

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

13TH MARCH, 1984

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Second Meeting of the First Session of the Fifth House of Assembly held in the House of Assembly Chamber on Tuesday the 13th March, 1984, at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan CBE, MVO, QC, JP - Chief Minister
The Hon A J Canepa - Minister for Economic Development and Trade
The Hon M K Featherstone - Minister for Public Works
The Hon H J Zammit - Minister for Tourism
The Hon Major F J Dellipiani ED - Minister for Housing, Labour and Social Security
The Hon Dr R G Valarino - Minister for Municipal Services
The Hon J B Perez - Minister for Education and Health
The Hon G Mascarenhas - Minister for Sport and Postal Services
The Hon E Thistlethwaite - Acting Attorney-General
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon J Bossano - Leader of the Opposition
The Hon J E Pilcher
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J L Baldachino
The Hon R Mor

IN ATTENDANCE:

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

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 22nd February, 1984, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

The Hon the Minister for Public Works laid on the table the following documents:

- (1) The Traffic (Driving Licences) (Amendment) Regulations, 1984.
- (2) The Traffic (Varyl Begg Estate) Regulations, 1984.

Ordered to lie.

The Hon the Minister for Tourism laid on the table the following documents:

- (1) The Hotel Occupancy Survey, 1983.
- (2) The Air Traffic Survey, 1983.

Ordered to lie.

The Hon the Minister for Municipal Services laid on the table the following document:

The International Trunk Calls Charges (Amendment)
(No 2) Regulations, 1984.

Ordered to lie.

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

- (1) Supplementary Estimates Consolidated Fund (No 4 of 1983/84).
- (2) Supplementary Estimates Improvement and Development Fund (No 4 of 1983/84).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 5 of 1983/84).
- (4) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 6 of 1983/84).
- (5) Loan Agreement for a £6 million floating rate facility between Hambros Bank Ltd, Lloyds Bank International Ltd and the Government of Gibraltar.
- (6) The Accounts of the Government of Gibraltar for the year ended 31st March, 1983, together with the Report of the Principal Auditor thereon.
- (7) The Report of the Gibraltar Museum Committee and the Accounts of the Gibraltar Museum for the year ended 31st March, 1983.

Ordered to lie.

ANSWERS TO QUESTIONS

THE ORDER OF THE DAY

MR SPEAKER:

The Hon the Minister for Sport and Postal Services has given notice that he wishes to make a statement. So therefore I will now call on the Hon Minister.

HON G MASCARENHAS:

Mr Speaker, following the now established practice of keeping the House informed whenever a review of postal charges is to be introduced, it falls upon me to make a statement on the increases which will become effective on 1 April, 1984.

The last review of postal charges took place on 1 January, 1982. Since then the cost of postal operations has increased considerably. The main factors which have contributed to the increase have been the annual wage and salaries reviews, and the adverse rate of exchange of the pound sterling against the unit of Special Drawing Rights which is used for accounting between postal administrations. The rate of exchange has decreased by approximately 19.2% in the last two years.

It is Government policy that the service which the Post Office provides should as far as possible pay for itself. Nevertheless I should like to stress that care has been taken, within this policy, to keep the increases as low as possible. The following are examples of the new charges which are based on the basic rate authorised by the Universal Postal Union:-

Surface rate from 14p to 17p for a letter weighing up to 20 grammes.

Airmail rate to Europe from 17p to 20p for a letter weighing up to 20 grammes.

Airmail rate to other destinations and other postal services are also increased.

It is to be noted that the airmail rate from the United Kingdom to Gibraltar is currently 20½p. It is understood, however, that this rate will be increased in the near future.

The local postage rate will not suffer an increase and will remain at 4p for a letter weighing up to 50 grammes.

Proposals are under consideration to increase the number of PO Boxes during the coming financial year. This will improve the service provided in keeping with the Government policy of supporting the infrastructure in the development of Gibraltar's role as a financial centre.

MR SPEAKER:

I have always allowed a Member of the Opposition to say something on the statement or ask any question for clarification. We must not debate the statement, of course.

HON J C PEREZ:

Mr Speaker, in view that the Hon Member has said that the increases are due to the fact that the Department should pay for itself, had these increases not been implemented would that have meant that the Department would have made a loss at the end of the financial year?

HON G MASCARENHAS:

No, the Department itself would not have made a loss. Our philatelic sales would have covered that, there has always been a profit at the Post Office but the main Post Office would have made a loss, possibly.

HON J C PEREZ:

Is that for certain or is that possibly?

HON G MASCARENHAS:

No, it would have made a loss.

HON J C PEREZ:

Doesn't the Hon Member think that it would have been better to bring in the increases as part of the estimates in the forthcoming Budget rather than now?

HON G MASCARENHAS:

Mr Speaker, it has nothing to do with the estimates. This decision has been made by Council of Ministers and the 1 April was the best date to implement it.

MOTIONS

HON CHIEF MINISTER:

Mr Speaker, on the 13th March, 1980, the Gibraltar House of Assembly resolved: "That a Permanent Select Committee on Members' Interests consisting of four Members, two from each side of the House, irrespective of the number of Members as between Government and Opposition, be appointed with the following terms of reference - 'To examine the arrangements made for the compilation, maintenance and accessibility of the Register of Members' Interests, to consider any proposals made

by Members as to the form and contents of the Register, to consider any specific complaints made in relation to the registering or declaring of interests; and to report on these and any other matters relating to Members' Interests". Taking into account the changes that have taken place following the election and after consultation with the Leader of the Opposition, I now move, Mr Speaker: "That this House resolves that the following Members should be nominated to the Permanent Select Committee on Members' Interests - The Hon A J Canepa, the Hon Major F J Dellipiani, the Hon J Bossano and the Hon J E Pilcher". I would like to state, Mr Speaker, that this does not involve a considerable amount of work. I do not think the Committee has met but it is there in case there are any objections or to draw the attention as to the terms of reference set in case there is any complaint or lack of information and I think, perhaps, the fact that it has not had the need to meet is the best proof that the decision taken by the House that Members' interests should be declared has been successful. I commend the motion.

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

Mr Speaker then put the question in the terms of the Hon the Chief Minister's motion which was resolved in the affirmative and the motion was accordingly passed.

The House recessed at 12.45 pm.

The House resumed at 3.20 pm.

BILLS

FIRST AND SECOND READINGS

THE SEX DISCRIMINATION ORDINANCE, 1984

HON MAJOR F J DELLIPIANI:

Sir, I have the honour to move that a Bill for an Ordinance to render unlawful certain kinds of sex discrimination and discrimination on the grounds of marriage and for related purposes be read a first time.

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

SECOND READING

HON MAJOR F J DELLIPIANI:

Sir, I have the honour to move that the Bill be now read a second time. Sir, this Bill was originally brought before the House in December, 1983, in order to update current legislation in accordance with the EEC directives on equal treatment for men and women. The Bill then received its First and Second Readings. Following the dissolution of the House in December, 1983, the Bill must again be submitted for First and Second Readings. I would just like to say that the original draft Bill was discussed at a meeting of the Labour Advisory Board held on the 4th November, 1983, where both the representatives of the employers and employees said that they needed more time to consider the Ordinance. As far as I am aware these consultations have not yet been finalised and I would propose that we deal with this up to the Second Reading stage and leave the Committee Stage and Third Reading to a subsequent meeting.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON M A FRETHAM:

Mr Speaker, I am indeed fortunate and it is a source of satisfaction that the first time that I should rise in the House to speak on a particular Bill that it should be one on which I have, and certainly this side of the House has, very close affinity with the principles involved.

MR SPEAKER:

Particularly with a lady Member in the House.

HON M A FRETHAM:

And particularly with a lady Member in the House. As most of the Members in the House may be aware, I was prominent in having achieved equal pay for shop assistants well before, in fact, the Equal Pay Ordinance was introduced in Gibraltar and the Sex Discrimination Bill is a natural process from the Equal Pay Ordinance. We view the Sex Discrimination Act as a moral and social obligation so that we do away with discrimination and move towards equality of sexes. The Sex Discrimination Act was in fact introduced in the United Kingdom eight years ago and I am in no doubt that the EEC has been putting pressure, discreet pressure, perhaps, on the British Government to have this legislation introduced in Gibraltar to comply with the directives on sex discrimination legislation generally. I am not going to dwell on what the impact of the principles involved in the Bill would have had on Gibraltar during the eight years that it has not been with us, but I think it gives

us an opportunity and I think it is a fair opportunity to learn from the experience of others when we discuss the principles involved. The Sex Discrimination Act came into being in the United Kingdom in 1975, in fact, five years after the Equal Pay Act which then became a Schedule to the Sex Discrimination Act and it was intended from the beginning that these two Acts should be read together. However, experience shows that this has very rarely been done. The general view held in the United Kingdom is that equality legislation as a whole is an extremely complex matter and many difficulties have arisen even for those in the legal profession, for anyone wishing to use the actual law. In fact, the Equal Opportunities Commission which was set up to oversee the Equal Pay Act and the Sex Discrimination Act in the United Kingdom, have indeed continuously pressed for amendments to this legislation. Amongst the problems which have arisen, Mr Speaker, have been those of indirect discrimination particularly when such discrimination fall between both pieces of legislation and I believe that whilst there has been a move towards the introduction of this Bill in Gibraltar, that we ought to look at what we do in the long term against the background and experience that we have had in the United Kingdom. This side of the House hopes that Government will support our suggestion that we produce provisions at Committee Stage for the incorporation of equal pay into the proposed Sex Discrimination Act and thus move towards repealing the Equal Pay Ordinance of 1975. The idea being, Mr Speaker, to simplify the legislation for everybody concerned who has to make use of it and to bring the concept of indirect discrimination into the pay area. Should, Mr Speaker, Government decide not to proceed with our suggestion we will, of course, from the Opposition benches be proposing amendments in line with the thinking that I have outlined and in this context, Mr Speaker, we will be supporting the Bill before us.

HON CHIEF MINISTER:

Mr Speaker, I do not propose to say much but I think it is customary that it does not take long in this House for a new Member to make his maiden speech. Within hours of sitting he has done so and it is a pleasure that falls on me as Leader of the House to welcome the speech and I hope to be doing that in turn, I suppose, in the next few days. I had the unfortunate experience since I have been here since 1950 of having once to get up and say: "I am sorry I cannot commend that speech" because it was full of venom and other things that it did not warrant it but I am very happy that it fell on the Hon Mr Feetham to make his maiden speech on a matter which I know is very near to his heart and to the heart of so many people who seek to remove the blatant cases of discrimination.

HON J BOSSANO:

Mr Speaker, in looking at the legislation, as my Colleague the Hon Mr Feetham has said, it is his responsibility, we shall be looking at the proposals that are on the statute book in UK and, indeed, at the thinking within the Labour Movement in UK of where the legislation could be improved upon. I would put

it to the Government that since we are moving in this direction there is no reason why we should not attempt to produce, if we can, a piece of legislation that can be an improvement in what there is at the moment in UK and we shall be looking at amendments with that aim in view when we come to the Committee Stage which, of course, is not down for this meeting of the House. But on the other point, the question of amalgamating the provisions of the Equal Pay Ordinance that exists at the moment with the provisions of the Sex Discrimination Ordinance, I would say in support of that argument that in the past we have had legislation on labour being brought to the House which appears to create situations which conflict with requirements in other labour legislation introduced on other occasions for different reasons. We have got, for example, the provisions of the Control of Employment Ordinance on the one hand and we have got the provisions under the Protection Against Unfair Dismissal on the other and we have got a situation where under Immigration Control and under Control of Employment you have got a requirement that the Labour Department should examine renewal of work permits in the light of the unemployment situation and in the light of whether there are unemployed EEC nationals and a requirement under the Protection Against Unfair Dismissal which says that if you refuse to renew somebody's contract you are in fact exposing yourself to a claim for unfair dismissal. It is understandable that that should happen because, in fact, when the legislation was enacted giving protection against unfair dismissal the other legislation had already been on the statute book. I am saying that the principle we are urging the Government to take a look at is that by using the opportunity of new legislation in a particular area to consolidate the existing law, it avoids conflicting requirements and it also, I think, makes it easier for people concerned with advising those affected about their rights, in the Trade Union Movement, in the legal profession and in the Labour Department, it makes it easier if they go to one piece of legislation than if they have to go into several pieces of legislation.

HON CHIEF MINISTER:

If the Hon Member will give way. Yes, the Committee Stage will be taken at a subsequent meeting. If we are given sufficient notice of proposed amendments so much the better but I would like to sound a word of warning, we have to be very careful in trying to assimilate what has happened in the United Kingdom to be careful of the many ridiculous cases that have taken place in the United Kingdom, the extreme cases not in any way in the search for avoidance of discrimination but it has gone to an extreme which we have the experience of what has happened in England and we cannot reach the stage where some cases in England have lasted for days in argument over absolutely ridiculous matters in connection with the absolute equality to the extent where it does not bear very close examination.

HON J BOSSANO:

I am grateful to the Hon and Learned Chief Minister for that intervention, Mr Speaker, in fact, what we are suggesting is that we have an opportunity to produce a better law and a better law does not necessarily mean that we have to make the mistake of trying to tie down every possible and conceivable eventuality and finish up with an unworkable law. It can mean perhaps in some areas looser definitions to make the law practicable.

HON A J CANEPA:

Mr Speaker, I think we were aware in the Labour Department when I was Minister for Labour as early as 1978, that we were going to have to introduce legislation along these lines and a draft Bill was prepared by Mr John Havers which neither the then Director nor I myself particularly liked because it was based too closely on the United Kingdom Sex Discrimination Act and this was at a time when, precisely the point that the Hon Chief Minister has made, was becoming only too evident, I think they were getting into a mess in the United Kingdom. The legislation did not seem to have a logical rationale to it. So when that draft Bill went to Council of Ministers we said: "No, we do not like this. Let us have something that will be more geared to whilst on the one hand meeting the objectives of what the legislation should be aiming to attain, on the other hand let us ensure that we have something which is much more practical and much more attuned to the needs of Gibraltar", having regard to the fact that with a very large public sector we had already made very considerable inroads at least in the field of employment in eliminating discrimination. I think it must have been due to the lack of pressure on the Foreign Office from Brussels that Mr David Hull did not particularly give this piece of legislation a very high priority and it was on the cards for a number of years but it used to slip behind in the list of priority as other more urgent legislation was being drafted and it was not until once he knew that he was leaving that he made up his mind that he wanted to produce something and hence the Bill that came to the previous House in December. I fully agree with what has been said by Hon Members opposite about the desirability of legislation, particularly in the field of labour and in the field of social security, being consolidated. I remember that in the early years when I was Minister for Labour the Director and I often used to discuss the desirability of consolidating all our social insurance, employment injuries, family allowances, elderly persons pension and all the other pensions into one Ordinance but the trouble is that it is very difficult to stop the world and get off while you do something like that. Perhaps, advantage could have been taken of the present exercise of the revision of the Laws of Gibraltar to do that. It is always a lack of time which militates against the ability, I think, of Government departments to consolidate legislation. In principle I like the idea of the Equal Pay Act being embodied in this piece of legislation or rather how our own

Equal Pay Ordinance of 1975, and the proposal is a clearcut one which I think the Hon the Acting Attorney-General can take on board and advise the Government. That, I think, we can look at on our own and make up our minds based on the advice from the Attorney-General as to how that should be done. But if Hon Members opposite are thinking of introducing what they would regard as desirable amendments to this Bill, I think we on the Government side would be very grateful if rather than have those amendments circulated shortly before the House next meets in Committee to consider this, if we could have as much prior notice as possible. That can be done in a very simple manner by writing to the Minister for Labour so that the Government can give those amendments its considered attention in Council of Ministers and then the matter will make far greater progress because if these measures are positive and constructive the danger is that if they are introduced in the House a day or so before we are due to deal with the Bill, they might go by default because the Government, not knowing the implications fully of those measures may say: "Well, we had better play safe and vote against them", whereas if enough notice is given I think that the chances of their being incorporated in the Bill before the House are greater. It is not a question of who takes the credit for it, the Opposition has made the proposal, the Government has looked at it and the House decides to legislate, I think that is better legislation, that is conducive to a better result being attained in the long run.

HON J E PILCHER:

Mr Speaker, I would like on behalf of the Opposition to welcome the words of the Hon Mr Canepa and in fact say that as far as the Opposition is concerned we are grateful for the words that he has just said and we will be making every effort possible to give as much notice to the Government of the amendments that we propose to make so that the Government has as much time as it needs to look at the amendments in order to, on both sides, work towards getting them all into the one Ordinance.

HON MAJOR F J DELLIPIANI:

Mr Speaker, I think that because of my close connection with Hon Members on the opposite side through my Labour Advisory Board and Manpower Planning Committee, I should remind the House that we will have an opportunity in the Labour Advisory Committee where the Trade Union side and the employers' side and myself can sit together and maybe start looking at some of the amendments which we wish to introduce at the Committee Stage so that we have really two platforms, one a person to person one and one where they can write to me with their own personal views before we get to Committee Stage at the subsequent meeting of the House.

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

HON MAJOR F J DELLIPIANI:

Sir, I beg to give notice that the Committee Stage and Third Reading of the Bill will be taken at a subsequent meeting of the House.

THE EDUCATION (AMENDMENT) ORDINANCE, 1984

HON J B PEREZ:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Education Ordinance, 1974, (No 11 of 1974) be read a first time.

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

SECOND READING

HON J B PEREZ:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, this is similar to the previous Bill before the House. This particular Bill was also lost following the dissolution of the House. The matter was, in fact, debated in December of last year, it went through its First and Second Readings but was lost. It did at the time enjoy the support of the Members of the Opposition including the now Leader of the Opposition, Mr Bossano, and I sincerely hope that on this occasion it will also meet the approval of Hon Members opposite, not only of Mr Bossano but of the whole of the GSLP Opposition. The Bill is quite a straightforward one, Mr Speaker. As far as the main principle of the Bill is concerned I would like to divide it into two and that is in the manner in which it is actually set out in the explanatory memorandum which is contained in the Bill. It is not really a new piece of legislation that one is trying to introduce but really a tightening up of the legislation that we now have and I refer in particular to Section 73 of the Education Ordinance, 1974, because Section 73 provides that "no fees shall be charged in respect of the admission of entitled children, that is to say, of children of parents resident in Gibraltar who are normally entitled to social benefits provided by the Government, to any Government school or in respect of the education provided in any such school". That may seem to be fine but then if you refer to the interpretation section, which is Section 2 of the Ordinance, "parent" there is defined as follows: "parent includes a guardian and every person who has the actual custody of the child". I feel that this particular definition needs to be tightened up particularly following the opening of the frontier because what I have noticed is that we have had an increased number of applications made not only by Gibraltarians who have decided to take up residence from across the border but we have had a number of applications by Gibraltarians who were residing in Spain years ago and who have

now sought to try and get free education for their children in Gibraltar. The way they have been trying to do this is by saying: "Well, I am leaving my children in the care of my in-laws in Gibraltar". The in-laws have very readily come to the Education Department and said: "Look here, I can say quite honestly that I have the custody and care and control of the child because they are living in my house". And let us be quite frank with Members of the House, we have really stopped that going on but I have been very concerned because I think that if a case had actually been taken to court, it could well mean that we may have lost that. This is why I am glad to be able to bring this Bill as soon as possible, in fact, at the first working meeting of the House, so that we can legislate on the matter. We stopped that but at least we want to make sure we have the legislative backing on that decision. There is another, I think, very important aspect which goes side by side with this new Bill, and it is the question of the EEC. Because, Mr Speaker, if we were to concede rights to non-residents, albeit Gibraltarians, I think it could be open to challenge as acting unfairly on other non-residents claiming similar rights as British Subjects and on EEC nationals. By this, of course, I mean that once Spain joins the Common Market, and I pose the question: What difference between Spanish nationals residing in Spain and working in Gibraltar, and Gibraltarians in the same situation? By introducing a strict residence criteria, which is what this Bill is proposing to do, I can assure the House that we would not have any problems whatsoever because we would be applying a strict residence criteria to ourselves, to Gibraltarians, and therefore there can be no problems of any EEC rights accruing because one cannot be told that we are treating our nationals different to EEC. If we expect Gibraltarians to have a strict criteria of residence then we could similarly apply it to EEC nationals. I am happy to inform the House also, Mr Speaker, that I am advised by the Attorney-General that this particular Bill, this particular law, prescribing strict residence criteria is, in fact, not discriminatory within the meaning of Section 14, sub-section 3 of the Constitution. I think the point must be really made clear to everybody in Gibraltar and that is, those who decide to take up residence outside Gibraltar should do so in the full knowledge that by doing so they may be losing some of their rights in Gibraltar. I think the time must come that we must realise that we cannot expect to have our bread buttered not only on both sides but along the crust. I think with the proposals in this Bill at least as far as free education is concerned it would be a strict residence criteria which again I reiterate has been the policy of the Department in the last few years. The other part of the Bill, Mr Speaker, that I wish to highlight is the enforcement provisions. Hon Members opposite will see that we are, in a way, we are making life quite easy for the Department and that is that we are throwing the onus of proof on the person who is applying. Quite briefly, I will merely read from the explanatory memorandum which provides this: "The Bill includes provisions to facilitate its enforcement. Where a natural or adopted parent of a child is alive, it is presumed, unless that parent proves otherwise" - note the change in the onus of proof - "that he is entitled to

its legal custody. Where a natural or adoptive parent is a person who would be entitled to free education for his child if the parent did live in Gibraltar, but he has in any year lived outside Gibraltar for more than three months, it is presumed, unless he proves otherwise, that he is not ordinarily resident in Gibraltar during that year". Again, as a safeguard to persons who have to leave Gibraltar and reside elsewhere either because of health reasons or for work reasons or even for educational purposes, there is a proviso because these presumptions are rebuttable and would therefore enable natural or adoptive parents who are genuinely resident in Gibraltar to establish the children's right to free education in cases where, as I say, the parents are absent for such reasons as business, holidays or educational purposes of a temporary nature. I sincerely hope, Mr Speaker, that the Bill enjoys the support of all Members of the House and I therefore have no hesitation in commending the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON R MOR:

Mr Speaker, people are surprised at the fact that the Hon Minister for Education has said that the person, if he lives away from Gibraltar, the children would not have any right to free education even though it could happen that that person could be working here and paying taxes here. As regards fee paying students, Mr Speaker, I think it is a good opportunity to look at the situation as regards adult evening classes which are currently being run at the John Mackintosh Hall and which require fees to be paid. Mr Speaker, as I understand it, there is opposition from this House to allow foreign students to participate in these classes and the main reason, and possibly the only reason, is that these classes are being subsidised and consequently it would be unfair for foreigners to take advantage if we, the taxpayers, had to subsidise a particular service. But, Mr Speaker, I think that by adopting this attitude which to my mind is a negative attitude, I feel this House is perhaps mistaken in concentrating on what the foreign students are getting rather than on what foreign students could contribute. You see, Mr Speaker, there is, to my mind, a negative and positive way of looking at things and perhaps I should explain this. In any country which has an unemployment problem, for example, to look at it negatively would be to admit you have many people out of work. However, if you looked at this positively, you could say you have lots of labour to afford. Similarly, Mr Speaker, we, the Opposition, when we look at our situation in a negative manner, we find that we are not in Government but on looking at it positively we find that we have the opportunity to give the Government a good hammering during the next four years. I understand, Mr Speaker, that there are numerous enquiries from students in Spain to join the evening classes here and that they are being turned down because

of the present policy. I think that to turn down these students purely because the classes are being subsidised is perhaps being narrow minded since the main reason for the subsidy is precisely because classes are not being filled to capacity. It could very well turn out, therefore, that by admitting foreign students to our evening classes and fill these to capacity, there would be no need for any subsidy at all and we may even find ourselves making a profit. And even if any subsidy were still to be required, Mr Speaker, I think we could always adjust the fees payable by foreign students to meet this subsidy. I think that the Hon Minister for Education could perhaps look into this matter and that this House should reconsider whether foreign students should be allowed to join our evening classes. Furthermore, I think that if the Government were to look towards establishing an international college in Gibraltar or a polytechnic or even towards providing university studies in Gibraltar, the Hon Minister for Education would find me most cooperative. These are the only observations I have to make.

