just like to give our general reaction to the Bill.

We agree that the Development Aid Ordinance as it existed required radical alteration and we also agree that it is good that the criteria for granting licences should be put forward, and generally one agrees, if I may say, in very general terms with the whole idea behind the Bill. There are just six points that I would like to make for the consideration of the House at

this stage. One is, Mr. Speaker, I do not know if I am right, this may be the first time that an Ordinance actually gives a Minister direct authority to take an administrative decision of this kind. I may not be right, but the thought had occurred to me. What worries me slightly here on what is in effect, which is now shared by the Council of Ministers, but it is in effect giving largesse as it were to a project in the hands of a Minister. Fortunately in this case without private interests, but there could be Ministers with private interests and I think that bearing the possibility that the Minister for Economic Development will not be Minister for Economic Development for ever, I am not making prediction on that, bearing in mind that, I think we ought to be thinking of how in this area, where it is a difficult area, one ought to see how the position can be safeguarded. I do not think it is possible for the Chief Minister to insist that a Minister for Economic Development should have no private interest at all so he could carry out his functions under the Ordinance because obviously this may not be possible and, therefore, we have to think of one or two safeguards which I will mention as I go along.

Mr. Speaker, the sort of safeguards that we are thinking of, but again as I said we will really come round with policy decisions ourselves and how we feel it should go perhaps at Committee Stage. One is for example that the same procedure should be carried out in grants of Development Aid as is carried out in grants of tenders. In other words a grant of Development Aid to an entity should be published in the Gazette. The other point, the possibility of as a matter of administrative routine, the possibility in certain cases, for example when the Minister acts against the advice of his officials, which he is entitled to do and I agree because he is the man who has got the responsibility, when he acts against the advice of his officials, either in rejecting or granting a licence, in the case of granting a licence, and that is where the licensee is not likely to have any cause for objection, in the case of granting a licence, to be confirmed by Council of Ministers, in the case of rejection of a licence when his officials have said he should give it and he refuses, to be communicated to the licensee so that he can appeal. Those are the two points. I have looked at Section 10, am I right, I would ask, in thinking that the grant - I think it does but it is not clear - under Clause 10 the criteria will include plant and machinery.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable Member will give way, Sir, I did mention that at the latter part of my speech. It does not because plant and machinery from 1 July will have 100% disallowance, and it is not necessary.

HONOURABLE P J ISOLA:

The last point, Mr. Speaker, that I would like to make of

course is a difficult one, and I am glad to hear the Financial and Development Secretary has said that in his view there should be procedure for appeal and I agree with him. And I am glad that a procedure for appeal is laid down. There again, Mr. Speaker, the question that arises is, having regard to the fact that the criteria are laid down, should there be some sort of appeal a tribunal or a quasi-judicial tribunal, I see problems in that because it is an administrative decision and all the facts leading to that decision, including the questions of policy and so forth, are possibly not proper to be dealt with by the Tribunal. But an appeal to the Governor also has its problems and what I think should be given to is that the question of review of appeal in the appeal process the Minister should be excluded. If the appellant has to put his case in writing and has no right to be represented then I think it would be wrong for the Minister to be sitting in on the appeal and putting his point of view. I think it is a question of either the appellant being allowed to be present and arguing and the Minister counter-arguing, and I think this is probably more sensible because I see problems there, it would be more sensible for the appellant to put in his appeal in writing and the Minister to put down his reasons why he rejected the application, also in writing, and to be totally excluded from participation in the appellate process. I think only that way can it appear that there is a proper review procedure, a proper appellate procedure, as opposed to going through the former. I say this, Mr. Speaker, from experience in other appeals. For examples appeals from the Development and Planning Commission today go to the Governor, and in the Gibraltar Council where it is dealt with I presume, of course the Minister involved in the Development and Planning Commission are sitting. It seems to me wrong because it is really giving the Minister two bites at the cherry and if you are going to have an appeal procedure then it should be seen to be a fair appeal procedure. And the only way I think you can be fair is by totally excluding the Minister from the process of review except insofar as he puts in his paper the reasons why he rejected the appeal. Obviously the reason why the tribunal did it are very relevant indeed.

Mr. Speaker, these are general comments that I would make on the Bill at this stage. It indicates roughly where our worries are but generally speaking we welcome the Bill, we welcome the idea behind the Bill, and one last point, as far as the money limits are concerned of £150,000 and £500,000, I think that the latter limit is sensible for five years. The former for two years, I am just wondering whether that may not be pitching it a bit too high. I would have thought that £100,000 might have been more realistic. The reason why I say £100,000 and not £150,000 is that whereas £150,000 for a small industry may be quite a lot of money I think one wants to help a bit the little man, the small industry, I know there is not much of it, but if there is a chance of a small industry, I think £100,000 is a more realistic figure than £150,000. That might be a bit too high.