MR SPEAKER:

Are there any other contributors?

HON J BOSSANO:

I have two observations to make, Mr Speaker, on the explanation that the Minister for Education has given about the need to control the situation. I think there are different aspects involved in this. Let me say that the question of people who have no longer a connection with Gibraltar in the sense that they left and that they are now earning their livelihood elsewhere and are therefore not contributing towards the cost of education in Gibraltar or the cost of social services, is one which to our minds the Government is perfectly right to exclude those people from free education in Gibraltar. There is no moral right on the part of people who live in Spain and who earn their living in Spain albeit that they might be Gibraltarians by birth, to expect the Government of Gibraltar to provide education for their children at the expense of the Gibraltarian taxpayer and of the people who are contributing to the Gibraltar economy. That is one category, I think, that is clearcut as far as the Opposition is concerned. We also take the point that under the rights of EEC nationals and on the possible entry of Spain into the EEC and the removal of the restrictions, it is quite likely that any attempt to discriminate between Gibraltarian residents in Spain working in Gibraltar and residents in Spain of other nationality also working in Gibraltar and therefore also contributing towards Government revenue through their income tax, any attempt to provide education free for the children of one and not for the other would in our judgement certainly be seen by the EEC Commission as discriminatory. Let me say that I do not think the Minister has made it absolutely clear whether in fact what he has attempted to do has been okayed by the experts in the Foreign Office as being within what the EEC demands of rights

of establishment and rights of access to public services for cross frontier workers. I am not sure whether that has absolutely been made clear because certainly it would seem to be contrary to some of the indications we have had from the visit of Mr Hannay and others from UK. And the other point I want to make and perhaps it is the most important political point to make in this Bill, is that it represents a dramatic change of heart on the part of the Government because it was the Hon and Learned Chief Minister who in his evidence to the Foreign Affairs Committee of the House of Commons said that one of the benefits that Gibraltar could gain, when he was talking about equality and reciprocity, one of the benefits that Gibraltar would gain from an open frontier would be that the open frontier would help to ease Gibraltar's housing problem, and that was something that Spain could provide for Gibraltar, and that Gibraltar could help to ease their unemployment problems. And he was making the point that if we talked about strict reciprocity, then for every job that a Spaniard obtained here a Gibraltarian would have to obtain a job there. And for every house that a Gibraltarian obtained there a Spaniard would have to obtain a house here.

HON CHIEF MINISTER:

I do not remember what I said, I know the Hon Leader of the Opposition is a better keeper of my memory than I am but I was then arguing against the non-implementation of the Lisbon Agreement as a discrimination.

HON J BOSSANO:

That is precisely what I have just said, Mr Speaker. I think the Hon Member has made the same sort of faulty analysis that somebody on our side made earlier on. I have said precisely that, that he was saying in terms of equality and reciprocity, that it did not mean one for one, that is what he was saying. He said in his evidence to the Foreign Affairs Committee that if one interpreted rigidly the question of equality and reciprocity, it would have to mean that if a Gibraltarian went to live there a Spaniard would have to come and live here and that he did not interpret it like that that he interpreted it, in fact, the opposite way, that what La Linea might be able to provide Gibraltar with was accommodation and what Gibraltar might be able to provide La Linea with was employment and that that was how reciprocity had to be seen, not one for one, but one providing something and the other providing something else. Of course, what we cannot do is put that as a philosophy and then punish those who make use of that reciprocity by moving over there and you say: "Right, the fact that you have moved over there means that you now have to take your children out of Gibraltarian schools" and what, put them in Spanish schools in La Linea? I am not sure that we want to encourage that either. I think the basic approach is one that we identify ourselves with. I think it is important that we should not do anything to encourage people to settle in La Linea because I think long term that carries enormous dangers for Gibraltar and one

of our fundamental worries about the whole concept of normalisation and of the right of movement of labour and of the right of establishment arising out of the EEC membership of Spain is precisely that Gibraltar will be merged into the Campo Area and that Gibraltar will become a ghost town with everybody commuting. Therefore, in looking at our legislation on social services, on tax, on housing and on education, we have to be thinking that our primary objective must be the preservation and the continuation of Gibraltar as a distinct community with its own identity. Therefore, we agree entirely with that as a primary philosophy and we support that primary philosophy entirely. But I think we cannot ignore the fact that there are going to be if we simply say: "Well, let us lay it down as clearly as this and there are no grey areas, it is a clearcut thing, either you live here or you live there", and if you live there you have to take your children out of school, presumably, or pay for their education. I am not quite sure how they would go for it, but let us not forget, Mr Speaker, that we have got a situation today in Gibraltar, because of the problems that the Government of Gibraltar has faced on obtaining aid for housing, where the housing problem is bound to get worse rather than better. We have got a situation where the accommodation that is available in the private sector is enormously expensive and I can tell Hon Members that I know of Gibraltarian families amongst those on the redundancy list in the Dockyard who will have no choice if the breadwinner loses his job, and they have got a rent of £40 or £50 a week, they will have no choice. They will either have to come downstairs so that the children can carry on coming to school or they will have to move across the border. I am not suggesting that we have to encourage them to move over the border, quite the opposite, in fact, I disagree with the way the Hon and Learned Member put his views to the Committee because I thought he did not make clear that we did not want that movement to take place, but what I am saying to the Government is that they should give more thought to drafting the legislation in a way, and I am not sure that I can say from this side we would amend it this way because it seems to me that it requires some very clever drafting, quite frankly, so that the basic principle which has been expounded by the Minister for Education and which we support and therefore we are supporting the general principles of the Bill because we support that principle, but that he cannot ignore the reality of the situation that there may be people who are not in fact trying to have their bread buttered on both sides because those people, I think, do not deserve the support or the sympathy of either Government or Opposition but the people who may be forced into a situation, not through their liking. I can tell Hon Members that I have had personal experience of people who come to me with a problem where even before the Government decided to take action in this matter, they were living across the border and the logistics of bringing small children in, delivering them to school, collecting them after, created enormous problems and, in fact, some of those families have come back to Gibraltar and are paying £55 and £60 for a couple of rooms and a kitchen because they found it an impossible burden to deliver their children to school and take them away. I think the fact that people may be forced to move across through no desire of their

own but because of the inadequate housing situation that we have in Gibraltar cannot be ignored and we cannot penalise those people. I think it is right that we should penalise the people who want to take advantage of the situation, who want to have a comfortable life across the border at a lower cost of living and contribute less to the economy of Gibraltar and get all the benefits because if nothing was done to stop that, eventually, it would force everybody to do the same. Eventually, the people supporting the system would get smaller and smaller and smaller and there would be nobody left.

HON CHIEF MINISTER:

I will have to read in bed tonight what I said to the Foreign Affairs Committee but I am sure it made sense, like everything I say. I think in this respect we are dealing mainly with the cost of education more than anything else because what it provides is the non-eligibility to free education, it does not prevent our schools taking Gibraltarian children of people living across the way if they want their children educated here. Perhaps if the situation were to arise in the case that the Hon. Leader of the Opposition has raised, it will develop the fact that there may be people who want their children educated here and they cannot afford it, that is another matter, then the Government will face it. I think it was my Colleague, Mr Canepa was talking before about getting the whole spectrum of something and consolidating it. It is very difficult and we are going to find it increasingly difficult to try and engross all the problems that are going to arise out of an open frontier and Spain entering the Common Market. I know we have to look at the whole of the picture, I agree, but it is terribly difficult to bring it into every problem as an isolated thing which is brought, more or less good, perhaps, more good than bad, into the whole problem. These are matters which have to be taken into account and we share that view, I am sure, but what I was trying to argue and that is the whole philosophy why I supported despite certain reservations the Lisbon Agreement, was that reciprocity did not mean precisely that because as the Hon Member was arguing elsewhere about the difficulty of equal rights between 40 million people and 30,000 people cannot go all along the way in respect of employment and in respect of many other things. That was what I was developing because particularly the members who were there that day were being very hostile about the whole matter and what I was trying to explain was that reciprocity was not what the Spaniards then wanted, let alone what the subsequent Government was to interpret the Lisbon Agreement like which is that a priori before sitting down we should have everything you want on the table. I think that at this stage, if we provide for these areas to stop a number of people, in fact, some of the cases that have been brought to our notice we are not dealing with anywhere near here. If, in fact, it happens and it will probably happen if the situation is the one that the Hon Leader of the Opposition is mentioning, it would be very difficult, you are not going to apply a means test whether people cannot afford a house here or a house there but the facts will speak

for themselves because a man who has got a job which is not well paid and cannot afford the kind of accommodation he has got here has got to go and live in Spain, we cannot expect him to pay for his childrens education here. That is really another problem that will come whenever the situation arises. I did not hear very well what the Hon Mr Mor has suggested but I think my Learned Friend Mr Perez will deal with that aspect of the matter.

MR SPEAKER:

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

HON J B PEREZ:

Thank you, Mr Speaker. I would like to deal, first of all, with the points raised by the Hon Mr Mor. I think, really, he dealt with two points that I have to comment on. The first one was when he said what will we do with people who happen to be outside Gibraltar for health reasons or for some other similar reason. I did in fact state, in my contribution in speaking on the main principles, and I read from the Explanatory Memorandum when I said that we were in fact catering for that, for people who are outside Gibraltar, reasons such as business, holidays or educational purposes, provided they are of a temporary nature so we are providing for that eventuality. The second point he made was really quite divorced from the main principles of the present Bill before the House and I think it is an important point and it is one which, obviously, I would like to take the opportunity to reply to, and that is the question of adult education classes. Yes, adult education classes this present year enjoyed a certain degree of subsidisation. Now we are looking at the whole question during estimates time and it may well be that at estimates time the Government may review its policy on the whole question of adult education classes and similarly in connection with what I said this morning at question time with the question of the Gibraltar College of Further Education because the third department would take over the whole question of evening classes. This is a matter that we are looking at at present, both in the context of this year's estimates and also in the context of the College of Further Education. I think there are two main reasons why we have limited adult education classes to residents of Gibraltar. The first one is the one mentioned by my Hon Friend, Mr Mor, when he mentioned the question of subsidy, yes, that is correct, but there is a much more important reason than that and that is the question of the non-implementation of Lisbon by Spain. I am sure the Hon Mr Mor is not asking us here to give the Spaniards across the way all the facilities that we have in Gibraltar yet in Spain we do not enjoy those same facilities. As far as we are concerned the frontier is not opened fully, the restrictions are still there and of course when the restrictions are lifted fully these are matters of cooperation, these are matters which in my view were envisaged and encompassed in the Lisbon Agreement. But as far as I am

concerned, let the Spaniards do what they said they would do and then we would look at areas like adult education classes. As far as I am concerned, let the Spaniards lift the restrictions, let them allow people who win trophies in Spain to bring them over and people to take their fishing rods over, and then we will look at the question of evening classes.

HON J C PEREZ:

If the Hon Member will give way. I think that the spirit in which Mr Mor was saying it was one of economic sense rather than reciprocity. The Hon Member is aware that the Opposition is completely against the Lisbon Agreement so we are not looking at it from that aspect. We are looking at it from the economic point of view and from the profit that might arise from having night students not only from Spain but in fact if people were to be able to commute from other places to come and make

HON J B PEREZ:

Yes, I quite realise that that was the point that Mr Mor was making but in reply I had to give the Hon Member opposite the two main reasons. One was the subsidisation and the other one was of course the political situation. I will be perfectly honest with the House, Mr Speaker, even if we were to get an extra £10,000 I would not support that and that is to allow any Spaniard who wants to come over to have adult education classes just because of £10,000 I would prefer the Spanish Government to lift the restrictions and then we will allow them to come, that is my own assessment, Lisbon or no Lisbon. One has to be quite practical about it and let us be honest the only people who are likely to come to Gibraltar are people living across the way in La Linea or in the Campo Area, maybe some people from Marbella and Estepona who may decide to come to evening classes but, really, they are only going to come for one class, that is, English, and as far as we are concerned our English classes are fully taken up. The Leader of the Opposition asked whether, in fact, I had sought clearance from the Foreign Office. Well, I do not think I need to seek clearance for this particular Bill from the Foreign Office and in any event it was a matter which I had the opportunity to discuss with Mr Hannay when he came sometime in July last year. When he came to Gibraltar I met him in my capacity as Minister for Education and this matter was put to him not because I wanted him to agree, I told him we were thinking of doing this and he said it was quite acceptable. And let me warn Members opposite that in the next House I am bringing in similar legislation for the Medical Department on the same basis, that is, on the question of residence. The advice that we have had is that there is nothing wrong with a strict residence criteria, so that matter was cleared as well. The other point he made was what happens with the bona fide cases, cases where people had been compelled to go across the way? I can inform the House that I spent a substantial number of hours together with Mr David Hull, our previous Attorney-General, trying to work out a

particular clause which would cater for that and to be perfectly honest, Mr Speaker, after looking at it for a hell of a long time we realised that the dangers were so great in that we were leaving loopholes for people to make use of that that we said: "Well, the way out of it is to have the legislation", and it is something that is perhaps my fault because I forgot to mention it and that is that the Bill is talking about free education. It may well be that somebody who is forced to go to Spain because they cannot afford a rent of, say, £50 a week and he is paying £20, he would be allowed provided he is a Gibraltarian and we realise that it is a bona fide case, subject to paying. What he saves from going there, part of it may have to be paid by way of school fees but the truth of the situation is, Mr Speaker, as far as we are concerned we feel it is very dangerous to try and put in safeguards of the nature recommended by the Leader of the Opposition because then it defeats the whole object of the Bill. We would rather legislate as it is and we will see what transpires. If there are cases which are bona fide I will of course get to know about it and if I do not, I am sure Members opposite may be familiar with cases that may arise and I would urge them to bring them to my attention and we will look at each case on its merits but the law must be clear and I think that the law is very clear in the Bill which is now before the House. I therefore, Mr Speaker, commend the Bill to the House.

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

HON J B PEREZ:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1983/84) ORDINANCE, 1984

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31st day of March, 1984, be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to move that the Bill be now read a second time. The Schedule shows a request for additional provision of just over £4m. At previous meetings of

the House of Assembly, during this financial year there have been requests for additional supplementary provision amounting to £2.3m so this gives a total of £6.3m for the year as a whole. This does not mean that the present Schedule entails a request for an increase of £4m in cash terms, nor does it mean an increase of £6.3m in cash terms for the year as a whole. The reason for this is of course that the Consolidated Fund is an account but not a cash account and the effects amongst other things is the consolidation of the account of the Funded Services with the expenditure Heads which are shown in the Summary of expenditure on page 16 of the accounts most of which are in cash terms, is an element of double accounting both in terms of expenditure and also to balance the account in revenue terms. For example, if I can choose the major items, increases under the respective expenditure Heads for electricity and water together account for close on £3m of the additional funds requested during the year, rather more than the figures shown in the Schedule before the House. They also account, these two, electricity and water, for most of the £2m contribution to the Funded Services from the Consolidated Fund which is shown in Head 29 of the Schedule now before the House. Other expenditure has increased by rather more than £1m during the year which brings one to the total of £6.3m for the year which I have already mentioned. The final reconciliation of these accounting debits and credits is of course in the Consolidated Fund, the balance of the Fund at the end of the year. As I said in answer to a question by the Hon Leader of the Opposition this morning, the estimated balance in the fund at the end of the financial year is about £7m. I expect there will be minor changes before the estimates are presented to the House of Assembly at the next session but I do not expect that figure of £7m to alter by more than £0.01m either way. That figure, £7m, compares with an estimate of £8.4m made when the estimates were presented by my predecessor at the beginning of the financial year. That means that there has been what I would call a negative cash flow of £1.4 m as far as the Consolidated Fund balance is concerned during the year and that allows for fluctuation on the revenue side as well as on the expenditure side during the year. I hope that Hon Members opposite, especially, find that explanation helpful. What I cannot, of course, say at this stage is what the Government estimates for the coming financial year 1984/85 will be. But there is one other point I would like to make, Mr Speaker, before commending the Bill to the House, and that is that what I have just said illustrates, certainly it illustrates for me, some of the difficulty of using financial accounts for management purposes by which I mean purposes of control of expenditure. These are, of course, accountants' accounts and they do not readily yield information about variations in labour, material, goods and services nor distinguish fully between price and volume variances. Information which is important for monitoring purposes, especially at a time when the financial situation may call for a rather stringent control of expenditure and close monitoring. There is an important point here and one which I hope to explore further with my colleagues in the Government, to see what conclusions in our system of control might be necessary and what changes might be needed in the presentation of financial estimates both to the House and, indeed, to the Government for the purpose of better control of expenditure. With those comments, Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

Mr Speaker, as the Financial and Development Secretary has said this is the fourth Supplementary Estimate and the nominal total is £6.4m but, of course, there is this element of double accounting on it to which he has pointed in Head 29 which effectively means that the figure on paper is £2m higher than it might be, something like £2.2m. I think there are two points to be made in relation to this and the comments that he has made. One is, in fact, that a fair amount of the explanations relate to under-estimations made at budget time last year and it seems odd that the under-estimation in March of last year should have taken until March of this year to be realised. We have had three previous supplementary estimates and one would have thought that during the course of the financial year the level of under-estimation would have started becoming obvious. It might be that the timing of the elections was not a totally unwarranted thing entering into the estimation or under-estimation or over-estimation. The other point I think that we certainly welcome is the move towards accountancy systems that more accurately reflect the real economy which is I think the point made by the Hon Financial and Development Secretary and something, in fact, to which we made some reference in our own approach in the elections. I think we defined it in our own manifesto as a way of looking at the Government financing which reflected more economic criteria and let me say that I go back a long way in pressing for a move in that direction, I think it goes back to 1973, when I spoke in the first Budget in the House, eleven years ago, it shows how old I am getting, Mr Speaker, and the Hon and Learned Chief Minister, I think it was, in his budget of 1977 - something else he can read tonight when he is reading what he said to the Foreign Affairs Committee - I think it was in his Budget speech in 1977. In fact, I may even have it here, Mr Speaker. It just happens to be here, I carry so many papers around with me that I am not quite sure if I am going to find it, Mr Speaker. He was announcing that the Government was at last achieving the objective that they had set themselves to revert to real accounts in the Undertakings, in the Funded Services, which at the time, in 1977, were water, electricity and telephones, because housing came in, I think, two years later, in 1979. I believe that although the Hon and Learned Chief Minister at the time said that they were achieving the objective they had set themselves, first of all, quite frankly, it took them a long time to declare it was his objective because I had been complaining about it since 1973 and, secondly, I do not think that the accounts that we have today are in fact a true reflection of the real cost to these services and I have always felt that it was important. Let me give one clear example which I would ask the Financial and Development Secretary to look at since he is just coming into the picture now, which I think is a clear omission from these accounts. We have charged throughout the period to the Treasury accounts a

sum of money for rates on Government buildings. We have never allocated any part of that charge for rates on Government buildings to any of the Funded Services, to me it would have seemed a logical consequence of that charge. It is a paper transaction and there is no change of money but I think if we are trying to establish what is the real cost of the service, then it is a different issue to decide how that real cost should be funded as between the consumer of the services and the general body of taxpayers and therefore the more realistic and accurate the accounts are I think the better the Government is able to explain its policy and the better the Opposition is able to question that policy and say whether it agrees with it or not. I think, really, on the general principles, Mr Speaker, that is all we wish to say. We shall, of course, be making appropriate comments in the Committee Stage.

HON CHIEF MINISTER:

Mr Speaker, every time the Hon Leader of the Opposition mentions something I said before I sweat and then I am full of relief because I find that what I have said makes very great sense. I am very glad he reminded me of this because let me say that this was the inheritance of the IWBP Government taking over the City Council. The point is that as the Hon Member knows we inherited in 1972 the merger and the electricity and water accounts being notional and I remember the Hon Member insisting on the former Financial Secretary, Mr Mackay, to have proper accounts and I having come from the City Council and having had the most detailed accounts of the services, wanted that and if the Hon Member will recall, we had to make a notional transfer of millions of pounds. But he has mentioned another point which, again, my old association with the Council makes it possible for me to make a comment on something which is much more difficult and that is when he mentioned the question of the rates accounts and the amounts of money that the Treasury provides and so on. That is much more difficult, certainly much more difficult than it used to be in the City Council accounting because the rates that were levied from year to year were to pay for rates services only and therefore you could see at the end of the year what the rates services were, things like refuse collection, roads, public lighting, all those were specified and the others paid for themselves. The electricity paid for itself, water paid for itself, telephones paid for themselves, or if they had a deficit it was covered. But the rates services were according to law and we could only raise the rates to pay for the services that we were rendering. In what was called the merger but was really an absorption of the City Council by the Government in 1969 the whole thing disappeared and, in fact, it disappeared so much that the notional accounts were made, I do not know what for because they meant nothing at all. I find, and in fact perhaps it is a pointer to the intentions which are very welcomed by the Financial and Development Secretary to a new approach to a more realistic thing, that that would be more difficult. There was an earlier statement about rating and valuations on rent and so on. That is much more difficult because you cannot now, in my view, I may be incorrect, you

cannot now identify the rates as being paid only for what were rate services, in fact, it would be very difficult for the Public Works Department which has such a vast organisation, to divide as between what is a rates service and what is a public works service. And yet the rates are levied on that. We had ideas long ago that we should have no rates at all, we should have one kind of tax for everybody. I don't know, maybe by now the Chancellor of the Exchequer proposes something like that in the House of Commons.

HON J BOSSANO:

If the Hon Member will give way. I do not think he quite understood the gist of the point that I was making because I was not questioning the concept of having rates as a way of raising revenue. I think the point that he is making is a perfectly valid one, particularly when there isn't a municipal authority as such and where it is just Government revenue. What I was saying was that if we look on the expenditure side, the Treasury has got a sub-head which is the rates payable on all Government buildings. I would have thought that if one is allocating costs to the Funded Services then part of those rates would legitimately be a cost to the Funded Services. They have never been treated as such. Part of the subsidy from the general body of taxpayers to the Funded Services have included paying the rates for the services going back to 1970, in fact. I think they were charged rates under the City Council provisions when, in fact, I think when the amalgamation took place, there was a question of how it should be treated because I believe the old City Council says, because they were all under the municipal authority, the electricity account provided free electricity to the Council in exchange for having rates free areas. I remember reading something like that when the documents of the amalgamation were there but I think since the amalgamation, effectively, there was no attempt to allocate the rates although the rates were shown as a Government expenditure under Treasury.

HON CHIEF MINISTER:

I understood what the Hon Member said but of course, I was dealing more with the question of the municipal side because that was my original incursion into public life and whatever little I learned there has been of help subsequently. I agree in general terms on the points made and, in fact, the Financial and Development Secretary has indicated to us, in fact, his thinking some time ago and I am glad he has been able to make this public on this occasion and I look forward to that. There may be difficulties but I hope it does not take the seven years that it took to do away with the notional accounts.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, on the Hon Leader's comments on the under-estimation, the first point that he made, I think this illustrates exactly the point I made about the insufficiency of information about the nature of the variance, whether it is the price or volume.

For example, inasmuch as the various Government Departments use water and electricity, the under-estimation which they made at the beginning of the year may be simply a function of the increased cost of the electricity and water to them which would not be fully revealed or has not been fully revealed until this supplementary provision has been presented to the House. But I take the point that it is not easy to tell that from the information which is presented and I think this goes back to my point that we need a rather more refined analysis of the expenditure which will be part of an improvement of control, generally. Of course, as with all these things you pay a cost for improving systems in terms of more resources and attention. If I might make a comment on the Funded Services, I do not want to scoop what the Chief Minister has said but, clearly, there are advantages and disadvantages of consolidating with the general Government accounts. The advantages are the fact that you are doing it simply and almost, I would say, ingeniously, the consolidation which is done in these Estimates and the Treasury knows exactly what is happening and the accounts, I hope are accurate to that extent. But the cost of that, I think the advantage is that it is therefore done more cheaply than it might otherwise be. The cost of course is that it does divorce the financial from the managerial responsibility as far as the heads of various undertakings are concerned, in that their financial responsibility is expressed through an account for which the Accountant-General in the Treasury is the Controlling Officer and that does not seem quite right, as I say, it is a question of advantages and disadvantages.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Education (Amendment) Bill, 1984, and the Supplementary Appropriation (1983/84) Bill, 1984.

THE EDUCATION (AMENDMENT) BILL, 1984

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

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

THE SUPPLEMENTARY APPROPRIATION (1983/84) BILL, 1984

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

Schedule

Schedule of Supplementary Estimates Consolidated Fund (No 4 of 1983/84).

Head 3 - Education

HON R MOR:

Mr Chairman, I have noticed that on the previous year the approved estimate for sub-head 3 which corresponds to Services as regards education, the approved estimate was £70,800 and that a final bill was something like £95,700. I see that the next year we have £78,800 as the approved estimate with an additional requirement now for £22,212. Mr Chairman, I see no reason why they should not have started with £95,000 in the first place.

HON J B PEREZ:

There were two main factors as far as the electricity and water were concerned and that is that we really had two new schools which are Westside and the Sacred Heart Terrace and therefore at the time of the estimates we underestimated the water consumption in those schools. For example, in Westside, the comparison we had was really the Bayside School, the Boys' Comprehensive School, but one must realise that as far as the boys are concerned they do most of their sports activities in the Victoria Stadium and therefore they have their showers at the Stadium, whereas at Westside shower facilities and all gym facilities are within the school, the other one is Sacred Heart. I take the point, this is something that one does not normally like to see in particular my Hon Colleague, the Financial and Development Secretary, who shudders every time we put in a bid of supplementaries. But, yes, it was underestimated.

HON J BOSSANO:

It would have been reasonable, one would have thought, Mr Chairman, when the budget was brought to the House, given that the revised estimate for 1982/83 was £95,000, that is the point I think my Hon Colleague is trying to make. In fact, the Hon Member is putting back the cut that was introduced in last year's budget. Why did he put the cut, what reason was there to expect that he would be able to have lower water and lower electricity in 1983/84 than he had in 1982/83? It does not make sense.

HON J B PEREZ:

This is something I do not know but I will inquire.

Head 3 - Education was agreed to.

Head 4 - Electricity Undertaking

HON J C PEREZ:

Mr Chairman, can the Minister for Municipal Services explain what part is underestimated and what part of the cost is to meet increases in the cost of fuel in both sub-heads 4 and 8? I see that there is a disparity between one sub-head and the other if most of the cost is related to fuel and why is that?

HON DR R G VALARINO:

Mr Chairman, Sir, let me deal first with the underestimation. The figure inserted in the 1983/84 estimates for fuel was £1,926,000 allowing for the purchase of 14,100 tons of fuel. This was a realistic estimate costed on the projected split between the three kinds of fuel in use. This figure was reduced during discussions of the estimates by the Treasury and Ministers to £1,700,000 allowing for the purchase of 12,512 tons of fuel and not 14,100 tons of fuel. Generation has been much higher during the financial year and, in fact, we have used the 14,100 tons of fuel and thereby there is an underestimation as far as fuel is concerned. The original figures provided in last year's estimates were underestimated. The other one is the increase in fuel. The bulk of the oil used, 82%, has been residual fuel. This price dropped marginally on the 1st April but increased on the 1st October, 1983, to a level some £8 dearer than the figure used when preparing the estimates and coincided with a period of higher generation. By contrast, the marine diesel fuel price dropped by some £14 per ton in April but did not exceed the figure on which our estimates were based until the 20th January, 1984, when it increased to £207 which is £6.26 above the estimate and hence there was a large increase in the cost of fuel which again reflects in the amount of money that we are asking for as a supplementary.

HON J C PEREZ:

What the Hon Member is saying is that the underestimated amount is in respect of fuel and the rest is to meet increases in the cost of fuel.

HON DR R G VALARINO:

Exactly.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think it is a mixture of volume and price.

HON J C PEREZ:

And which of the two Power Stations is using the marine fuel, which is the one that seems to have been increasing in price?

HON DR R G VALARINO:

Mr Chairman, Sir, both. It depends when we need the engines to convert to marine fuel.

HON J C PEREZ:

Mr Chairman, why then the disparity between the two figures since the approved estimate was much closer for King's Bastion and Waterport in that one was £768,000 and the other one was £932,000 and then the supplementary estimates now required for one is £99,000 and for the other one it is £383,000? Why the disparity between both if they are both using the same fuel?

HON DR R G VALARINO:

Obviously, Mr Chairman, it is the increase in the generation of the engines concerned.

HON J C PEREZ:

An increase in the generation of the Waterport Power Station and a decrease in the other one, one presumes?

HON DR R G VALARINO:

Broadly, yes.

HON J C PEREZ:

Can Government confirm that none of the increased cost is due to the result of shortages by Shell?

HON DR R G VALARINO:

I am sure in my own mind and the Financial Secretary has confirmed it, this was not as a result of shortages by Shell.

HON J C PEREZ:

Mr Chairman, on this same heading still, one cannot explain very well why the increase in the cost of fuel, even in marine fuel, when one reads in the international press that the cost of fuel is coming down rather than up.

HON DR R G VALARINO:

We have to pay for all our oil in dollars and it depends on the actual value of the dollar at the time compared to the pound on the cost of fuel. Very often, you will notice that the FCA may have gone up and this is purely as a result that the dollar has gone up and therefore it costs us much more to buy the fuel necessary.

HON J C PEREZ:

Mr Chairman, now that the dollar is coming down like the Hon Colleague of the Minister for Municipal Services was saying, would that mean that it is expected that the cost of fuel will come down shortly and that this will be reflected in the estimates in the forthcoming budget?

HON DR R G VALARINO:

Mr Chairman, I am afraid I do not have a crystal ball. I do not know how far the dollar will come down and how far the dollar will subsequently go up. I think it is far more important to take into account the continuing war between Iraq and Iran which may well alter our prices accordingly.

HON J C PEREZ:

Mr Chairman, the Hon Member has me at a disadvantage when speaking about the Iraq/Iran war. I understand that he is more familiar with dollars than wars and things like that. But coming to the other head, the Opposition intends to vote against the cost of running the Station by Hawker Siddeley. The reasons for this are quite clear as put forward by Mr Bossano in the previous House of Assembly. We do not approve of the way the whole situation of the new Generating Station is being handled and we do not approve of the continued need for Hawker Siddeley here. On the question of the amount of money which the House has been asked to approve and taking into account the Auditor's Report, which I am sure the Hon Member must have already read, is the \$1.3m which the House is expected to approve today, does that include taxation?

HON DR R G VALARINO:

Mr Chairman, Sir, two things. First of all, the Hon Member says that Mr Bossano, in fact, disagreed with the cost of running HSPE at the last House of Assembly. If I remember rightly, he voted in favour and I am quite willing to stand down if I am wrong.

HON J BOSSANO:

I think that I have, in fact, disagreed entirely with the setting up of the Steering Committee and the money for the Steering Committee.

HON DR R G VALARINO:

Mr Chairman, I am glad that the Hon Leader of the Opposition has confirmed that he did, in fact, vote in favour of the amount required for the running of the Station. This is necessary to carry on the running of the Station until the 31st March, 1984, in order to work out several problems that you may be aware have cropped up in the meantime. As far as the second part is concerned as to whether tax is included in this, I am afraid I do not have that information to hand.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Speaking entirely from memory, Mr Chairman, I think this was the subject of an agreement made that it would not bear tax. I think there is a reference to this in the Auditor's Report.

HON J C PEREZ:

Yes, Mr Chairman, but if the Hon Member will allow me. In view that the Auditor is highly critical of the waiving of income tax in respect of Hawker Siddeley, is the sum of income tax included in the amount of money that we are supposed to be . . .

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, sorry, Mr Chairman, the purport of my rather lame reply was to say no in answer to that question.

HON J C PEREZ:

Mr Chairman, is it expected that another supplementary estimate to increase the amount to allow for taxation will be brought to the House before the end of the financial year?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Mr Chairman.

HON J BOSSANO:

Does that mean, in fact, then, Mr Chairman, that the Government disagrees with the point? Is the Government taking legal advice on the matter? I think it is an important point in relation to this particular vote. The Auditor makes the point that in the previous financial year, 1982/83, the amount paid to Hawker Siddeley Power Engineering for running the Station in 1982/83 was tax free and that there was no authority for this to be tax free. If the Government is telling us that this is also tax free and that nothing is going to be done about it, are they saying that they have taken legal advice and they believe the Auditor to be wrong or what?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The Auditor has simply drawn attention to the fact that the Commissioner of Income Tax has a statutory responsibility to raise assessments under the Tax Ordinance. That is something which can be considered on its own or in itself as most legal questions tend to be and can be separated from what might be an administrative decision, in this particular case, to waive income tax. This is something, obviously, one would have to consider.

HON J C PEREZ:

Mr Chairman, does the Hon Member consider that Hawker Siddeley is not being paid enough to justify exempting them from income tax and is the Hon Member considering exempting people from income tax who earn less than those employed by Hawker Siddeley?

HON J BOSSANO:

Could I ask, in relation to this vote, I think the Hon Minister has said before that this was not a reflection of the real cost to Government of running the Station by using Hawker Siddeley Power Engineering because it was offset by savings, that is the cost having to be met anyway if it was run by their own employees. Can the Minister, in fact, give an indication to what degree, I mean are we talking about half of it being notional savings, or three quarters of it, or what?

HON DR R G VALARINO:

Mr Chairman, Sir, I am afraid I do not have those figures to hand and certainly I cannot give the Leader of the Opposition the information he requires. If he will give me time I will find out and I am quite prepared to give it to him at a later date.

HON J BOSSANO:

Would the Hon Member, when he is looking at that, and I am grateful for his offer to look into it and I will give him time, until tea break, would the Hon Member not consider that one pertinent point in looking at the comparative cost and I think the validity of the argument of the Auditor is the question of taxation. If he is looking at a situation where he pays one group of people, say, £20,000 net, and another group of people £20,000 gross, then in fact that is a factor in looking at the comparison.

HON CHIEF MINISTER:

The point that I would make here is that if the agreement is exempt from tax, if it had been subject to tax it might have been higher.

HON DR R G VALARINO:

Mr Chairman, I will certainly let the Hon Member have the figures he wants as soon as possible.

Head 4 - Electricity Undertaking was agreed to.

Head 6 - Governor's Office

HON J BOSSANO:

Mr Chairman, Telephone Service, sub-head 4 - Metered Calls. Is the Government in a position to say how many of the metered calls took place on the night of the Count?

Head 6 - Governor's Office was agreed to.

Head 8 - Housing

HON J L BALDACHINO:

Sub-head 10, does this amount include brackish water and general rates?

HON MAJOR F J DELLIPIANI:

No, Mr Chairman.

HON J L BALDACHINO:

Is it based on the rents?

HON MAJOR F J DELLIPIANI:

Yes, Sir.

Head 8 - Housing was agreed to.

Head 11 - Labour and Social Security

HON MISS M I MONTEGRIFFO:

I would like to ask on sub-head 8. Why have a sub-head for Relief Payments Abroad when there are two sub-heads that follow which cover this, for example, sub-head 23 under Medical and Health Department and sub-head 9 under Labour and Social Security? What exactly is meant by Relief Payments Abroad?

HON MAJOR F J DELLIPIANI:

My Department has certain responsibilities to people with Gibraltar connections in Morocco and Spain and most peculiar places. This particular amount, £4,900, was for an old lady who lived in Madrid for 40 years and it was costing us more money to pay for her medical expenses in Madrid so we arranged for her to come over to our hospital and this was the final payment that we made prior to bringing her over to Gibraltar.

Head 11 - Labour and Social Security was agreed to.

Head 14 - Medical and Health Services was agreed to.

Head 15 - Port was agreed to.

Head 18 - Prison was agreed to.

Head 20 - Public Works Annually Recurrent

HON J C PEREZ:

Mr Chairman, does the Government intend to convert the Hebrew School every year, since the money being approved is for the conversion of club premises for the school and it comes under Public Works Annually Recurrent? Shouldn't that money be charged to the Improvement and Development Fund under Capital Charges?

HON M K FEATHERSTONE:

No, Sir, in Government accounting in the Annually Recurrent section of the Public Works there is a large amount of money which is spent on public buildings, etc, which basically is not large enough to be classified as an I&D measure, and that is why this has been included under that section.

HON J C PEREZ:

Mr Chairman, on the other Head, Head 56, when does the Minister envisage that the new distillers will be operational and does he expect the operation of the new distillers to reduce the level of importation of water?

HON M K FEATHERSTONE:

As far as we are being informed at the moment the first of the two new distillers will come into operation in August. The second one under the contract does not need to come into operation until January but the hopes are that it will be operational by November. The estimates we have is that should it come in by November, in the third quarter of the year we will have a surplus of water from distilling sources and no importation will be needed at all.

HON J C PEREZ:

Mr Chairman, why is the explanation given here that it is part cost of importing an additional 18,000 tons of water, does that mean that it is part cost and that the rest of it is something else or that it is part cost because it was brought in jointly with the Ministry of Defence?

HON M K FEATHERSTONE:

No, Sir, the original estimates for the importation of water was £650,000 and this was water that we expected we would bring from Morocco. Because Morocco is not able to supply all the water that we wanted, there was left in the vote a sum of money which has not been used. That, together with the £75,000 we are asking for, is sufficient to pay for the water that we are bringing from the UK.

HON J C PEREZ:

Can the Hon Member state what is the amount of money that was left over of the £650,000?

HON M K FEATHERSTONE:

It would be, roughly, about £105,000.

HON J BOSSANO:

Then we have a situation where the 18,000 tons cost £180,000, is that correct?

HON M K FEATHERSTONE:

That is correct.

HON J BOSSANO:

Well, then that makes it about £10 a ton.

HON M K FEATHERSTONE:

That is correct.

HON J BOSSANO:

Can the Hon Member then explain why it is that in the previous supplementary we had £170,000 in supplementary No. 1 for 20,000 tons; £271,800 for 40,000 tons; £170,000 for 90,000 tons, so that each supplementary seems to bring water in at a different cost, this one being the most expensive? Is there an explanation for it?

HON M K FEATHERSTONE:

This has been the most expensive. Unfortunately, the cost of water varies from time to time, depending on the incidence of shipping and the urgency with which we want it. If we are able to look around for, perhaps, two months we can get a cheaper tanker but where we need it very urgently then sometimes we have to pay the higher figure

HON CHIEF MINISTER:

You cannot be ordering water when you hope to get it either from Morocco or from natural sources. We are now in a position where we have decided not to purchase half a tanker and we are keeping our fingers crossed.

HON J C PEREZ:

I am sorry to come to one of my original points, Mr Chairman, but could the Hon Member explain whether when he talked about self sufficiency in water, he meant over and above the £650,000 voted for water from Morocco or whether self sufficiency meant that we would not be importing water from Morocco either, in relation to the new distillers?

HON M K FEATHERSTONE:

When we have the two distillers working we will then theoretically have four sources of supply of water other than importation. These four sources being the rainfall, what we obtained from the wells and what we obtained from each of the two distillers. They should give us a self sufficiency of water, no importation will be needed, hopefully, either from Morocco or from the United Kingdom.

Head 20 - Public Works Annually Recurrent was agreed to.

Head 21 - Recreation and Sport

HON MISS M I MONTEGRIFFO:

Mr Chairman, the increase of £2,500 is inconsistent with the amount of money provided in previous years which, incidentally, covered telephone charges. For example, in 1982/83 the figure was £13,480 and in 1981/82 £12,700. This, effectively, means that there has been an increase in consumption of water and electricity of about 15% and I would like to know what the reason is for such a high increase.