Apart from that we generally welcome the principles of the Bill.

HONOURABLE CHIEF MINISTER:

Mr. Speaker, the points made by the Leader of the Opposition are worthy of serious consideration and to some extent I would certainly go with the earlier remarks. Not only do we want to have this as a fair system but we want it to appear that it is a fair system, and, therefore, the safeguards that have been mentioned seem to me reasonable at this stage. On a first consideration of the matter we shall take into account the question of the criteria about the money, it will be dealt with in Committee by those who deal with the matters more definitely.

The question of appeal is also one which we also sought to look at carefully. My experience of this is that when the Governor is asked to look at something he does so himself as impartially as he can. Of course he has got to hear both sides and he hears one side from inside and one side from outside. Whether the procedure can be adjusted, I think my Honourable Friend the Financial and Development Secretary finds himself in that position in respect of licences in respect of the Bureau de Change. He has got a committee to advise him and he has a right to do that. I am glad that the Bill meets with the general approval of the Opposition. It was definitely intended that there should be a long period in which people can react to it by having it published in the Gazette, if not today or tomorrow, next week, and for it to be as a Bill at the next meeting of the House when we can have not only, apart from the valuable reactions of the Opposition, but also from those concerned in the matter who may have ideas.

It is very much a matter in which there should be as much consensus as possible because it is in the general interest of the community that this should work properly and that the exemptions and the privileges that are given by the Bill should be given to worthy causes.

HONOURABLE ATTORNEY GENERAL:

Mr. Speaker, if I may refer to the technical aspects to the points raised by the Honourable and Learned Leader of the Opposition. Let me say that I am grateful to the Honourable Member from that point of view for highlighting these aspects of the Bill.

If I can deal first with the question of whether or not in principle there is too much power given to the Minister. I think the first point is surely that the Minister is constitutionally responsible and this Bill puts the onus of administering the Ordinance on him. And I say that I think that the provisions relating to the consultative committee are quite extensive but I think it would be wrong in principle for them to go any further because at the end of the day they are advisors and the Minister himself is the person who is charged with the administration of

the Bill. Obviously one would have to look at it but I do not really think it would be correct in terms of administrative principle to provide that if Minister disagreed with the advice of his committee he should seek the confirmation of Council of Ministers. That to me does not seem to be correct in principle. May I say that I think the Bill goes some distance already, indeed it goes as far as it properly should go, in saying that Clause 6 subclause (5) entitles an advisory member to ask for his views to be recorded, and also subclause (6) provides for the Minister to state the reasons why he may act against his Committee. I think that is as far as it should go in principle.

On the question of appeal I am grateful to the Honourable and Learned Leader of the Opposition. This is a difficult question, I think because we are talking about what are going to be policy decisions and the right given by the Bill is a right of review not a full right of appeal as such but a right of review of course is where does one go from a Ministerial decision. The difficulty, again, if I might put this point, I mean it is a matter that will obviously be considered, but if I might make this point, it does not seem to me to be correct in terms of constitutional principle that a Minister should be excluded from participating in Council of Ministers, which will effectively be the appeal body in this case. It is surely his prerogative to appear there, but there is a problem and I would not like to give the impression that I am not addressing the problem, there is a problem to be looked at and worked out. I think this is a general problem and we will look at it in the course of preparing for the Committee Stage of the Bill. It is a matter that the Government will want to consider, the answer may be to have a Committee of Ministers, not Council of Ministers in its full form, but a Committee of Ministers. There are certainly problems in deciding where one goes on a policy issue after a Minister has considered it.

HONOURABLE CHIEF MINISTER:

May I ask the Honourable Member to give way. There is one point made originally in the Leader of the Opposition's remarks which I should have answered, I should have dealt with and I have just remembered, and that is the question that he mentioned quite rightly that in this case the person entrusted with the responsibility was one not concerned with trade in any way, and, therefore, it could be said that he was more impartial than otherwise. I accept that, and I would also like to say that in considering, and this is a matter I have always addressed my attention to within the limitation of the number of people available, and I am sure anybody exercising the functions of the Chief Minister in appointing Ministers, particularly with statutory powers would be the particular activities of the Minister outside the Government would be one which one has to take into account in ascribing Ministerial duties. That is something certainly that I have in mind and in fact sometimes

one is inclined to reshuffle people and put them in different places and then you see that it is not desirable because of the possible conflicting, or apparent conflicting interests.