HON G MASCARENHAS:

I would imagine more people are using it and higher costs as well.

MISS M I MONTEGRIFFO:

Are you referring to the Stadium?

HON G MASCARENHAS:

The Stadium, yes.

HON MISS M I MONTEGRIFFO:

I visit the Stadium very regularly and since the border opened less people are in fact using the Stadium.

HON G MASCARENHAS:

My information is that the usage of the Stadium is still the same as before the frontier opened. The cost in the electricity is much higher and the water is also much higher. I can check it for you.

Head 21 - Recreation and Sport was agreed to.

Head 22 - Secretariat

HON J BOSSANO:

On rents of Offices, Sub-head 7, Mr Chairman. We will not be supporting the supplementary provision now being required. I believe there was quite a heated exchange the last time in the House on why it is that the Government seems to be unable to make use of the moratorium itself. There is here an increase in rent of Government flats and offices and the moratorium under the Landlord and Tenant Ordinance is still there because the new Landlord and Tenant Ordinance is still not in effect, how come that we are having to vote more money for increases?

HON ATTORNEY-GENERAL:

Mr Chairman, I will look into that.

HON CHIEF MINISTER:

I am speaking purely from memory but I think we gave up one of the leases at Leon House and we renewed another one in advance of time and made a settlement which included a revision of rent.

HON J BOSSANO:

I think that was the explanation for the £45,000 in the previous Supplementary Estimates and it involved, I believe, arrangements in Leon House and Seclane House but in the explanatory column it says: "Additional commitments in respect of rents of flats, £35,900". That seems a very substantial amount for rents to go up by particularly if there is a moratorium.

HON CHIEF MINISTER:

We will get the details but it is more flats for expatriate officers. Until the quarters are ready and so on there is a period in which we rent more flats for expatriate officers.

HON J BOSSANO:

I take it then that none of these expatriates have anything to do with Messrs Appledore Shiprepair Company?

HON CHIEF MINISTER:

No, we do not pay for that, ODA does.

HON J C PEREZ:

Can the Hon Minister for Municipal Services state whether the work of the Chairman of the Steering Committee has ended?

HON DR R G VALARINO:

Mr Chairman, Sir, as Members of the Opposition will know, the work of the Chairman of the Steering Committee has not totally finished because the draft document of agreement has not been signed. He has not returned to Gibraltar since Christmas because various snags developed in this agreement which is the subject of discussions by various sections including unions and staff. This is as much as I can say about the £32,000.

HON J C PEREZ:

So what the Hon Member is saying then is that the Chairman is waiting for the normal machinery to solve the issue and come back to Gibraltar and wrap up the Agreement.

HON DR R G VALARINO:

Mr Chairman, obviously not, Sir. What we do not want to do is to bring the Chairman out, have to pay him an extra amount of money, have him sitting around doing nothing and then he has to go back with an unfortunate decision and he is unable to ratify or sign any agreement. When the Chairman comes out we want him to do a useful job and be able to ratify agreements which have already been the subject of negotiations here in Gibraltar thereby saving money in this respect.

HON J C PEREZ:

And does the Hon Member think that had the Chairman not been employed in the first place, that the agreement would not have come about as it is coming about?

HON DR R G VALARINO:

Mr Chairman, Sir, that is merely supposition.

HON J C PEREZ:

Mr Chairman, the Opposition will be voting against. In fact, it was for the same reasons that we were going to vote against the other one in relation to the appointment of the Chairman in that we feel that the appointment of the Chairman and the way that the Steering Committee is proceeding is responsible for Hawker Siddeley still being here in Gibraltar. I suppose that no notice has been taken either under this sub-head of what the Auditor has had to say when he criticised that this vote should come under the vote of the Secretariat.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The answer must be that the matter is still under consideration by the Financial and Development Secretary.

On a vote being taken on Head 22 - Secretariat - Sub-head 7 - Rents of Flats and Offices and Sub-head 81 - Enquiries into Departmental Functions and Efficiency, 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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J I Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

Sub-head 7 - Rents of Flats and Offices and Sub-head 81 - Enquiries into Departmental Functions and Efficiency were accordingly passed.

Head 22 - Secretariat was accordingly passed.

The House recessed at 5.25 pm.

The House resumed at 6.10 pm.

Head 23 - Telephone Service

HON J C PEREZ:

Mr Chairman, on Sub-head 6, can the Government say whether the hiring of the tie-lines from the Forces Telephone Exchange is an ongoing thing or was it something which was not envisaged?

HON DR R G VALARINO:

Mr Chairman, if I remember rightly, it costs us £1,500 a year and these are lines which we do not have and we hire from Signals and similarly Signals when they need lines from us hire from us but we pay a certain amount per quarter to Signals in respect of the tie-lines. The revenue accruing, both direct local metering and international metering, comes to us but we do have to pay a quarterly rental for the tie-lines, like they do in respect of our tie-lines.

Head 23 - Telephone Service was agreed to.

Head 24 - Tourist Office, (1) Main Office

HON J E PILCHER:

Mr Chairman, under Head 24, Sub-head 5 - Electricity and Water, the Government is asking for a further £9,230. It seems to me, having checked the budgets of the previous years, that the vote, for example, in 1981/82 was £9,700 which was then put on the 1982/83 as £9,700 for the 1982/83 budget which was then subsequently found to be lacking and it was brought up to £13,000. Again, this year, 1983/84, the £13,000 was started with and now we come to £22,300. Mr Chairman, this is 71% up on the figure of £13,000. Surely, this cannot be just for added costs of electricity and water?

HON H J ZAMMITT:

Yes, Mr Chairman, the Hon Member is absolutely right, it is not just added costs for electricity and water. The main bulk of the £9,000 sought is as a result of the new Air Terminal extension which became operational round about September and we were not of course aware nor could we estimate with accuracy the cost particularly of the conveyor belt which absorbs quite an amount of juice and of course very much more additional lighting.

(1) Main Office was agreed to.

(2) London Office

HON J E PILCHER:

Sub-head 5, Mr Chairman, the £10,000 increase in rent retrospective of September, 1982, £8,879. Mr Chairman, can the Hon Minister explain to me how it is that this high cost in rents has accrued given the fact that if I am not mistaken the London Office was moved because of the high rent that they paid at where it was before and it seems to me now that £18,000, even in retrospective rent from September, 1982, is quite a high figure.

HON H J ZAMMITT:

Mr Chairman, Sir, the rent that we were paying for the London Office in The Strand was £9,975 for the year. We then had an upping of virtually 100%, in fact, it was 97%, which we argued against and we were able to have a reassessment and an agreement on £14,000-odd per annum. Therefore that is the increase that we are seeking here. It, of course, goes back to September, 1982, and therefore that is why there is an upping on the £4,000 from the £10,000 to the £14,500. We are up to date now and we have a 5-year lease. I think it is £14,500, I am not absolutely sure, it is certainly over £14,000, but otherwise we would have to pay something like £18,000. As to the question of the rent expenses, Mr Chairman, it is in The Strand and London rents are quite steep and we are very fortunate that we have the kind of accommodation that we have even at £14,500.

(2) London Office was agreed to.

Head 24 - Tourist Office was agreed to.

Head 29 - Contributions to Funded Services

HON J BOSSANO:

Mr Chairman, on Contributions to Funded Services, on the contribution as a whole, I think that the point that we would wish to make is that in fact the Chief Minister announced in 1979 - I have the whole document here - in 1979 he announced that the policy of the Government was that the Funded Services should become self-financing. I would like him to confirm that in fact since he announced that the amount of contribution to the Funded Services has been higher than before he announced that policy. It is taking the three together. Would he not agree that the policy of making the Funded Services self-financing appear to be consistent only in the case of the Telephone Service where there is a situation where the results of a given year's operation are carried forward into the future and that in fact liquidating the accounts at the end of the year is not an indication of making them self-financing but an acceptance that they cannot be and they will not be.

HON CHIEF MINISTER:

For once, Mr Chairman, I remember what I said better than the Hon Leader of the Opposition. I remember perfectly what I said. What I said was that we should aim at making the Funded Services self-sufficient except Housing, I made that reservation, I am quite sure. But the reality of the situation is that the costs are high and that the charges for these services are pretty high and we do not know how high they will be later and that, in fact, certainly while the recession is on, it would be unfair to try to make them self-sufficient now, it is the worst time possible. We did make an inroad into that after I said it, the year after the extent of the contribution was less but now it is inevitable. I stand corrected for the intention that we had to make them funded to some extent but I did not say self-sufficient. Not only should they be self-sufficient but that they should have profit, ideally, to provide for the capital future, but that unfortunately in a place like Gibraltar, as the Hon Leader of the Opposition has so many times said himself, we have to pay the cost of being self-sufficient in a small territory and that is inevitable.

HON J BOSSANO:

Could I ask in respect of Sub-head 2, the explanation in the margin "Partly offset by increase in revenue". I take it that this is a reference to the decision of the Government in the last House of Assembly to introduce the surcharge for imported water. Wasn't the surcharge for imported water put on the basis that it would be continued until it offset the increase in costs and is this, in fact, a change of policy?

HON CHIEF MINISTER:

No, no change of policy except that the amount of water that has been imported - I will have something more to say when we come to another discussion on this matter - but the amount of water that has had to be imported this year because there has been no rain virtually since November has had a dramatic effect on the whole of the estimates. In other places they have droughts and they suffer as a result of that. Here we suffer as a result of upsetting the balance of the budget by having to ensure that people have water and that is why the surcharge will have to continue. We do not know what the charges will be but, anyhow, it is still being sold heavily subsidised in spite of the surcharge. That will take a long time to write-off at the rate the surcharge was made.

HON J BOSSANO:

I am not disputing the desirability of importing the water, Mr Chairman. I am talking about the policy as to how it should be financed. Wouldn't the implication of the policy the Government announced when they introduced the surcharge, wouldn't the implication of that be that a situation where the cost of importation had not been completely covered by the

surcharge have meant that there would have been a deficit in the accounts which de facto was being met from the Consolidated Fund as it is indeed in the Telephone Service but was not in fact eliminated by a contribution. Surely, once a contribution is made the surcharge cannot be continued otherwise we would finish up with a surplus in the funded account.

HON CHIEF MINISTER:

We are in a situation now which is really a difficult one until June or whenever the second distiller is out when we will then know for certain the cost of production on the distillers and other events but this is the third most exceptional year in which water had to be imported at very high cost in order to ensure the community with that precious commodity.

HON J BOSSANO:

Mr Chairman, I accept entirely what the Hon Member is saying about how precious water is and how little of it we have. I am asking about the policy that was previously announced that the surcharge was being introduced, I think the Minister for Public Works said at the time that the level of the surcharge was such that the surcharge would continue into the future although, in fact, at any given point in time it was not covering the actual cost of importation. I think he said that they had to choose between a much higher level to recover the money very quickly or a lower level to recover the money over a longer period of time. What I am saying is, is it not effectively the decision to transfer the money from the Consolidated Fund to the Funded Services, to the Potable Water Service Account, does that not have the effect that at the end of the current financial year, effectively, the cost of the importation of water will have been met and therefore the surcharge will not carry on contrary to the policy that was announced before?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the calculations which the Hon Leader of the Opposition has made really will have to be made part of the Budget depending on the forecast which appears to us reasonable at that time, and the extent of importation.

MR SPEAKER:

I think we are talking at cross purposes. I think what the Hon Leader of the Opposition is saying is that once the money has been transferred from the Consolidated Fund to settle the deficit in the water fund, then there is no legal requirement to charge the excess and should therefore the transfer not be made so that the excess should be carried on until such time until it has met its commitment. Is that correct?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, if he means are we writing-off the deficit, in effect.

HON J BOSSANO:

That is, effectively, what we are doing.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That is what we are doing, yes.

HON J BOSSANO:

So, in fact, it means that the policy that was announced, Mr Chairman, as I remember it, was that the level of surcharge that was being introduced was planned by the Government to cover the cost of importation over a period of time which in fact extended beyond the period of importation and it was explained that the choice had been either a higher surcharge to recover it very quickly or a lower surcharge to recover it over a long period. It seems to me that if at the close of the accounts for the current financial year we are transferring an amount of money which is the amount of money not recovered by the surcharge, then in fact the policy has been changed and the Government has now decided that the surcharge should end at the end of this financial year because, presumably, the effect of this, if the explanation in the margin is correct and that this is the balance of the cost, it means that at the close of the accounts the Potable Water Service Fund will be in balance as a result of this transfer.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, in balance inasmuch as a book entry and it will be in balance because the contribution is from the Fund. The Hon Leader of the Opposition has taken me to task for trying to assume or tell him what the real issue behind his question is but I think that the point perhaps is whether the surcharge or whether any excess in cost of importing water over the revenue from water charges, whether that excess cost is borne as a general charge on the Fund, or whether it is levied on consumers in the form of a surcharge or increase in tariff.

HON J BOSSANO:

What I am saying is that that was the policy when the surcharge was introduced. I am saying that given the legal limitations on the Fund, if in fact the money is now transferred and the fund is balanced at the end of this financial year, and the surcharge continues in accordance with the previously announced policy, I am not sure whether it means that it will or it will not, but if it does, then it will appear to me that it will

result in a paper surplus in the Fund and that surplus, of course, cannot subsequently be presumably transferred back from the Special Fund into the Consolidated Fund on the basis of the regulations covering the setting up of the Special Fund.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I understand the Hon Leader of the Opposition's point, Mr Chairman, and in the terms he has put it, yes, I assent to that. All I would say is that there are other factors which might affect whether the Fund as of now, in terms of estimates we will be making as part of the Budget, whether the Water Fund is at current level of tariff likely to be in deficit or not.

HON J BOSSANO:

But would not the Hon Member agree with me that the implication of the explanation that he gives here, namely, that the sum of money that is being transferred is partly offset by an increase in revenue which goes to the Fund and not to the Consolidated Fund, that is, it goes to the Special Fund and is shown in the Appendix in the Special Fund, the implications of that, I would say, to anybody reading this would be that the levy meets the difference between the sums that we have voted in Supplementary Estimates for importation and the sum we are voting as a transfer, that is, that the difference between the two sums is the product of the levy added to the water bills. Surely, that is the implication of the explanation he has put in the margin.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think I would like to leave the Hon Leader of the Opposition with the last word on the subject.

HON CHIEF MINISTER:

No, I would like to say something. What has happened is that the surcharge was brought here hopefully when there was only one tanker required and we said we would need so much time to cover that tanker. But the position has worsened so much that another tanker and another tanker has been brought. I think the only point that arises out of that is to see how much in this money is recovered from the Special Fund and itemise it out of it, is that what the Hon Member is saying? Then we would have to see later on whether we can do that or whether we have to have an overall charge without a special fund because the increase has been so dramatic over a short period.

HON M K FEATHERSTONE:

Part of the idea is that we wanted to have a completely new look of water tariffs and introduce a completely new system of water tariffs in the coming year. If we were to leave this with a deficit of the two tankers that we have not fully

covered by the normal cost of the water and run the surcharge on for an extra 18 months or so, it would pre-empt the new tariff structure we would like to make so the decision has been made to write it off once and for all now and then we can start on a new tariff structure straightaway.

HON J BOSSANO:

When I am correct in saying, Mr Chairman, that the effect of this is to write it off and balance the books and effectively it means that the previously announced policy of continuing the surcharge is now not going to be done because of the explanation that the Hon Member has given.

Head 29 - Contributions to Funded Services was agreed to.

Schedule of Supplementary Estimates Consolidated Fund (No 4 of 1983/84) was agreed to.

Schedule of Supplementary Estimates Improvement and Development Fund (No 4 of 1983/84) was agreed to.

The Schedule 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.

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Education (Amendment) Bill, 1984, and the Supplementary Appropriation (1983/84) Bill, 1984, have been considered in Committee and agreed to without amendment 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.

PRIVATE MEMBERS' MOTIONS

HON J BOSSANO:

Mr Speaker, I beg to move: "That this House notes the Auditor's Report for the financial year 1982/83". This is the first motion moved by the Opposition in the new House of Assembly and I think with some measure of confidence I can expect the support of the Government for this motion, I do not think that they can

fail to note the Auditor's Report. Of course, the wording of the motion quite deliberately refrains from expressing either approval or disapproval of the Auditor's comments. Let me say that the Auditor's Report is one that has got some very disturbing things to say about the finances of the Government and it is a matter in which, obviously, this Opposition will be devoting a lot of time to because we have in our own attachment of different priorities we have in the past drawn a great deal of attention to the importance we attach to the running of the economy and the control of the finances by the Government so that what we have to look at and question is the reflection of Government policy and not omissions due to inadequacy in the way the system is run by the Government. If one wanted to introduce a censure motion at this early stage in the life of the Government, which we have no intention of doing, then I think there is enough material in the Auditor's Report to form the basis of more than one. I would draw particular attention, I think, to two aspects of the Auditor's Report. One is the question of the arrears of revenue which has appeared in many other Auditor's Reports before but where on this occasion there is a breakdown in particular, I think, in the area of income tax which has not been present in previous Auditor's Reports and there is one element in that which I think any reasonable citizen would consider to be totally indefensible and that is the non-payment to Government of income tax collected through PAYE from employees. I think that sometimes people in the business community argue that they act as tax gatherers for the Government in respect of PAYE, they certainly use the same argument in UK in respect of VAT but I think that it is one thing to be a tax gatherer for the Government and another thing is to gather the tax and pocket it. I think that is something, quite frankly, where the Government must and should take a particularly tough line and I can tell the House that I have had personal knowledge of instances in the past, I think we did something to ameliorate the situation recently in the House of Assembly in an amendment to the Income Tax Ordinance, because in fact the situation that existed and there was a particular incident affecting a number of workers in a particular firm, where the firm went bankrupt, the owners disappeared, and the liability to tax of the employees legally was still there notwithstanding the fact that they had already paid tax once. I think we amended the Ordinance recently to enable the income tax authorities to write it off where the person concerned had already paid the tax once. But, clearly, if the Government is not on top of the situation, although at least the worst part of it has been cured in the sense that the taxpayer is not penalised by being required to pay twice, I think that it is important that they should ensure that the income tax is paid over to the Government and I believe, if my memory serves me right, from the time that PAYE was introduced that it is supposed to be paid on a monthly basis so there seems little justification for the sort of sum of money which is almost £200,000 if one looks at page 24 of the Auditor's Report, £197,673. I think it is also important that in looking at the breakdown of arrears of tax, it is quite obvious that people who pay tax through PAYE have really got no choice in the

matter, the tax is deducted before they get their pay. There has not been a breakdown given for a very long time, I think it was way back in 1978 when the Government undertook to look at the structure of income tax as a result of representations from the Trade Union Movement, that the Chief Minister provided the Gibraltar Trades Council with a breakdown of the composition of the yield from different sources. If we look at a situation where we are talking about £700,000 direct assessments on individuals, presumably other than those who pay PAYE it seems from the levels that I remember having been included in those figures in 1979 that a very high proportion of those who are paying other than PAYE are in arrears. We must be talking about a very substantial proportion unless there has been a dramatic increase in tax yields from that quarter. I think that is an important point because income tax arrears are treated differently in the Government accounts in that they do not appear anywhere as an asset whereas the arrears from the Funded Services are put through the accounts and included in the Government's reserves and therefore the strength of the reserves has to be looked at on the basis that if the arrears were paid the position would not be any better. In the case of income tax they are shown in Statement 46 as arrears of revenue and it is only, I think, in the last couple of years that the arrears of the Funded Services have been included there to show the true position of arrears of revenue but in fact the sums included if we look at Statement 46 at the back of the Auditor's Report, Mr Speaker, we will see that the figures in respect of the electricity, water, telephone and housing accounts, which are given there, are different from the figures that appear in the relationship between the Statement of Special Funds on page 12 and the Consolidated Fund which show plus and minuses. That is, in fact, because here we are talking about what can be collected given the time that the Bills go out. But the other figures, the two most important of which are the income tax and the rates which together come to almost £2m, are £2m which are not included in the reserves of the Government and therefore where any collection of those arrears would show up immediately as an improved financial position for the Government. Therefore, I believe that in asking the Government and in asking the House to note the comments of the Auditor, it is important that we should make this point particularly on the eve of the Budget. Again, in relation to that, giving the Government some advance notice of something we propose to raise during the Budget session and if they want to reciprocate and give me some advance notice of what they intend to do in the Budget session I shall welcome the information. One item of information that it would be useful to have is that in the estimates of yield for 1984/85 there is no indication of whether collection of arrears is at all included or whether, for example, if we take the estimates for income tax, I assume from comparison of different years that the Government estimate is based on collecting tax on current income, that is, tax due during the current year and not on anticipation of collecting any arrears. It seems to me that if one looks at the different estimates in the estimates of expenditure and revenue when they are brought to the House and we find, for example, under income tax that in the current

financial year the Government was estimating £18.7m would be collected in income tax as opposed to £19m in 1982/83 and the Auditor tells us that at the end of 1982/83 the Government was owed £1.5m, it is reasonable to assume that the £18.7m does not include any provision for the collection of the £1.3m that was in arrears, otherwise it would mean that the £18.7m representing £1.3m of arrears would then be reduced to £17.4m as tax on the current year and I think when we debated the estimates of revenue and expenditure a year ago, it was on the assumption that we were talking about current taxation and that the slight drop in estimated yield was due to the fact that at the time it was anticipated that the Dockyard might close in December and that therefore there would be a drop in yield because of the final quarter of the financial year and not a drop of a magnitude that would imply inclusion of arrears. I would say that we would hope that when the estimates for this year are brought to the House, perhaps the Government might be able to include in the revenue estimates an item showing the amount of arrears due to be collected if their professed intention is to collect the arrears then that should be shown, perhaps, as a separate item so that we can see from the estimates the degree of success that they have in moving in that direction. I think, also, the question of income tax is important in relation to the points that we have made in respect of the waiver on the payments to Hawker Siddeley which we mentioned in the course of the Supplementary Estimates No. 4, that the House has just approved where the Auditor points out to a contract signed between the Generating Station and the company responsible for manning and there are two points to be made there. One is that although this may be, strictly speaking, something that does not alter the true financial position of the Government, it is a very important item in terms of the philosophy of presenting accounts which accurately reflect the economic realities. Because if we have a situation where payments are agreed tax free and there are two issues, one is the authority to make the payment tax free in the first place, which is the point that the Auditor makes, and I think that point needs to be answered by the Government because in fact the sums for 1982/83 are significant compared to the sums for 1983/84 if the same philosophy has been applied in 1983/84 about non-payment of tax. But perhaps even more important and not mentioned by the Auditor is that in assessing the real cost then the cost that is provided for net of tax is misleading and it is not an argument to say that if you added the cost of the tax where the sums involved, for example, Mr Speaker, we are talking about pages 18 and 19 of the Auditor's Report where it says that the amount of money, for example, of a weekly fee of £20,000 and payment of £17,000 for two service engineers, if we take that and we assume, for example, that the rate of tax was no higher than 30% on that sum of money, then even if it means that the cost was £30,000 and that this was effectively compensated by income of £10,000 under income tax and that therefore the real cost to the Government is unchanged, nevertheless in assessing the cost by using the Hawker Siddeley Power Engineering employees instead of the Government's own employees, one would be able to compare like with like and, secondly, if one did not apply that philosophy here, the same

thing could be said about many other areas. I think it is an important policy matter because if we take, for example, the cost of housing to Government, undoubtedly if the Government spends £1m in building houses, part of the £1m is recovered by Government through the tax paid by the workers in the construction firm that builds the houses but we do not put the cost of housing down net of tax, we put in gross notwithstanding the fact that there is a counter entry. It seems to me that a departure from the standard practice has been introduced in this particular area and that it is undesirable that it should be allowed to stay like that because it makes it difficult to carry out logical and rationale comparisons of alternatives. I think it is important, of course, to analyse both the nominal and the real cost not just in these areas but in others. The example that I have given of housing is a clear indication that in some respects the real cost to the community of a particular area of development or a particular investment may be less in real terms than it appears to be on paper but I think that it is important that we should have a consistent treatment throughout the estimates so that in analysing those estimates we do not effectively come to incorrect conclusions because we are not aware that a particular payment was made net of tax and certainly I do not think that any indication had been given at any stage that this was happening in this area until the Auditor's Report drew attention to it and I think that it is very important that he should have done so. As regards the Report overall and the details of different areas, the position that we are adopting in the House of Assembly, Mr Speaker, is that we do not feel that there is a need to go into detailed matters when we are talking about fairly small sums of money which could take up interminable debate in the House where possibly the cost of keeping everybody here in the House is greater than the cost of the arrears involved but I think that there are policy decisions that are either particularly highlighted by the Auditor or because the Auditor is drawing attention to one particular area, it raises other policy matters which we as an Opposition feel should be brought to the House for debate. In that context it has to be made clear that we are bringing a motion on this matter because we feel and we intend that it should be so in subsequent years, we feel that the debate on the Auditor's comments on the accounts of the Government should be a debate on the floor of the House and we have decided, as a matter of policy, that we shall not be participating in the Public Accounts Committee. The House will recall that I, in fact, have consistently voted against the Reports of the Public Accounts Committee and that I declined an invitation from the Hon and Learned Chief Minister to take part in it when it was first set up. We feel that the role that we have to carry out is to hold Government Ministers responsible here for the running of Government affairs and that it is up to them to carry out their own investigations and to call in the Heads of Departments if they need explanations as to why things have gone wrong and are pointed out by the Auditor. We do not think it is the function of the Opposition to cross examine Heads of Departments or cross examine members of the Civil Service. In the Official Opening of the House I stated that we held the Government as the policy makers responsible although

we recognise that on occasions, in fact, they may not be aware of decisions that are taken, they still bear the political responsibility for those decisions and therefore we feel it is important that in order to be consistent with our thinking in this matter we should not take part in the Public Accounts Committee and we should not take on the mantle which we think properly belongs to the governing party of examining the details. Let me say that I am aware, of course, that there is a Public Accounts Committee in the United Kingdom but we feel that in a Parliament of our size there is not the justification that there is for doing it in UK and we will not take part in it.

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

The House recessed at 6.50 pm.

WEDNESDAY THE 14TH MARCH, 1984

The House resumed at 10.45 am.

MR SPEAKER:

I understand that the Hon Mr Canepa has something to say by way of explanation.

HON A J CANEPA:

Sir, I undertook yesterday, arising from supplementaries to Question No. 27 to try to obtain some further information for the Hon Leader of the Opposition. His question then was whether the increase in the rates payable by the MOD as between 1983/84 and 1984/85, whether the increase was in line with the increase of Government properties and the answer is, indeed, yes. The increase in contribution is, in fact, due to the increase in the rents of Government residential accommodation which have been equally applied to Ministry of Defence domestic premises. The percentage increase is therefore the same in respect of the domestic civilian list but it reduces to 7% as a result of the non domestic element which has not been reassessed pending a general revaluation as I explained yesterday.

MR SPEAKER:

May I remind the House that we are now on the motion moved by the Hon Leader of the Opposition on the Auditor's Report. I have proposed the question so the floor is open for debate now.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, before replying to the points raised by the Hon Leader of the Opposition, I would just like to say that the Government welcomes the Principal Auditor's Report and also add a tribute to the Principal Auditor, whom I know personally and who I think has produced a very good and honest Report on the state of the Government's accounts. I think Gibraltar is very fortunate in its Principal Auditor and, indeed, in many of its public servants and I would like that to be recorded. It does not mean that what the Principal Auditor says, that every recommendation or every envisaged recommendation in the Report is one which the Government must accept literally in the sense in which it may be implied because the Principal Auditor is doing his job as an auditor, he is an accountant and that is his professional duty, to draw these things to the attention of Government and it is for Government to take whatever action is necessary with the assistance of others in the light of the comments by the Opposition but taking into account all considerations, financial, managerial and, indeed, political. Having said that, the Hon Leader of the Opposition raised the question of arrears of revenue which is highlighted in the Auditor's Report and I can say that I am glad that he has highlighted this because it is a matter which is serious for the Government's finances and I think it is a matter on which there is obviously a consensus between the Government and the Opposition in the sense that the amount outstanding should be reduced. The effect on Government finances is that where a balance of £7m might be shown in the Consolidated Fund, and this is the figure I quoted yesterday in reply to the Hon Leader of the Opposition, £5m of this is cash which is owing to the Government. Anyone familiar with commercial accounting will know that a book profit depending on the state of debtors or creditors, can disguise a situation in which there is a shortage of cash, that the company might be suffering from a cash shortage or it could easily be the Government. The second point is that reducing the amount in the Consolidated Fund or reducing the cash in the Consolidated Fund which might be earning interest for the Government is another consequence of that situation. Instead the Government is financing the businesses or the individuals who are taking advantage of the situation and they are benefitting to the extent that they are spending the money or avoiding borrowing money and paying interest and the Government is doing it for them. As I said, I am sure there is a consensus between the Government and the Opposition on this whole subject. As regards municipal services I think there may have been perhaps a certain lack of coordination and planning in the operation recently and this extends to the issue of bills for municipal services as well as the collection of arrears and the follow-up action subsequently and I have asked the Accountant-General, who is the Government Officer responsible, to take steps to coordinate the action at least as far as it lies within his jurisdiction which means that it is within my jurisdiction as well starting from the point of meter reading, processing the bills, issue of bills, dispatch of bills, and here, clearly, the Director of Postal Services and the Minister for Postal

Services will be involved as well as myself, so that it is put on a regular basis and one does not have a situation in which customers are given bills at 30 or 40 days interval and suddenly receive bills for two months in quick succession which obviously causes a great deal of distress and it is undesirable from the point of proper administration. I am also taking steps to strengthen the staff resources on the collection of revenue and this is an area where additional staff more than pay for themselves in terms of the extent of the improvement in collection which they can achieve. I shall also be discussing with the officials of the courts what machinery they may need in turn, how we can help them in connection with the enforcement of judgement debts which may be following judgements by the court. The Hon Leader of the Opposition in mentioning income tax, specifically, drew attention to the figures on page 24. As regards income tax the effect on the Consolidated Fund is that reducing arrears by £1m improved the balance of this Fund by £1m whereas, unfortunately, reducing arrears in municipal services does not affect the Consolidated Fund Balance but of course it improves the cash flow. I think the Principal Auditor may have slightly exaggerated the extent of the arrears in both cases, that is income tax and municipal services because arrears is a term of art, it can be an outstanding or an arrear or a bad debt. The Hon Leader of the Opposition knows that I am a devotee of Thomas Hobbs who said that these words are ever used relative to the person that uses them. That is to say, the accountants view of arrears may be different from the managers or the politicians and I prefer to call them outstanding. But I think what is important is the length of time clearly, and I think we can probably improve our analysis of the outstandings, both on income tax and also arrears, which is a necessary preliminary to successful action to reduce the amount. Turning to the detailed points that he raised, namely, in reference to paragraph 60 on page 24, he might welcome the news that of the £197,673 tax due on PAYE deductions, £143,000, I am speaking of that particular figure, has been collected. £48,000 is the subject of Court judgements and the remainder which is only a matter of less than £10,000 is the subject of agreements so that is the history of that particular figure. Obviously, the other important point is a comparable figure for that £197,000 as of today. I would like to say that it is nil, it is not, in an ideal world it would be nil but the world is not an ideal one and the figure is now £120,000, at least, comparable for today would be £120,000 at least that is some improvement and I am sure we can improve it still further. As I said, the Auditor may have slightly exaggerated the extent of arrears and, of course, I think he himself recognises that the figure is inflated by a substantial number of provisional assessments which were not included in the previous figures. I think that brings me back to my point that the Hon Leader of the Opposition also referred to 1979 and made comparisons. I do not know if we are comparing like with like. He may know himself what comparisons he is making but I think this brings me back to my point that we can probably improve our analysis of outstandings in this area without breaching secrecy and I will be studying

that with the Commissioner of Income Tax. Until that study is complete I would not like to give any commitment about the assumptions to be made in estimates about the possible improvement in the collection of tax. It is a valid point which the Hon Leader of the Opposition made because insofar as we may be showing an increase in the yield in 1983/84 over the original estimate twelve months ago, it may be difficult to determine the extent to which that is as a result of the improvement in collection or the buoyancy of the economy in an earlier year inasmuch as tax is collected in arrears or any other reason so I think that is an area, clearly, where we can improve our analysis. I would like to say something about avoidance and evasion of tax because this is clearly a subject on which one can have varying views. You could leave things broadly as they are and there is, of course, in the Income Tax Ordinance Section 12 which provides for the Commissioner to take action when in his judgement any transaction is fictitious or artificial, that is to say, it is deliberately intended as a device for tax avoidance but, of course, that judgement can be challenged in the Courts and I think that is quite proper. In a small community the Commissioner of Income Tax is well aware of the nature of transactions and if his decision is challenged in the Court then in a small community that particular exposure is, I think, a healthy one from the point of view of a democratic society and the exposure of tax avoidance, even though it may be regarded as within the law in the view of the Court, is itself a healthy process so one can leave things as they are. Secondly, you can legislate, you can employ an army of tax experts and you can send the Inland Revenue staff on courses in the UK, you can employ consultants, you have lots of consultants in Gibraltar and, of course, some of the benefits in terms of the effect on public expenditure will spill over into the economy in the form of increased PAYE from the consultants on the one hand and the increased expertise on tax avoidance which will also spill over into the private sector. That is one route and I would call that the Queeg balls route. You will remember that in the Caine Mutiny Humphrey Bogart juggled these ball bearings and it was a symptom of paranoia and I think there is, possibly, an extension which one can be paranoid about tax avoidance and indeed the legislative route, the third route is, of course, that you can abolish income tax or reduce it. I am not promising that this is something the Government intends to do in the next Budget but I think it could be conceptually right. In the past Gibraltar had a low rate of tax and it is very clear that some of the devices do depend for their efficacy on avoiding higher marginal rates of tax which of course is the case where you set up a discretionary Trust and the income from the Trust is taxed at one rate although it should, looking at it in terms of equity if you tax at the higher rate, well, there the reduction or the abolition of marginal rates of tax at 60% and the reintroduction of a standard rate of tax at 30% you eliminate the need for that particular device to avoid tax. But, of course, the point here is that tax evasion is the function of the tax structure itself. If there were no taxes then there would be no evasion in much the same way as if every woman was a virgin there would be no more virgins which is what I meant by

conceptually right for Gibraltar. Those are three or four options because the last one, really, is a development of the third, namely, a shift away from taxes on income towards taxes on expenditure. The freedom of manoeuvre of any Government is limited at any time by the financial constraints on it and it is not for me to anticipate what the Government may be doing in the Budget except insofar as the Hon and Gallant Minister yesterday did anticipate it to a certain extent but I would merely say that my own philosophy, and this does not commit the Government, is towards a shift away from taxes on income and taxes on expenditure and that insofar as one can favour investment whether through home ownership or other means and dis-favour consumption, then that would seem to be a route which would have beneficial effects for the economy of Gibraltar and, indeed, the future of Gibraltar. That is all I wish to say, Mr Speaker, in reply, except to thank the Hon Leader of the Opposition for what I thought were very helpful and very constructive comments arising out of the Auditor's Report.

HON J E PILCHER:

Mr Speaker, although my contribution will be a short one basically meant at answering the section of the Auditor's Report to do with the Tourist Office in my capacity as spokesman for tourism, I will nevertheless take the opportunity to comment on the Report as such. Very little is left, generally speaking, after the words of the Hon Leader of the Opposition, Mr Joe Bossano, yesterday. What I found personally worrying, Mr Speaker, were words like those quoted in page 9: "I must therefore once again draw attention to the lack of any real progress". These words plus words like: "At the time of writing this Report I have not received a reply from" - and he is speaking about Heads of Departments - seem to me that there is a lack of importance paid by the Government to this Report. I understand the complexity of the subject matter but nevertheless, as I said, it seems to show a lack of importance paid by the Government to this Report. I feel, Mr Speaker, that the ultimate responsibility lies with the Government. The political responsibility of the Auditor's Report lies with the Government and not with the Heads of Departments. The Government is responsible for political matters and the Heads of Department are responsible to the Ministers and therefore it is the political responsibility of the Minister to answer in the House anything pertaining to the Auditor's Report. It seems to me, after looking at the Report, that no business would be run like the Gibraltar Government is running its own Government area and I suppose, Mr Speaker, that the Government can be looked as a business in that it has to balance its books at the end of the year. For example, what the Hon Joe Bossano said yesterday about the income tax owec, this has been referred to by the Hon Financial Secretary and the Hon Juan Carlos Perez also in an earlier intervention talked about the telephone arrears bills where mainly it is to do with the trunk calls and international dialling, when areas like these are left and expenditure is increased by this it seems to me that the cost of this mis-management by the Government is falling on the taxpayer. If I

can refer directly to the Tourist Office, Mr Speaker, page 44 of the Report. We are not trying to be nit picking and I realise that we are only talking here of the sum of £300 but I think the principle is at stake, Mr Speaker, in that the Auditor considers this to be in contravention of Section 63 of the Gibraltar Constitution Order, 1969, in which the Department can use the vote and can use Government assets and facilities to increase their departmental votes. I think this is important, Mr Speaker, and although he said: "At the time of writing this Report" - which was on the 20th April - "I have not received replies from either the Minister or the Director of Tourism" - I think perhaps the Hon Minister for Tourism will reply to this in due course. Another area for concern, again very small sums of money but, I think, Mr Speaker, that when we talk about small sums of money we are in fact adding all the small sums of money and come with colossal mismanagement in the funding. Again it talks about the annual cost of the preparation and service of the payment of salaries in the London Office which the Auditor says should be done through a bank account in a London bank which would save the Gibraltar Government something in the region of £6,000 a year which is very, very little considering that we have a budget of £50m but definitely £6,000 that the taxpayer has to fork out at the end of the financial year. These are the only two points that I would like to raise at this stage. In answer to the Hon Financial Secretary, the three points which I would like to comment upon, irrespective of the fact that he considers the debts to be outstanding arrears or bad debts, nevertheless this is money owed to the Government, Mr Speaker. On the point of bringing experts, please, Mr Speaker, no more experts because we might fix up the Tax Department but we will take another twenty years to pay for the experts. As regards the abolition of income tax by the fact that the Hon and Learned Chief Minister turned a whiter shade of pale, I think we will not progress in the abolition of income tax.

HON H J ZAMMITT:

Mr Speaker, Sir, may I just reply to the Hon Mr Pilcher on the two points that he has raised on the Tourist Office. Firstly, Sir, let me explain the question of £300 on page 44 of the Auditor's Report which has come about as a result of the hiring of St Michael's Cave. There is no charge for St Michael's Cave. The charge levied against the hirer is the cost of overtime or salaries and wages required for the various people who have to conduct and carry out the preparation of the Cave, seating, lighting, electricians and the like. In the past what happened, Sir, was that when we hired the Cave out free of charge, particularly to a charitable organisation, as there was no charge and we do not charge anything for the hire of the Cave, it was found that at the end of the day Government was contributing towards that charity some £300 or so which was roughly the cost of the manpower required to carry out that particular exercise so it was decided that rather than make it a cost on Government of any charitable organisation starting off with a £300 benefit supplied by Government in every venture,

we agreed that there would be a deposit paid. If the cost is less than £300, for instance, it was one night as opposed to rehearsals required, then of course at the end of the totting up, the money was returned and if there was an additional requirement, of course, they paid the additional requirement. It is only recently that the present Auditor has realised and I agree legally he is right, that we cannot have monies placed on deposit to pay salaries. Obviously, there is another way around it and that is by providing money and then collecting and then, of course, the financial wizards will tell us the book transaction that one supposed to do but it is not, I assure you, Mr Speaker, an open or declared system of defrauding of trying to injure or hurt, it was purely that the Auditor has realised that it is contrary to Financial Instructions that we should not accept money into a deposit account or somewhere else, I do not know the absolute details of it, and that is the whole issue at this particular moment and it is being looked at with a view to rectification so that we do not have this anomaly. That is point one, I hope I have clarified that one. Sir, on point two, the question of the additional cost on bank charges regarding our London Office. The facts are that monies can only be sent over to UK after expenditure. So, therefore, the London Office has to send accounts through to Gibraltar to be cleared, vetted, passed and then paid and, of course, meanwhile our bank in England is holding on to that loan or overdraft and that occurs with salaries and it occurs with everything else and of course there is, as Members will see in last year's estimates, a substantial sum of money in the London Office of which not a penny other than salaries is kept in London, it is all paid from Gibraltar into Treasury. It takes ten days to get there and it is money that has to be paid. If there is a better system I would be delighted if we could save £6,000 to the taxpayer but it has been a problem that has come up virtually every year, the delay of payments from here over to UK.

HON J E PILCHER:

Will the Hon Member give way? Basically, Mr Speaker, what I was referring to, the fact that because of this red tape and because of the system that Government uses, we have an anomaly in the expenditure of £6,000. I think this is the point that we were making, it is up to Government to make sure that this does not happen and that the red tape is cut or is done away with completely so that this type of expenditure is no longer incurred.

HON H J ZAMMITT:

I do not know about being cut off completely because I suppose that the Treasury under the eagle eye of our Financial and Development Secretary would not like to see money in a bank in London without it being cleared by his Department as to payment so I suppose that if we had it that way there would also be comments from the Auditor, I am sure, that things should have been cleared. I honestly do not know how it can be done. It seems that when one wants to send money over to England one goes and gets an International Money Order and it is there within two days but when it comes to Government it seems to take two weeks.

HON J C PEREZ:

Mr Speaker, I welcome the contribution of the Hon Financial and Development Secretary in that I feel that the Government is not only taking note of the Auditor's Report but is going to do something about what the Auditor says is wrong. However, I feel that there was an omission in something that was raised by the Hon Leader of the Opposition yesterday with regard to the waiver of income tax on the contract of Hawker Siddeley in the Electricity Undertaking. This and the fact that the cost of the Chairman of the Steering Committee should be in the Secretariat Vote rather than the Electricity Vote which is what the Auditor indicates should be the case, are two things which the Hon Member has not answered and I would hope that other Members of the Government would inform the House if they think the Auditor is wrong in saying this, they should explain why they think it is wrong and if they think that the Auditor is right in pointing this out whether they could say that before the accounts have been closed this would be corrected so that the Electricity Undertaking Fund will reflect the real financial position and not the one that it is reflecting at the moment. On the question of Public Works, Mr Speaker, the loss mentioned by the Auditor as regards store keeping, I think the most important thing there is the remark about store keeping and store accounting, that these two should be separate which, if I remember correctly, I have seen in other Auditor's Reports in the past and again here nothing has been done about it in the past. I would hope that the whole of the Government in taking note of the Auditor's Report would do something about it so that the Auditor has not got to repeat the comments year after year in relation to what he thinks is wrong in the accounting of the Government.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way, Mr Speaker, before he finishes his speech. I think the fact that I did not refer to the issue of the waiver and, indeed, perhaps other issues which he is now about to raise does not mean that the Government is not aware of the Auditor's comments in these respects and it is taking note of them and indeed will be considering whether or not or in what sense to implement any recommendations on the part of the Auditor but I must point out to the Hon Member that the Report has only just been laid before the House, it is a pretty meaty Report, there are a great number of recommendations in it and, obviously, the Hon Member would not expect us to have a definitive answer to all the recommendations at this session of the House.