I only say that by way of explanation. It does not dispose of the matter generally but I would like to say that many comments are made about the facts that the Constitution is not right in this way or the other, but I would like to say that certainly whoever has to ascribe to Ministers must take into account the activities of the Minister outside his official duty particularly where this carries statutory powers as are being given in this case.

Thank you, Mr. Speaker.

HONOURABLE ATTORNEY GENERAL:

Mr. Speaker, I have nothing further to add, really. I would simply like to say that from a technical point of view we note the points made about review and I think this would be an opportunity to look at the question of administrative review, not only in relation to this Bill but perhaps to do some general thinking on the subject of principles.

Thank you, Mr. Speaker.

HONOURABLE J BOSSANO:

Mr. Speaker, on the general principles of the Bill I think as the Honourable and Learned Leader of the Opposition has said this is something that requires careful thought, but as an initial reaction I can say that the principle of using our tax system to encourage investment in one direction and discourage investment in another direction is something that I support because I believe that that is what economic management is about, rather than fiscal policy. It is good also that the criteria should be well laid out, specified and clear cut, so that the people who are interested in making use of the provisions of the Ordinance know exactly how the scheme operates and what they can expect. So it is a good thing that it should be spelt out what the objective is.

In fact, when one is talking about exempting the income from a project from liability to tax the first reaction is that it looks an extremely generous provision. It is important, of course, to realise that if the project would not take place but for the fact that Development Aid was available, then you are not effectively foregoing revenue because the project would never take place and the revenue would never be generated. So that in fact although it looks an extremely generous arrangement to allow somebody to recover the whole of his investment before he pays tax, if in fact we can see that the effect of this is to bring about investment that would not otherwise take place, then after the initial recovery there is a revenue yield to the

Government which would never be there of course, and presumably when we are talking about in particular investment in buildings, then the land would always be there available for development at some stage or another. So it is not a total loss if the investment does not take place at one particular point in time, but I believe that it is right for the Government to encourage as much investment in bricks and mortar in Gibraltar because in fact this is the sort of investment that even if the private investor at some stage changes his mind about his involvement in Gibraltar's economy it is not something that he can pack into his bags and take away with him. To me it makes sense that that should be there and that those sort of assets are there for the future in widening, if one likes, the tax base from the fiscal point of view. Obviously the yield in rates etc are there as benefits for the future and the wider the development that there is in terms of private property development etc, the lesser the burden on the Government's own commitment on Housing and the greater the potential for different fiscal policies.

I think in fact the economics of private property development could be quite dramatically changed if we really gave thought to this, and one thinks that one can recover the rent on property to the extent of a complete cost of the project it should make private property development for renting not totally out of the question like it seems to be not only in Gibraltar but in many other places, even in the UK. The idea of actually building for renting with the level of interest rates that are common now seem to be considered out of the question. This is why public housing has become such an important element in the provision of housing in most of Western Europe. I think really the economics of this could be made to work and if it has the effect of producing a better balance than quite apart from creating employment and so on I think there are sound benefits for the economy.

HONOURABLE A J CANEPA:

Mr. Speaker, on the Government side we welcome very much the constructive approach taken by members of the Opposition on this piece of legislation and the support which it has. And the general comments that have been made are useful and will be given due consideration between now and the Committee Stage.

Listening to the Financial and Development Secretary when he introduced the Bill, Mr. Speaker, I think one must record very many years after the events one's appreciation of the farsightedness and the vision of Mr. Seruya who asked the original question, and then the Honourable Leader of the Opposition who acted on that and introduced a Bill in the then Legislative Council. I think they are both to be commended having regard more so to the economic benefit that Gibraltar has derived in the intervening years.

I will be commenting in a moment, Mr. Speaker, with the points

that have been raised, but I would like, Mr. Speaker, in speaking on the general principles of this Bill, to point out that the Bill follows very much the approach which I made in my contribution on the Appropriation Bill, when members will recall that I stated that the Government's approach to development in the private sector was one of creating the right conditions for diversification. The new Bill is more explicit than the Ordinance but it will retain that element of flexibility which is necessary if it is to operate effectively and if it is to stand up to circumstances as and when these affect the economy of Gibraltar.

Mr. Speaker, I think that the fact that the criteria will be published and will form part of the Ordinance will assist applicants and will also avoid some time-consuming correspondence which invariably takes place when clarification is being sought in the process of considering applications. At present in fact too many applications are made and present little, if any, justification that the project will in fact be of economic benefit to Gibraltar.