HON J C PEREZ:

Mr Speaker, I take the point that the Hon Member is making except that paragraph 44, to my mind, is of utmost importance because what I think the Auditor is basically saying is that that situation is illegal and I want to know, not necessarily from the Hon Member but certainly from the Minister for

Municipal Services, whether he authorised the City Electrical Engineer to undertake this contract or whether the City Electrical Engineer took it upon himself to do this or whether he sought advice from the Treasury and what is the legal advice in respect to that which the Auditor is so critical about. I take the point of the Hon Member that not all the aspects of the Auditor's Report need necessarily be raised specifically here.

HON CHIEF MINISTER:

If the Hon Member will give way. That is not what the Financial and Development Secretary said. What he said is that he could not within a few days of the Report having been deposited here to have answers to it. Normally what happens is that the Principal Auditor's Report is circulated and the point is that the Hon Leader of the Opposition has taken the first opportunity to take note and that is what we are doing, taking note, but that does not mean that matters that have not been dealt with in the debate are going to be overlooked. What we are dealing with is taking note and each Hon Member has raised a number of aspects. Some of them can be replied quickly and some perhaps not so quickly if we had not had overnight to be able to get the material that the Financial Secretary was able to get in respect of the figures in respect of income tax and so on, others may take longer but I will have something to say about this question whether it is the Head of the Department or the Minister who is responsible because we are getting ourselves involved in very deep matters in connection with the way in which the Constitution works which has to be cleared subsequently.

HON J C PEREZ:

In that respect, Mr Speaker, let me tell the Hon and Learned Chief Minister that as we on this side of the House view the situation, Ministers are responsible to the House and to the general public politically and in my view Heads of Departments are responsible to the Ministers so it is our view that the Ministers have to make sure that the Heads of Department undertake the situation correctly. I was commenting on the Public Works Department where, Mr Speaker, I said that the most important issue which I saw was the fact that store keeping and stores accounting should be separate and, as I said before, I think that the Auditor has previously commented on this and nothing has been done. Perhaps, Mr Speaker, if instead of being the Opposition's spokesman on Government affairs I would have been the Minister for Government Services I might have been able to advise the Department in my capacity as a storeman, a position I am very proud of. Mr Speaker, as far as unpaid bills are concerned, I take the point of the Hon Financial and Development Secretary that the position of the Consolidated Fund is not the real one, if I understood him well, if one takes into account the unpaid bills of the Government. I am prepared to give way.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I certainly hope I did not use that particular expression 'real', Mr Speaker, not simply because of my devotion to the works of Thomas Hobbs but because there really are two concepts. There are conventions of accountancy and the Consolidated Fund, the balance of £7m, is in accordance with those conventions. As a separate but supporting point there is the fact that our cash flow situation is affected by the fact that £5m is in the hands of debtors. The two points are different but I would not like the Hon Member to think that I am saying that the situation is really not as stated in the Consolidated Fund.

HON J C PEREZ:

No, Mr Speaker, but I come to the other point and that is that the Auditor talks about irrecoverable bills and in connection with irrecoverable bills I think that the real position of the Government reserves is that once the irrecoverable bills have been deducted from the Funded Services account and the Consolidated Fund transferred sums of money to those accounts to cover for those deficits then we shall be able to see what the real position of the reserves of the Government is.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think I would accept what the Hon Member has said because if in fact one decided to write off some of those ageing debts as bad debts then, of course, as with the provision in commercial accounts, it would affect the accounts and the £7m we were talking about would be reduced proportionately.

MR SPEAKER:

You can go ahead but we must not have a debate within a debate.

HON J C PEREZ:

In relation specifically to the Telephone charges, Mr Speaker, if I remember correctly yesterday the Hon Financial and Development Secretary, in answer to a question about the disconnecting of telephone subscribers who are in arrears, told me that the policy of the Government was that they disconnected subscribers who were two quarters in arrears, at least that was the general policy as outlined by the Hon Member. However, the Auditor, in paragraph 133 says, and I quote, Mr Speaker: "The computerisation of the telephone accounts has brought to light a substantial number of inactive accounts. On the 10 January, 1984, there were 792 such accounts owing a total sum of £109,267". Mr Speaker, maybe, and I am not saying that this is the case, that at the time of asking the question the Government came up with a policy to be able to reply to me but I cannot see how the policy of the Government is that people who are two quarters in arrears are disconnected when 792 such accounts

were lying dormant and until computerisation came along Government did not realise that there were so many accounts in arrears. Generally, Mr Speaker, the emphasis of the areas I have touched upon and the emphasis I am giving to my speech is that in taking note of the Auditor's Report one would hope that this time the Government should perhaps do something more about it than they have done in previous years so that the Auditor has not got to repeat the same comments over and over again in his annual Report and I take the point of the Hon Financial and Development Secretary that he personally at least is looking at matters arising from the Report. Let me finish off by saying that I am sorry if the Hon and Learned Chief Minister is disappointed that my maiden speech in the House of Assembly is not as cordial as he would like it to be but I think that the issue is of fundamental importance. Let me say, Mr Speaker, on the question of income tax raised by the Hon Financial and Development Secretary in relation to the forthcoming Budget that he has, in my view, for the first time in the House of Assembly shown his monetarist inklings and that one would have to wait and see the Budget before one finds out who has convinced who, whether the wettish Government wins the day or a dry Financial Secretary wins the day and that will be reflected, I presume, in the forthcoming Budget. Thank you, Mr Speaker.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Before the Hon Member sits down, could I ask, on a point of information, Mr Speaker, I did not quite hear, did he say monastic or monetarist?

HON J C PEREZ:

Monetarist, Mr Speaker.

HON M K FEATHERSTONE:

Mr Speaker, I welcome the speech by the Hon Mr Perez. I congratulate him on his maiden speech. I would take a little issue with him and with the Hon Mr Pilcher insofar as where the responsibility lies. Obviously, political responsibility does lie with Ministers but Ministers theoretically, I should say, and even in practice, basically should determine policy and not get themselves bogged down in a wealth of detail. Where there are points of detail which are brought up by the Auditor and political responsibility can be involved, I think the forum where these can come to the fore is in the Public Accounts Committee and it does seem to me to some extent rather a pity that the Opposition do not wish to take part in a Public Accounts Committee because that is the forum, in my opinion, where the political side can be more clearly aired and Ministers can when they get the report of the Public Accounts Committee, be able to see that their Directors are complying with their job. Obviously, an Auditor's Report is rather an Augustan report, it looks for the optimum in everything and unfortunately human beings are fallible and in many instances

they do fall into errors. I am rather pleased to see that the over-expenditure in the Public Works Department on a figure of some £7m was only £1,000-odd which I think is quite reasonable, it was three small points and these, basically, were human errors and unfortunately in this world in which we live the human error does take place. I rather fancy that the Hon Mr JC Perez's support for the Auditor's comments of the separation of the functions of store keeping and stores accounting is rather in pursuance of a claim that we do have at the moment from the stores where this viewpoint is put forward but if one is to give way to all these very worthy and very commendable suggestions but perhaps not practical suggestions, we are going to find ourselves with a tremendous staff of civil servants checking each and every voucher in triplicate, seeing that everything is done, perhaps, even then the human error is going to come in and we are going to find even more errors in the long run and even a longer report from the Auditor. I think the main thrust of the Auditor's Report is that obviously everything is not 100% as he would like to see it and it is the duty of Ministers to get on to their Directors and see that to the greatest extent possible they do conform with the regulations and I will see that as far as the Public Works Department is concerned this is done. There is just one little point that I would mention in the Report for the benefit of the Hon Financial Secretary and my Colleagues when I ask for money for equipment: The Auditor does make and I think with complete justification, the comment that we rented a pump at a figure of some £3,060 when the purchase of such a pump would have been £3,000 and it seems to me sometimes that Government goes a little the wrong way in hiring equipment from people when they would be better off to buy the equipment themselves which in the long run does work out to be a cheaper and more financially reasonable suggestion. Apart from that, Sir, as I said, I will see that my Department as far as possible can comply with the Auditor's suggestions but I do again state that it is the human error which does give rise to all the different points that the Auditor brings up. Thank you, Sir.

HON R MOR:

Mr Speaker, in supporting the motion I have noted the Auditor's Report as regards expenditure on Education. On page 25 of the Report which referred to Statement 7, under sub-head 3 referring to Services, it can be noted, Mr Speaker, that the original estimate for this account was £70,900 and yet the actual expenditure was £138,493.68. This, Mr Speaker, represents nearly a 100% increase on the original estimate. Whilst accepting the fact that unpredictable circumstances can cause the original estimate to increase, it is nonetheless most unlikely that it should increase twice as much and I think Government needs to do some explaining on this. It would appear to me, Mr Speaker, that someone is getting his sums wrong and it isn't my Hon Friend Mr Joe Bossano. What is also most disturbing, Mr Speaker, is when one looks at the excess expenditure on the accounts, the excess amounts to £40,268.68 and if we look at the explanation for this in the Report which

is on page 14. In paragraph 27 we find the rather astonishing fact that this expenditure was mainly due, and I am quoting from the Auditor's Report: "to a substantial loss of potable water at the Westside School arising from a major leak within the supply system". I think one could very well accept any expenditure which has been used for the purchase of equipment for schools or, in fact, on anything else directly concerned with educating our children but, Mr Speaker, I find it incredible that we are talking about nearly £40,000 worth of water which to me is enough not only to have flooded the Girls' Comprehensive School but to have flooded the whole of Gibraltar. Clearly, Mr Speaker, the Government have to answer some questions on this. Why did the leak occur in the first place? Is it being monitored at all? I trust, Mr Speaker, that the Government will be providing this House with the necessary explanations.

HON J B PEREZ:

Mr Speaker, as far as the loss of potable water at Westside is concerned, I can inform the House that this was an underground leakage which developed within the one year period of the contractors warranty for the building and works that they had carried out and this was only detected on checking of bills. It was realised that the amount just did not make sense so Public Works were immediately contacted by the Education Department, they managed to sort out the leak, unfortunately, it occurred again, the contractors were brought into the picture and there is a claim at present being made against the contractors since a leakage occurred within the one year and the information that I have available is that it is caused by either faulty workmanship or failing to install the right valves. But in any event, as far as the Government is concerned, the claim has been made against the contractors and they have already been to Gibraltar and carried out certain works. In fact, I think the local sub-contractor, Messrs Fabri, were involved and they actually attended to the leakage but now we are presenting a formal claim, in fact, it has already been made against the contractors. The loss is probably over £40,000 when one considers that the accounts are for the previous year but I think we have had three further leakages at Westside, they are all underground, but the claim has been made and we will be recouping that money from the contractors. As far as that is concerned the Government is quite satisfied that we are taking the right action. As far as the first point that was mentioned is concerned and that is the difference between the approved for Services, I did undertake to provide the Hon Member with the information, unfortunately, I am not in a position to do so at this stage but I will, of course, do so either during the course of this meeting or on another occasion. The problem really was that I was not Minister for Education a year ago and therefore I will have to look at the files and discuss the matter with my predecessor on that, that is why I am unable to answer at this particular stage. I am quite satisfied that as far as the leakage is concerned the Department has done everything that is humanly possible. Again, I would emphasise that the leakage was an underground leakage and the water was going straight into the sea so therefore it could not be seen.

HON R MOR:

Mr Speaker, could I just ask one question?

HON J B PEREZ:

Yes, I will give way.

HON R MOR:

Surely, there must be a way of checking or monitoring the meters and that would have been quite evident since we are talking about such a large amount of water, it would have been evident on meter reading and not necessarily awaiting for the Auditor's Report.

HON J B PEREZ:

This was precisely how it was discovered, Mr Speaker.

HON M A FEETHAM:

Mr Speaker, in pursuing my contribution this morning on the Principal Auditor's Report, I wish first of all to refer to what the Hon Mr Featherstone said as regards his disappointment at the fact that this side of the House had decided not to participate in the Public Accounts Committee. I think it is important that the House realises the fundamental approach that we feel the House should pursue in discussing or debating matters which are of importance, matters which are of principle and matters which affect the economy as a whole. We are not interested, Mr Speaker, in getting ourselves involved whether X numbers of overalls have or have not been bought. What we are interested in getting ourselves involved, in fact, is what direction the economy is taking and how it is being handled by Government. The reason why we are withdrawing from the Public Accounts Committee is because what has been happening, in our view, is that the Public Accounts Committee have been discussing the Principal Auditor's Report, producing their own report and then bringing it to the House and what we have been having, in fact, Mr Speaker, is a debate on the consensus of the Public Accounts Committee and at the end of the day we have not, in our view, been discussing or debating the Principal Auditor's Report. That is how we feel we ought to be dealing with this matter because we feel it is of public importance and, in fact, this Report on matters of principle, not on details, ought to be discussed in the House because it is a matter of public importance. I am not going to extend myself because obviously other Members on this side of the House have already covered a number of important things as far as we see them. However, there are two points that I would like to raise. First of all, this side of the House understands that at times Heads of Department are under pressure. Sometimes other Heads of Department may not be under pressure but what we

cannot accept as a matter of principle is that Heads of Department should not respond to comments and observations by the Principal Auditor and I think that, with respect, regardless of the circumstances, Heads of Department are not immune from the Principal Auditor's requests or observations and they ought to respond so that when we get the Principal Auditor's Report in the House we are getting as many facts as possible on the situation. That is one point that I feel I ought to repeat and it has already been stated on this side of the House. The other one is that it is one thing, for example, for Government to decide on any particular expenditure and do what it wants with it and another thing is, for example, to allow certain concessions to take place which are abused by the people who are getting the concessions from Government. I am talking about the exemption from import duty on equipment which must be used exclusively in connection with contracts carried out for either the Gibraltar Government or the Ministry of Defence. The Principal Auditor is not satisfied that the necessary monitoring is being carried out and I can state that in my own mind and from experience I am sure, in fact, that abuse is taking place and if it is necessary and desirable to invoke the provisions of section 48(b)(iv) of the Ordinance and ensure that the people who are getting this concession deposit money or security so that the conditions are observed, then I think that is something that must be done. I am going to quantify what I am saying by stating a fact and it is a fact that this equipment which is supposed to be exclusively used on Government contracts or MOD contracts and therefore are excluded from paying import duty, are in fact used by those contractors on jobs outside the normal provisions for which they are entitled to use it and this puts an unfair element of competition on people who have not got the concession and who are competing for those other contracts. What we cannot have is plant which is supposed to be used for Government and MOD contracts being used unfairly in competition with other contractors on contracts which are in the private sector and this is what is happening and not only that but what is happening, in fact, is that this equipment, plant, etc, is being hired out and consequently the persons who have got plant and equipment for hiring out and make a living of it are in an unfair competitive situation and so if Government were to look at this and ensure that we have safeguards on this because it is a reality, then I think this side of the House would be very satisfied that the principle of exemption from import duty on this plant is being adhered to.

HON CHIEF MINISTER:

Mr Speaker, first of all, I think the Hon J C Perez was mistaken if he thought that because he was saying things which were against the Government they were not being taken properly, that was not the point. The point is that he delivered an address on his views on the point in a very proper manner and I commend him and those who have spoken for the first time, as I said earlier, for their contributions in what hopes to be a useful debating House of Assembly for the future free from, I hope, malice and envy which has characterised some of the latter part of our House of Assembly and I think this is

something which has already been evident in the short time that we have been meeting. Whether we agree or we do not agree that is why we are here. One of the advantages of being in office for a long time is that you see people coming and going with different ideas as to what the Government should do. The former Member, Mr Maurice Xiberras, at some time a colleague of the Hon Leader of the Opposition, pestered me for a long time to create a Public Accounts Committee. I readily agreed that there should be some kind of machinery to try and monitor and particularly to keep the Heads of Departments alive to the political side of the Opposition and I remember because this was done in a non-political City Council and it was very useful. For some time I held him back by saying I was agreeable to introduce something in the nature of a Public Accounts Committee. Eventually, like everything else, it looked as if denying the setting up of a Public Accounts Committee was an attempt of the Government not to disclose all the details that Members wanted to see. So having regard to the views expressed by the Opposition at the time, I agreed to the creation of the Public Accounts Committee. One of the difficulties that I foresaw at the time was that whereas in a big Chamber where there are 400 or 500 Members who have got no responsibility, no managerial or ministerial responsibility, you have a Public Accounts Committee that goes into great detail and sometimes discovers that too many boots were bought or too many overalls or something like that and there is a scandal because the fellow who had the concession is a brother-in-law or something, it happens everywhere, but the difficulty here was that all Members of the Government were Ministers and therefore it was hardly easy for a Minister particularly when it came to his Department he should phase out because his Department was under investigation and it would not be fair to have him there because it is the Head of Department who appears before the Public Accounts Committee. I also accept that our circumstances are completely different in many ways and that we cannot follow willy-nilly everything that is done in the House of Commons. If Hon Members at this stage do not want to participate, there is no point in having a Public Accounts Committee. We shall have to devise another kind of what I would call inquisitorial machinery on our side to be able to monitor the matters so that perhaps when there is a debate on either the Auditor's Report or something else, there has been work done to answer for those matters other than the rather spontaneous, and if I say so, sensible way in which the two or three Ministers who have had their Departments pointed out responded today. If that is what the Hon Members opposite want so be it, certainly we are not going to have a one-sided Public Accounts Committee because it would be just the Government again so we shall have to think of something else to meet this philosophy of this Opposition. But let me say that it did serve a lot of purpose except that after the appointment of a certain Chairman, whose name shall not be mentioned, he wanted to run the whole place from the Public Accounts Committee and wanted to count the nuts and bolts and the number of toilet rolls and that, of course, was not the function of the Public Accounts Committee. I think the function of the Public Accounts Committee in a territory of this nature would be to meet three or four times and have

three or four bashes at three or four particular Heads of Department that year in the hope that the others will be afraid that it would be their turn the following year. That would have been the way in which it would have been done but, no, that was the way in which some people thought that they do from the Opposition what they might have done if they had been in Government. So be it, this is the way in which we have to carry out our duties. I think the most important result of the debate which we welcome but unfortunately it has been by the nature of things, too near its presentation for us to be able to be well versed because let me tell you that whether there is a Public Accounts Committee or not, every Auditor's Report which has a comment or adverse comment is followed up by the administration. With the greatest respect to Hon Members whose contributions are very welcome, it would not have just been laid as another document here if it had not been raised today, every aspect of it would have been followed up and reported back. In some cases, I must remind Members who do not know, that the Auditor was an adviser of the Public Accounts Committee and the Auditor was present at all its meetings. But let me tell you, and this is no consolation, that this Report is half as critical as one five or six years ago that took one particular newspaper months in analysing it in the end for no purpose because they did not get any joy out of it. I think the main points that have arisen, the principal ones, are set out in the response to the contribution of the Hon Mover by the Financial and Development Secretary which is where the bulk lies and that is the collection. We shall have to consider what kind of inquisitorial set-up we put up. I have already made up my mind but I won't say who I am going to put in charge. I think the basic problem that arises here is the arrears of revenue that have been mentioned, the non-payment of PAYE has not been mentioned very much today except that it has improved. But this is a very serious matter because it is not only a debt, if you do not pay your electricity, if you do not pay your rates you owe the money but if you do not pay your PAYE you are keeping your workers' tax, it is also a criminal offence. But, of course, it costs too much to keep people in prison, we are not interested in sending people to prison for keeping the money of PAYE, what we are interested in is in getting the money and obtaining judgement and pursuing the matter until the money is paid and, of course, in many cases of arrears like in the water, electricity, etc, when people have had difficulties arrangements are made so long as they pay regularly for the arrears to be settled over a period and so on and facilities are given. Also there can be no doubt that one of the reasons for the rather high amount of money owing in this respect and perhaps even the reason for the misdemeanour of keeping money in PAYE is the recession and the lack of cash. But certainly the withholding of PAYE is something that has no excuse whatsoever. Non-payment of electricity, after all, it is what you owe, you may not be able to pay, you may have incurred difficulties, illness, but PAYE is something that you are entrusted to collect for the Tax Office and it is not your money in any case not to pay it in. The day you collect it you should pass it on and I am glad to say that, generally, this is done and the figures mentioned by the Financial and Development Secretary this morning I think show that. Let me

say that I can speak from personal experience, not from what I owe but from what other people owe, that in my professional capacity that the income tax and particularly since we were wise enough to pass on the duty of estate duties to the Income Tax Office, thank God, they do not stop, they keep on chasing, certainly they chase the ones probably that they expect can pay but the impetus of the Income Tax Office and the Estate Duties Office certainly in the last six months or year, apart from their normal work, has really gone up. Let me say that the elected Government will give every support possible. After all, the income tax hasn't got a Minister, whatever the Commissioner of Income Tax does you cannot blame on a Minister, you can blame on the collective responsibility of the Government, let me say that the Commissioner of Income Tax and the Commissioner of Estate Duty, within reason, of course, has got the full support of the elected Government to pursue claims in a humane way because you cannot do it in any other way, in a humane way to pursue his duties in a forceful way so that the non-payment by some members of the community is not made up by the payment by those who do pay their taxes regularly. He has the full support and the Accountant-General, as the Financial and Development Secretary well knows, will also have the full support and, in fact, the support here is much more practical in the sense that in the preparation of the estimates we have already discussed the strengthening of the Department and as he said this morning, it more than pays to have two or three extra bodies to follow up the cases because people will pay always. The Government bill is the last, everything else is paid before, trips to Sierra Nevada or whatever it is, it is paid before but tax and electricity and water, that can wait, after all, it is the Government. It reminds me of the chap who stood up in the Speakers' Corner in Hyde Park who said: "Let the Government pay the income tax for us". One point which was raised by the Hon Mr Feetham who is not here which I propose to pursue. I have a recollection of this matter having been raised here before but I do not know what the present state of affairs is. He talked about the exemption from import duty of certain equipment which is allowed to be brought in free of duty for certain contractors for the Government and the Ministry of Defence. I think that if it is maintained at that level it is sensible because after all they bring machinery to carry out work and they take it away. If they paid duty it would be reflected in the work and the payments that have to be made here. He did say that this is abused not only by keeping it and using it for other work but even in hiring it. I know we had a comment on this some years ago and we found out that in some cases the machinery that had been mentioned had in fact paid duty when it decided to reside permanently in Gibraltar, that is to say, it was going to remain here, it paid duty and it carried on. I do not say that the allegation may not be true but I cannot say that I can give him an answer without investigating it. If, in fact, we are not going to have a Public Accounts Committee, no doubt we shall have an annual jamboree with the Auditor's Report but let us hope that it will be raised a little later than just on its presentation, for obvious reasons, particularly if Ministers are going to be asked to respond to it, to be able to report on some progress

that has been made in future in respect of the Auditor's Report. I would associate myself with the Financial and Development Secretary in paying tribute and let me say that there was criticism from the old Opposition when we made for the first time an appointment of a local Auditor and let me say today that we were more than justified in appointing a person properly qualified who had given loyal service and who shows the nature of his independence by the Report that he has published. This is a tribute to his standing and the fact that we are discussing this here in such detail is a tribute to his hard work and that of his staff. Therefore, it will not be difficult to agree at the end of the debate that we have noted the Report of the Principal Auditor and I do not think there will be need for a division.

MR SPEAKER:

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

HON J BOSSANO:

Thank you, Mr Speaker. Perhaps I will deal first with the contribution of the Hon and Learned Chief Minister since that is fresh in our minds and say that I associate the Opposition with the remarks that he has made regarding the quality of the Auditor's Report and the fact that we have a local man doing the job. The Government will find full support from this side of the House in moves towards localisation and towards recognising the expertise that exists in our community. I think we have too often been blinded by the concept that a philosopher is not recognised in his own land and therefore we bring in experts quite often at enormous cost to tell us what is all too obvious to us if we only care to look around ourselves and I think we will be doing Gibraltar a service in recognising the ability and the quality of our own people if we give them the responsibility and I think they often discharge that in a way which brings credit to them and credit to Gibraltar. I endorse entirely the remarks of the Chief Minister as regards the appointment of the Auditor and the quality of the Report and it is precisely because we consider it to be a Report that is conscientious and a Report that highlights important things that we have brought the motion to the House. I take the point about the nearness of the presentation and the motion, that is, the House has had the Report tabled at this meeting and we have brought the motion at this meeting. I think there is only one point I would like to make in relation to that, a practical point, it may be a difficult one to meet. First of all, let me say that I accept entirely the position of the Government in this respect and that therefore in future the next time round we will have a wider gap, that is, what we propose to do would be to bring a motion to the House to debate the matter at the meeting subsequent to its presentation which will give the Government time to do it but, of course, the thing is that it is particularly useful, I think, to be able to do it before the Budget session. I

remember going back 11 years when I started in the House, we had in fact a much more difficult situation then because quite often the Auditor's Report came after the Budget and in fact we had a situation when we were looking at the estimates for the forthcoming year and we still did not have a clear picture of the final results of twelve months preceding the Budget and I think there was a recognition of the necessity for the House to have the most up-to-date and accurate information on which to base its decisions and this was reflected, eventually, in the effort to get the Auditor's Report out before the end of the financial year. But, of course, we are looking at the figures reflecting the position in March, 1983, and at the next meeting of the House we shall have revised estimates in respect of the year ending March, 1984, and projections for the year ending March, 1985. So, effectively, I have always treated, Mr Speaker, in my response to the Budget, the analysis of the economic situation and the analysis of the fiscal measures and the financial position of the Government as one spanning effectively three financial years, the final figures of one year, the revised figures of the second and the projections for the year to come. It may be that the work involved and the limitations of staffing preclude the thing being produced earlier but, obviously, it would be much more useful to debate it before the Budget than after the Budget and this is one of the reasons for doing it now.

HON CHIEF MINISTER:

If the Hon Member will give way. Having regard to the date of the Report we might have had more time had we not had the small incident of the elections in between.

HON J BOSSANO:

Well, if the Hon and Learned Chief Minister decides to call another general election before the next Budget next year we will forgive him for it.

HON CHIEF MINISTER:

You would be sorry.

HON J BOSSANO:

The other point I want to make as regards the response of the Opposition at what is really our first working session of the House and our first motion in the House, is that precisely because the Public Accounts Committee was intended to be an inquisitorial thing and we do not think that it is our function to be inquisitorial, we think it is our function to serve the people who voted for us by putting us here in helping to improve the performance and the quality of the Government because that is to the benefit of the people of Gibraltar and this is effectively what we are trying to do. There is also the practical reason that in fact although a number of

Members of the Opposition have spoken not everyone has. I noted that the Hon and Learned Mr J B Perez was hesitant because he thought perhaps there would be a contribution on Medical Services for which he would want to have the opportunity of replying. Well, there was not because in fact having looked at the Report we decided that there was not anything in particular we wanted to raise so Members of the Opposition will not simply stand up to talk for the sake of talking because everybody has to do it, they will stand to talk when they feel there is something worthwhile saying, Mr Speaker, and therefore that is also reflected in the approach that we have adopted in this matter. Turning back to the previous contributions I think one thing that is useful apart from the debate on the Auditor's Report has been the indications from the Financial and Development Secretary of his own personal thoughts on the question of fiscal policy and on taxation and particularly the question of taxation on income or expenditure. I think that our own thoughts on the matter really stem from an approach that says that the Government in looking at its fiscal policies, in looking at its revenue raising measures, should do so cognizant of their economic impact as well and I think this is where taxes on expenditure and taxes on income come into play. Of course, I think the difficulty is that whereas the tax on income is a fairly certain and accurate way of raising revenue provided people pay and they do not do what they have been doing recently, that is, collecting PAYE and keeping it, but taxes on expenditure are more unpredictable as we have seen in fact from the downward revisions that we had last year in the estimates on the question of the yield from import duty whereas you can predict fairly accurately unless there is a colossal slump in the economy and massive unemployment, you can predict fairly accurately what your yield is going to be from a tax on income, it is more difficult to predict it particularly with an open frontier and I think the problem with expenditure taxes in the present situation is that we have to be careful that we do not in fact price segments of the Gibraltar market out of the reach of the consumer by attempting to tax expenditure. I think the other part of looking in the balance of taxes on expenditure, rather than insisting taxation towards expenditure but within the balance of taxes on expenditure, certainly, I think the achievement of economic objectives such as the enhancement of the attractions of home ownership is a perfectly valid way in which to deal with a fiscal matter in a way that achieves an economic objective and certainly if the Government is thinking along those lines then we think that that is a good thing and that is the sort of direction that we would like them to give to the economy of Gibraltar. I am not sure that I agree with what my Friend, the Hon Mr Perez, said about a dry Financial Secretary and a wettish Government. I think the comment, possibly, was intended in the context of Tory wet and Tory dry in terms of their approach to fiscal policy. Well, Mr Speaker, the Hon and Learned Chief Minister, I think, has on occasions described himself as Social Democrat and that is the closest one can get to a Tory wet that I know about but I think there is one thing that will guarantee that they do not become Tory wets and I think the answer was given by the Minister for

Public Works when he told us that the last tanker of water that arrived cost £10 a ton, I think it is impossible for the Government to become wet at that price, too expensive. I think if they went for whisky or something else they might be able to do it but not with water. The area that we have highlighted on arrears of revenue on the question of PAYE which the Chief Minister in fact has said he agrees with, I think, is in fact one where it is the humane approach which we support. I think people must understand it cannot be extended when in fact the money that they are retaining does not belong to them, it belongs to the Government. I think it is one thing to have to of necessity look at the implications of pressing people who are in arrears in their running of their own business, for example, when in fact you could do untold long-term damage by putting somebody completely out of business because then you may not recover what they owe and you may never have any chance of recovering it and that, effectively, would be simply to approach the thing with blinkers on and looking at it purely from a legalistic point of view without sufficient regard for the long-term results. We support the distinction between the approach on something like arrears of PAYE and the more humane approach taking into account the difficulties that a particular sector may be suffering at a particular time. However, it obviously cannot be allowed to run indefinitely and I think on the point that my Colleague, Mr Perez, made with regard to the Telephone Service, again there is a clear distinction there when we are talking about, for example, a proportion of that money being due to international calls where again the Government of Gibraltar is disbursing money out to other authorities and I think also, for example, in cases like hotels where the clients may be paying the hotel, the Government is paying the other authority and the money is lost in between the two, the consumer and the person providing the service which at the end of the day is the Government of Gibraltar. I think the other area that we will want to see reflected in the presentation of the accounts and I think that is part of the implicit comments in the Auditor's Report, is that in order to assess the value to the community of particular services, the more accurate, the more realistic the accounts are presented by the Government the easier it is to take rational policy decisions and since we see our role here as examining Government policy and trying to improve it if we think it needs improving or endorsing it if we think it needs endorsing or disagreeing with it, therefore the policy itself that the Government takes must, to our mind, be based on accurate information. We think the Government needs the accurate information as much as we do, the House needs it, because the constitutional responsibility for the expenditure of public funds lies with the House of Assembly and therefore it is in this context that something like the non-payment of tax on the fees paid to Hawker Siddeley introduced a distorting factor in assessing what the real cost is and in making comparisons between the cost if we are running the Station ourselves and the cost if it is being run by an outside organisation. This point that we want to bring to the attention of the Government on this occasion and

this is the first time really that we are getting down to the business of providing the people of Gibraltar with the service and the work that I think they are entitled to receive from their House of Assembly and which we hope to be able to contribute to and to enhance, this First Session we are making points, obviously, we shall be looking forward to seeing answers and a reflection of the thinking we are bringing to the House in the future performance of the Government and we hope we do not have to become as hypercritical as the last Opposition was because we will be seeing better results.

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

HON J E PILCHER:

Mr Speaker, I beg to move that: "This House considers that Spain should have no jurisdiction over the Gibraltar airfield and should have no say in its present or future use". Mr Speaker, in bringing this motion to the House I am aware of the fact that this motion has been brought before the House on a previous occasion and I have in fact closely examined the Hansard of the ensuing debate and will be commenting on the points raised by the Hon and Learned Chief Minister and by the then Hon and Learned Leader of the Opposition. However, I have hopes, Mr Speaker, that the outcome of this motion will not be the same as it was at that time, at least given the fact that there was a bipartisan approach then which will not be the case unless the Government support the motion. This motion is directly related to a previous question I asked about the visit of the Deputy Governor in his capacity as Chairman of GATAB, obviously to do with matters arising out of civil aviation and in direct relation to any aspirations that Spain might have in this area. It is clear to me, Mr Speaker, having read the Hansard of the last debate, that the three parties then represented in the House as indeed the two parties represented in the House today as indeed the United Kingdom Government, pay no importance at all to the claim made by Spain that the airfield was built in an area which is not covered by the Treaty of Utrecht and therefore outside the territorial area. I therefore can see no difficulty, Mr Speaker, in the Government supporting this motion because it is simply a re-statement of this. I understand, Mr Speaker, given the publicity attached by the Spanish Government to the Gibraltar issue, that Spain has to find a way out of its present impasse and the airfield question presents such an opportunity. This is the reason for the motion, Mr Speaker. It is not intended to put pre-conditions on any Government, a point I think raised in the last debate. It is not unrealistic to think that in areas of economic cooperation Spain would be looking at this cooperation in order to try and get a say in the running of the airport and a say over the flights that land in Gibraltar. Mr Speaker, I would like to state clearly that my party is not against the full opening of the frontier. I say this at this stage because it is mooted in some circles that

all these motions clearly presented at giving the United Kingdom no room for manoeuvre in negotiations are, in fact, a desire to keep the frontier closed. This could not be farther away from the truth, Mr Speaker. They are in fact a desire to safeguard the position of Gibraltar vis-a-vis the opening of the frontier and the Lisbon Agreement which, as you well know, Mr Speaker, my party opposes because of the fact that we realise its inherent dangers. All that we are trying to do, Mr Speaker, is to show clearly to Spain that they can expect nothing in return. They put the restrictions without any agreement and they can lift them without anything in return. The motion in no way closes the door for the use, and I say use and not joint use, as this seems to imply controlling rights and/or special treatment to Spanish aeroplanes. We are quite prepared to see, Mr Speaker, Iberia using Gibraltar airport as indeed we will be quite happy to see other international airlines doing exactly that if it can be demonstrated that it is in Gibraltar's economic interest. But there is a Committee set up to do just that, to look at this and to see whether Gibraltar benefits from such mutual agreements and to advise accordingly. GATAB is the instrument which Spain as, indeed, any other country wanting to use the airport would have to use. This is the appropriate forum, Mr Speaker, and not the talks under the Lisbon Agreement which are shrouded by such veils of secrecy that not even the Members on this side of the House know what is being discussed and where the apparent veto, and I say this because in the last debate it was said that the Gibraltar delegation would be there in the negotiations on the Lisbon Agreement in a watchdog capacity with a right to leave the talks if at any point in time something was discussed which the Gibraltar delegation did not agree with or which was against the desires of the people of Gibraltar. This apparent veto, which can be exercised by the Chief Minister or the Gibraltar delegation, must be seen in the context of the Hon and Learned Chief Minister's lack of aggressiveness in dealing with such matters as the Dockyard and the EEC. This veil of secrecy that I was referring to, Mr Speaker, is what leads to uncertainties in Gibraltar and motions like this one in the House. I am sure that if the Government support this motion it would put the Opposition slightly at ease and definitely a majority of Gibraltarians at ease. The Hon and Learned Chief Minister in the debate ensuing the last time this was brought to the House, referred to the Hon Joe Bossano as an ostrich with his head in the sand when it came to the Lisbon Agreement. May I say, Mr Speaker, that from where I sit and definitely from outside the House it appears to me that the ostriches are the Hon and Learned Chief Minister and his elite group who have their heads in the sand and communicate down there whilst the rest of us up here do not know and are completely unaware of what is going on. No, Mr Speaker, Spain cannot get any preferential treatment not even because they are our neighbours, again another point raised by the Chief Minister, perhaps if they had behaved like our neighbours for the past fifteen years we would not be at this stage today. They can get no preferential treatment and by supporting the motion, Mr Speaker, the House of Assembly would be saying just that. We want to attract international airlines but all on the

same basis and with Gibraltar being uppermost in our minds. Agreements may be different for different countries, I realise that civil aviation is a very complex matter and it is very difficult to get two agreements which are exactly the same but although the agreements are different that is something for GATAB to advise on and not for the Spanish and British Governments to be discussing under the Lisbon Agreement. Sir, I commend the motion.

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

HON CHIEF MINISTER:

Mr Speaker, whilst commending the contribution of the Hon Member I must tell him that the speed of his delivery has been such that has prevented me from taking copious notes to deal with some of the matters.

HON J E PILCHER:

If the Hon Chief Minister will give way. I am quite prepared to repeat the speech, Mr Speaker.

HON CHIEF MINISTER:

No, I think it may be a tribute to his oratory but, anyhow, it was too quick for me to take notes in order to create comparisons but as I said the last time, I was reading the small type of the Hansard last night and I did say that I agreed with a lot of what the Hon Mr Bossano had said and I do not disagree at all with anything of what the Hon Member has said. That does not necessarily mean that I agree with the terms of the motion as it is put but I do not disagree with any of the feelings other than those in which he has made comments against me, in that, of course, he can hardly expect me to agree however conciliatory my attitude will be to this Opposition for their fairness and their frankness. Going back on what one has said in the past, I had the opportunity of looking at something that the Hon Leader of the Opposition referred to yesterday about what I had said to the Foreign Affairs Committee and it has some indirect bearing or partial bearing to what we are discussing now and in fact I am rather proud of what I said then. I was a bit afraid yesterday that I might have said something which time had tested it badly but time has not tested it badly, in fact, time has matured it and given it more value. I took the trouble to look at the report yesterday and I see that from paragraph 23 at page 10 of the report I said: "Perhaps La Linea's greatest problem today is unemployment. There can be no doubt that when communications are restored and quite apart from the substantial economic benefit that would accrue in particular to La Linea" - this was, by the way, before the closure of the Dockyard was announced, I think - "there will also be a substantial increase in development and touristic activity in Gibraltar."

This will enable Gibraltar to provide employment to some of the unemployed in La Linea. We have, of course, a human and moral obligation which we intend to fulfil not to discharge those Moroccans at present working in Gibraltar but there can be no doubt that the natural tendency in meeting new employment demands and filling future vacancies will be to employ people living in the adjacent area. Gibraltar can help La Linea by providing employment, La Linea can help Gibraltar by providing workers. Strict reciprocity will require that for every Spaniard employed in Gibraltar Spain must provide employment for one Gibraltarian. Full equality of rights would mean that the relatively vast population of Spain would compete with Gibraltarians for employment in Gibraltar. Perhaps Gibraltar's greatest problem today is housing and this could be relieved to some extent by some Gibraltarians especially, perhaps the newly married, renting accommodation in the adjacent area. This would be of help to Gibraltar, the adjacent area would benefit economically. Strict reciprocity would require that for every Gibraltarian taking up accommodation in Spain Gibraltar must provide accommodation for the Spaniards. Examples of this reductio ad absurdum are limitless. Spain can benefit from selling fresh fruit and vegetables and building materials for Gibraltar. Gibraltar can benefit from buying them, not from selling them back". Anyhow, coming back to the problem here, this is a quotation to which the Hon the Leader of the Opposition referred, my statement to the Select Committee on Foreign Affairs of the House of Commons. As I say, there is no question and as I said before and I do not want to look through what I said before because I want whatever I say now to be spontaneous and if it is the same as before, well, so be it if it isn't I don't mind, I am speaking now in March, 1984, and not in February, 1983, when the motion was made. There has been, let no one be mistaken, there has been a dramatic change in the situation in this year insofar as our neighbours are concerned and particularly in the last three or four months, which is the French veto that was being exercised towards Spain's entry into the Common Market, that has made a dramatic change in the possibility of Spain entering the Common Market and other situations arising than those that were being dealt with at the time when the Hon Mr Bossano was dealing with the airport in a number of motions. One of the things about bringing motions to the House is that they cannot be terribly useful if they are worded in such a way that they tie our hands forever, not forever because the Hon Member was referring to a previous motion of the House of Assembly and I do not say that a subsequent House of Assembly cannot alter it but they cannot respect if they have the meat in them to be able to supplement it. What we cannot do is have pious, I am not saying that about this motion, if I may say so, but I am speaking generally about some of the motions, we cannot have motions of pious hopes and strong resolutions that carry no weight elsewhere because we are not sufficiently independent or sovereign to be able to decide our future in the way the motion is phrased. They may at one time or another show the feelings of the elected Members and so long as that is done in that way it is perfectly alright but it can lose value, motions can lose value if they are repetitive and deal with matters which are

obvious. To say that nobody should have a right in my house except myself, to bring a motion here like that is really unnecessary because that is how the situation is and that is why, perhaps, to tell the obvious too clearly can be interpreted as being afraid of something that might happen when in fact there is no reason for that fear. That is why again on this occasion I cannot in my own mind allow the motion to carry on as it is because I think that it would give a completely wrong impression. We may differ on this, this is obvious, we may differ in many other things. Certainly the response to the previous motion was my own and that of the Government. The fact that the then part of the Opposition agreed to it was purely a matter of policy on their part, it was not an agreed response, it was just the fact that we were looking at the matter in a similar way and therefore the fact that the same view is not being expressed here today makes no difference as far as we are concerned and we have the same views about the future as we had before, altered, naturally, by the changing of the pattern of events in the world and the challenges that we have to meet. And that is why, if I can just look at the wording of the motion.

MR SPEAKER:

I assume that you are going to move an amendment, is that right?