At present, Sir, the Ordinance grants 100% tax concession indefinitely on all the projects which are approved and there may well be instances where the tangible tax loss to the community is greater than the economic benefits which in some cases are totally unquantifiable. As I say the tax benefits may well be greater than the economic benefit which is, it is thought by the applicant, will flow from the project. The Bill will correct this and it will encourage developers. And whilst encouraging developers it will ensure that there will be a net benefit to Gibraltar and to the people. By specifying time limits and perhaps qualifying the extent of tax-relief we think that there should be more of an incentive towards the promotion of projects which will really guarantee benefits to both the developers and the community. It is essential that the benefits should be mutual.

Sir, as has been said the new Bill places the onus of proof on the applicant and it formalises the procedures in dealing with applications. At the moment applications are sent to the Financial and Development Secretary, they are commented on file by the Economic Adviser, and by the Surveyor and Planning Secretary, prior to submission to Council of Ministers and the creation we think of a small statutory committee will coordinate in a far more effective way consideration of applications, it will speed up processing and will provide a basis and a forum for discussion. Of course, if their applications are turned down, applicants will have an opportunity to have the matter reviewed.

I come now, Mr. Speaker, to the role of the Minister and I think I ought to say first of all that the involvement of the Minister in this statutory manner I see as yet one other step forward in the process of constitutional development and in the acquisition

if you like by Ministers of the Gibraltar Government and, therefore, generally by the House, of a much greater say in the running of our affairs. There are precedents in the Education Ordinance, in the Group Practice Medical Scheme, in the Social Insurance Ordinance and I think that this is all to the good. And if ultimately the Minister is going to take the decision subject to a review, well, it is on a matter for which he is responsible, it is on a matter for which ultimately he is answerable to the people, and if the people do not like the way he is conducting the affairs of Government they, in the final analysis, have the remedy in their hands.

When the Minister acts against the advice of officials, when for instance the officials recommend against the grant of a Development Aid Licence but the Minister is in favour, as far as I am concerned in practice that is a matter that I will take automatically to Council of Ministers and get covering approval. Another Minister may feel differently but one does this in any case on other matters which are of lesser import. I think by and large this will be automatic. Where the Minister, however, has not accepted the advice of officials I think it would be very dangerous if the fact that officials have advised the Minister to grant a Licence and he has disagreed, I think it would be very dangerous if that were to be communicated to the applicant, because it would put the Minister fairly on the spot. What, for that matter, if the advice of officials were not to be unanimous? Supposing he had a statutory committee of four and three are in favour and one against, or two and two. Should that be communicated to the applicant? Well, obviously in the interests of good Government I do not think that that is desirable.

I was glad to see that in the review process the Honourable Mr. Isola considers naturally that the Minister should be heard, should he have a vote on the matter when a decision is taken in Council of Ministers? I think he should because if he does not have the vote then the right which a Minister has, other than when it is a matter of conflict of direct personal interests and then he doesn't vote on that and he does not even participate in the discussion in Council of Ministers, other than that occasion, if the Minister does not vote on a matter such as this one, I think the constitutional rights which he has are being atrophied. So I do not think that that would be the correct thing to do.

As far as the minimum cash amounts which have been laid down are concerned, I think I should remind the Honourable Mr. Isola that in fact they have now remained unchanged since 1977, and in the last three years since 1978 building costs have doubled. And if these minimum cash amounts are to remain unchanged as they are likely to remain unchanged for another few years, this is not a piece of legislation that one can amend continuously, then I think we have got to allow for an element of further inflation over the next four or five years, and, therefore, on balance the minimum cash amounts which are laid down, it is a matter of

opinion, but I think they are just about right.

Finally, Mr. Speaker, again coming back to the role of the Minister let me say that I see this, quite apart from the political and constitutional considerations, I am sure that the involvement of the Minister responsible for Economic Development will ensure complete coordination and what is even more important the consistency of development policy in all sectors, something about which we have had a great deal to say in this House in the last weeks.

We are very glad to see the attitude which the House generally is taking on this piece of legislation.

MR SPEAKER:

Does any other member wish to speak on the general principles and merits of the Bill? I will then ask the Honourable the Financial and Development Secretary to exercise his right of reply.

HONOURABLE FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, Sir, I would like to thank the Members of the House for their welcome to this Bill and to commend it to them.

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

The Bill was read a second time.

The Honourable the Financial and Development Secretary gave notice that the Committee Stage of the Bill should be taken at a subsequent meeting of the House.

ADJOURNMENT.

The Honourable the Chief 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 9.50 a.m. on Thursday the 30th April, 1981.