HON CHIEF MINISTER:

Yes, that is why in looking at the motion I have nothing to quarrel with it at all and, as I said the last time and I say now, it is not substituting a motion by deleting all the words after "That" and putting another motion, no, I entirely agree with the way in which the matter is expressed but I think that it begs the question in a way because if it is so obvious then why bring a motion and if it is something that you want to be careful about you have got to be careful about the wording and it is not that we do not agree with the motion but we are living in a world which is having dramatic changes and we have to be careful that we do not lock up ourselves in an ideological matter which may prevent us later on from doing other things. Last time the amendment that I proposed, which in the end I noticed with great satisfaction when I was reading it at half past twelve last night, that the Hon Mr Bossano had not voted against, that he had abstained. I hope he may do the same thing this time if the situation is the same. Because of the change in circumstances there has been a slight difference in the basis of the amendment.

MR SPEAKER:

Do you have the text of the actual motion at the time?

HON CHIEF MINISTER:

It is the same, it is exactly the same, I stand corrected, but it is exactly the same. What I am saying is that my amendment is not exactly the same. It is on page 162 of the Hansard at the top where I said in that debate: "I propose to leave his motion completely untouched except for one word which is conjunctive which doesn't require it there, it requires it at a later stage, so he need not be unduly concerned about that. I have had the occasion previously, both in this House and elsewhere, to draw attention in particular to the words 'mutual benefit' in the paragraph of the Lisbon Agreement to which I have just referred". I said here: "Although our views on mutual benefit are well known, I think they might be well expressed once again in the context of this motion and in the context of the fears expressed by the Hon Mover and therefore my amendment is to propose" - this is what I said at that time, I wanted to make sure - "(1) that a comma should be inserted after the word 'airfield' in the motion and that the word 'and' should be deleted, and (2) that the following words should be added after the word 'use' in his motion: 'and any proposals for practical cooperation' - we must really take into account that there may well be talks on this matter and therefore I think if I may say so, even strengthens the position, certainly the concern of the Mover in this matter - 'any proposals for practical cooperation in relation to the use of the airfield will fall to be considered under the terms of the Lisbon Agreement and must accordingly be of a mutually beneficial nature'". That was the nature of the motion. I appreciate now that the Lisbon Agreement may be getting dated by non-compliance by those who signed it and that therefore something else will substitute it but whatever substitutes it and I say, of course, the accession of Spain into the Common Market and their obligations to comply by the rules of the Treaty of Rome, my amendment is that a comma should be inserted after the word "airfield" and that the word "and" should be deleted; and that the following words should be added after the words "use": "and any proposals for practical cooperation in relation to the use of the airfield, whether under the terms of the Lisbon Agreement or otherwise, must be of a mutually beneficial nature". That is to say, I anticipate that even if the Lisbon Agreement becomes dated and the joint user of the airport is mentioned, and I am not talking about joint control, let me be quite clear that I am not talking about that, that is completely repugnant as far as we are concerned, let there be no misunderstanding about that, I am more concerned in the modalities of the approach at a later stage. Whatever happens, the use of the airport by anybody else must be of benefit to Gibraltar otherwise it is not of a beneficial nature. If it is a benefit to somebody else and not a benefit to Gibraltar then it is not acceptable and therefore that is why I say 'whether under the terms of the Lisbon Agreement or otherwise, any proposals for practical cooperation in relation to the use of the airfield, must be of a mutually beneficial nature'. With regard to the reference made by the Mover in connection with the presence of the Gibraltar delegation or now if there were any talks at which Gibraltar had to be present and Hon Members

opposite would not cooperate in that, I would like to make it quite clear that I would be sorry to see that situation but that would not stop me from going, in fact, I think it is only fair to say that it is quite clearly set out at the beginning of our manifesto on which we obtained a return to office that at any dialogue between Britain and Spain affecting Gibraltar and when I say dialogue I mean meaningful talks, not negotiations, I do not think at this stage talks or even negotiations of a nature in connection with the application of the EEC and so on, the manifesto, which I have not got here unfortunately, quite clearly stated at the beginning that the purpose of that was that Gibraltar had to be represented and the manifesto went a little further though I did not prepare it, went a little further and said that I should be there so, God willing, if there is any need to be there I hope to be there myself but if that is not to be the case for any other reason somebody else would be but I have, I feel, grounds on which to say that if I went to any talks on this matter I would have the support of the people because that was a specific proposal of the manifesto on which the Government of the day was elected with such a comfortable majority.

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

MR SPEAKER:

I will now explain the position as it stands insofar as the rules of practice are concerned. An amendment has been moved by the Hon the Chief Minister to the original question. Strictly speaking, Members should now only be entitled to speak on the amendment upon which the Mover of the amendment, the Hon and Learned Chief Minister, will have the right to reply but in order to avoid repetition and give a fair amount of latitude to Members the way I have always played it is that any Member can choose either to speak specifically to the amendment or take the opportunity to speak to both the original motion and amendment at one time, it is a matter of choice. But perhaps, since it is now quarter to one, an amendment of substance has been moved, perhaps the Opposition would like to have a little time to consider the amendment and we might recess now until quarter past three this afternoon.

The House recessed at 12.45 pm.

The House resumed at 3.25 pm.

MR SPEAKER:

I will remind the House that we are now debating the amendment moved by the Hon and Learned Chief Minister to the motion moved by the Hon Mr Pilcher. Anyone who wishes to speak is free to do so.

HON J E PILCHER:

Mr Speaker, in speaking against the amendment put by the Hon and Learned Chief Minister I will be doing so very slowly to give him time to make all the notes that he wants to make. I cannot, however, speak against his intervention when he moved the amendment because in fact there was no intervention, it was all in agreement with my initial motion. All the Hon and Learned Chief Minister said was to agree with the initial motion although he then produced the amendment to the motion. So I must in speaking against the amendment just look at the wording that the Hon and Learned Chief Minister has put in the amendment as such. I think, Mr Speaker, that we cannot support the amendment because in fact the amendment is a direct reversal of the motion. When I moved the motion, Mr Speaker, I did in fact say that the motion in no way closes the door for the use of the airport and I was very careful not to use the words 'joint use' which the Hon and Learned Chief Minister did in fact say 'joint use' because we thought this implied controlling rights of the airport. I will speak on the amendment only at this stage and in doing so I will have to - I am reading the amendment - "and any proposals for practical cooperation in relation to the use of the airfield". I cannot see, Mr Speaker, how if we look at the initial motion and see that the House considers Spain has no jurisdiction over the Gibraltar airfield, how we can then say that 'any proposals for practical cooperation in relation to the use of the airfield'. I think, Mr Speaker, if you talk about practical cooperation in relation to the use you are talking about sharing something, the practical cooperation in sharing something. Otherwise I do not see then, Mr Speaker, the necessity for the amendment because if the initial motion does not say anything about the use and in fact does not tie down the Government or any other Government as regards the usage of the airport, I cannot see why the Government has chosen to move this amendment because all it says is that any practical cooperation for the use of the airfield must be looked at under the terms of the Lisbon Agreement or otherwise. I do not see the necessity for the amendment and I can certainly say that as far as the Opposition is concerned we will not support this amendment. In fact, if I take this amendment as against the amendment moved by the Hon and Learned Chief Minister the last time the motion was brought to the House, I can see that it is worse than the first amendment that was moved because in the first amendment the dangers that were implicit, the dangers that we saw, were in the Lisbon Agreement and now we see 'under the terms of the Lisbon Agreement or otherwise', which means that there is now more than one danger. Obviously, the Hon Chief Minister is referring to the fact that Spain will shortly be entering into the EEC, something that I will leave for the Hon Mr Michael Feetham to answer in his capacity as spokesman on the EEC. But I can certainly say, Mr Speaker, that I can see no practical move as regards the motion. All I can see, Mr Speaker, is that there is no political motivation for this other than to leave a door open, I cannot see which door because the motion is clear. As I said in my initial speech, all that we are saying in the motion is stating the fact which has been agreed by everybody, that Spain has no

jurisdiction over the airport, no legal right over the airfield and that in having no legal right she can have no say over any matters appertaining to the airfield and therefore, Mr Speaker, I can see no practical use for this amendment because, as I said before, it is a direct reversal of the initial motion and as such we will not be supporting the amendment. In an amendment like this I suppose we could extend it and say that every time a plane uses the Gibraltar airport we would then have to have an agreement for practical cooperation in relation to its use. Would we have to do the same with the Danes because a Danish airplane comes to Gibraltar? I think, Mr Speaker, there is no use for this amendment and all it does is make the motion ambiguous and leaves too many doors open as regards interpretation and we will therefore not be supporting the amendment.

HON J B PEREZ:

Mr Speaker, although strictly speaking we are on the amendment to the motion I would like to exercise my right to speak on both, if I may, with your indulgence. In speaking on both let me say straightaway that I have no hesitation in agreeing with the sentiments which were expressed by the Hon Mover of the motion and of course with the comments which have been put forward, the address of the Hon and Learned Chief Minister in moving his amendment and in speaking on the motion as proposed by the Hon Mr Pilcher. Of course, I have to add a rider to that and that is that I cannot agree with the comments which were made against the Hon and Learned Chief Minister by the Hon Mover of the motion. But let me say straightaway that I do agree with the sentiments which have been expressed in the House by both previous speakers. I have to ask myself the question and I am sure the Hon Mover may be able to help me on it and that is, what purpose or why has this motion been brought to the House today? What purpose will it serve? What are the aims of the motion, and I say so particularly because we have had a very recent motion in the House identical to this one with a, I wouldn't say identical amendment proposed, only in February of last year. In fact, to remind Members of the House what happened in February, 1983, was that the amended motion was in fact passed by Members of the House and the Hon Mr Bossano, in fact, abstained on the amended motion.

HON J E PILCHER:

If the Hon Member will give way. I think the Hon Minister is asking for a reason. I think I gave the reason quite clearly this morning. The reason for motions like this one is the veil of secrecy surrounding all the talks under the Lisbon Agreement. If we knew what was going on, Mr Speaker, for example, if we knew what had gone on when the Deputy Governor irrespective of the fact that the Hon and Learned Chief Minister said that nothing had gone on, if we knew what was happening under the Lisbon Agreement, if we were kept informed, if the people of Gibraltar were kept informed, perhaps there would be no necessity for such a motion to be brought to the House.

HON J B PEREZ:

I simply cannot understand neither do I agree with that explanation, Mr Speaker, in connection with the veil of secrecy. I think that is sheer nonsense to say that in this House. What motives, what aim or what purpose can the motion serve before the House as put forward by the Mover? Is it that there has been or that he thinks there is a change or there has been a change in Government policy in connection with Spain? I do not think he mentioned that at all in moving the motion. Is it that the Mover of the motion thinks that certain events have transpired from February, 1983, until today which requires the House of Assembly to look at the whole question of jurisdiction of Gibraltar's airfield, and I say of Gibraltar's airfield, de novo? Is it that something has happened that now we require this motion to be put before the House to discuss it? I do not think, in my humble opinion, that anything has transpired from February, 1983, to March, 1984, which necessitates the motion being brought to the House. Is it also possibly that the Hon Mr Pilcher is a new Member of the House and as a new Member of the House of Assembly therefore feels as official Opposition spokesman for air communications and tourism that he feels that it is his duty to put a motion in the House on this matter? Or is it, which is the reason that I would ascribe to the motion, is it that the Hon Mr Pilcher is giving the House an opportunity to express its feelings and its views on the question of the use of the Gibraltar airfield? I would say, in my humble opinion, that I would subscribe to the fourth reason that I have put forward and that is to give us the opportunity to express our views and feelings. Why? Because what we say in this House will be obviously brought to the notice of the Spanish Government, it will be sent to the United Kingdom so that people there will see, Members who are connected with Gibraltar and on foreign affairs, they will know exactly how Members of this newly elected House of Assembly actually feel about the matter. I think there is one problem that I wish to point out straightaway and that is that we must be very careful, Mr Speaker, in bringing motions of this nature to the House because it could tend, it could lead people to think that the Members in the House have any doubt as to who has jurisdiction over the Gibraltar airfield and I think we have to be wary of that. If we keep on bringing motions of this nature people may well think outside the House: "They are saying this because in the minds of some elected Members there could be a doubt as to whether Spain has any sort of jurisdiction over the Gibraltar airfield". I am saying that, in passing, as a word of warning to future motions which may be put on these particular matters. In the motion of the Hon Mr Bossano in February, 1983, the main reason that he put forward in having to bring the motion before the House was in connection with the Lisbon Agreement and he did say at the time, I think at the time there were some newspaper reports and people were giving all sorts of solutions to the problem and they were proposing all sorts of solutions to make Spain feel happy about its claim over Gibraltar. I think that was the main concern of the Hon Mr Bossano in February, 1983, and in fact he even went to the extent of saying that the Spanish Government were saying that under the Treaty of Utrecht it was only within the boundaries of the City Wall that had been ceded to the British

Government and not outside the City Walls and therefore the Spanish Government had been saying that the airfield did not form part of the Treaty and therefore they felt they had a valid claim, that that was theirs and they had jurisdiction over that. Again it was said at the time that the British Government were prepared to take the matter to the International Court of The Hague, I think it was, which the Spanish Government refrained from doing and I think during the debate in February, 1983, the Hon and Learned Chief Minister expanded on the arguments in this connection. But that really was, from reading Hansard of February, 1983, the main reason put forward by the Hon Mr Bossano in moving this precise motion on the question of the airfield and, in fact, he ended up by saying in that particular debate that the reason he was voting against the amendment was not because he disagreed with what had been said or with the words used but he said that since he was opposed to the Lisbon Agreement and since the amendment before the House merely envisaged the Lisbon Agreement, he said that then he would abstain. But what I think the Opposition has not realised is that the amendment put forward by the Hon and Learned Chief Minister in fact refers to the Lisbon Agreement or otherwise. Well, perhaps the amendment on this occasion could be more palatable for the Hon Mr Bossano because it does not just envisage any question of practical cooperation just under the Lisbon Agreement, it says Lisbon Agreement or otherwise. Again I would reiterate that perhaps he would consider that more palatable than on the previous occasion in February, 1983. The most important point, in my view, Mr Speaker, of the amendment is that we are keeping the question of jurisdiction which we all agree with. I do not think anybody in this House can dispute that, that Spain has no jurisdiction and has no say in connection with the airport, we all agree on that but what I think the amendment does is, in fact, it adopts a more realistic and a more positive approach, a more practical approach of the problems that are facing Gibraltar. Whether we like it or not they are there and therefore, with the amendment, one can approach the matter in a more realistic and, as I say, practical manner. The Hon Mr Pilcher speaking on the amendment to the motion has just said that as far as he sees it no political purpose is served, no realistic purpose, that the motion is ambiguous. I would pose the question whether there was any need to bring the motion to the House in the first place. In my opinion, what the amendment does is that it agrees with the sentiments expressed in the original motion but it is in fact a more practical way forward. It is the contrary to what the Hon Mr Pilcher has just said and I think one of the matters that we must not forget is that under the Lisbon Agreement the question of the airport will obviously be brought into light and of course the amendment is, I think, one which all Members of the House should be able to support and it reads "any proposals for practical cooperation in relation to the use of the airfield whether under the terms of the Lisbon Agreement or otherwise, must be of a mutually beneficial nature". I think that is the sentiment with which I am sure all Members will agree. There is just one final matter that I think I would like to comment on, perhaps it is probably pre-empting comments from the Hon Mr Bossano, and that is if he were to say and as I am sure he

will, what is the point of differentiating between Spain, in 1983 the nations mentioned were North Korea and Russia, and the answer given to him at the time was: "Well, of course, because of the proximity of Spain we have to take that into account". As I say, Mr Speaker, I have no hesitation in asking the Opposition to look very carefully at the amendment which has been put forward, I do not think it changes the spirit of the motion all it does is give a more practical approach to the problems that are facing us.

HON J BOSSANO:

Mr Speaker, I am just going to talk on the amendment because it seems that notwithstanding the fact that the Hon and Learned Member who has just spoken has taken the trouble to read the Hansard, he seems to have missed some fairly important parts of the argument which were as valid a year ago as they are now. The slight difference is that whereas they were equally valid a year ago, even before I stood up to speak a year ago it was a fait accompli that my words were going to produce platitudes from other Members of being in total agreement with the sentiments and an eventual vote where there were fourteen people voting one way and one voting another. This time it is not going to happen like that. I think the Government must understand that in the relationship that exists today in the House of Assembly, they carry the sole responsibility on areas where there are clear policy differences, where is no bipartisan approach, there is no support from this side of the House on the Lisbon Agreement and the proposed amendment which the Hon and Learned Member has attempted to defend as if it was an attempt to make it perhaps more palatable to us, is nonsense. The reason why it says 'or otherwise' must be obvious to the Hon Member, it had to be 'or otherwise' because if it wasn't 'or otherwise' what was the Deputy Governor doing in London recently talking with representatives of the Spanish Government when the Lisbon Agreement has not been implemented, talking about the airfield, what was he doing there if the Government is only committed to accepting talking with Spain about the use of our airfield under the Lisbon Agreement so it has to be 'or otherwise' because it is quite obvious that it is taking place already without the implementation of the Lisbon Agreement and we are against it, Lisbon Agreement or no Lisbon Agreement, EEC or no EEC because what we say is that we treat Spain as a third nation and it would be inconceivable for Members of that side to move a motion saying that any proposals for practical co-operation in the use of the airfield in Gibraltar with Morocco or with France or with any other nation in the world, presumably we would have to have bilateral talks with every single nation in the world about the use of our airfield, nobody does that. If we want to send an aeroplane from Gibraltar to Madrid like we have tried to do when they discontinued the service

HON J B PEREZ:

If the Hon Member will give way. The British Government in negotiating with other foreign airlines will, in fact, enter into bilateral treaties with that specific country and the agreement reached by them will not necessarily be of the same nature as they may agree with another country.

HON J BOSSANO:

I agree entirely but the difference, Mr Speaker, if he looks back in the Hansard he will find that I pointed out that there was a difference between negotiating the question of landing rights and negotiating the question of the use of the airfield and if we have got a motion that uses the same word twice in two different senses which is effectively what it is saying now and it is the same argument the last time, I said it the last time, if the meaning attached to the word 'use' in the amendment is the same meaning as the word 'use' in the motion then we are not talking about landing rights because I am not talking about landing rights in the original motion and my Colleague in moving a motion that is word for word the same as the one the last time is not talking about landing rights, he is talking about the use of the airfield and the use of the airfield means not just jurisdiction about Spain using it, it also means jurisdiction about Spain having a say in who else uses it, that is the implication of the word 'use'. I said at the time in the House that if Spain wanted to apply for landing rights in Gibraltar she was as perfectly entitled to make such an application as any other country and we, presumably, and I remember that I was interviewed immediately after the motion by GBC and asked what was the GSLP view on this situation and I said it would be nonsense to suggest that Britain would discuss with us the use of Heathrow or that Spain would discuss with us the use of Barajas airport and therefore why should we discuss with anybody else the use of our airfield. It is not a question of agreeing on the use of the airfield with anybody else and the clear implication in the talks with Spain is based on the fact that Spain is not just any third country, that Spain holds a privileged position in having a say in what use Gibraltar's airfield is put to. We are totally opposed to that and we have no doubt at all in our minds about what the Spanish thinking is on this nor do Members on the other side of the House but I think the difference is that on this, as on many other occasions, there is an attempt, I think, to run with the hare and hunt with the hounds and it will not do and, certainly, I think it is perfectly legitimate that the motion should have been brought to the House by our spokesman on civil aviation for a number of reasons. One is because in fact the last time round it could be argued that the GSLP was expressing a minority view in the House. We are putting exactly the same motion, expressing exactly the same view and this time we can say that it has wider support because just like the Hon Member has said, quite rightly, that in his manifesto he mentions the commitment of the Government to the Lisbon Agreement, it is equally true that in our manifesto we mentioned our disconformity with the Lisbon Agreement and it is also clear that although one, I think, politically

is entitled to say that once we have obtained support from the electorate we are entitled to interpret that support as support for all the policies on which we stood for election, it is also obvious that it does not necessarily follow that everybody who voted AACR agrees with the Lisbon Agreement nor that everybody who voted GSLP disagrees with that, there are bound to be people

HON CHIEF MINISTER:

Will the Hon Member give way for one moment? I have got the colour supplementary here. I did not say then nor do I say now after reading it that I was using this in support of the fact of the Lisbon Agreement particularly. I consider that the Lisbon Agreement is dying a natural death but that is for other reasons and I was not referring to the Lisbon Agreement, I was referring for representation at international level that was the thrust of my intervention not to justify support for the Lisbon Agreement, that to me now is secondary.

HON J BOSSANO:

I am grateful for that intervention and I accept that I think the Hon Member, in fact, well before the Lisbon Agreement has maintained a line of a Gibraltarian presence in any talks even before a Lisbon Agreement existed so I accept that point. I took it to mean incorrectly, I took it that he was referring to the Lisbon Agreement when he mentioned it previously. Coming back to the amendment, Mr Speaker, the reasons which I have explained, I have reminded the House on how the word 'use' appears in the amendment and appears in the original motion and apparently in the context of the amendment is intended to mean something different, was the point that I made when I was moving the motion a year ago on behalf of the GSLP and that alone is sufficient reason for opposing the amendment. But there are other reasons because in fact this business 'or otherwise' suggests that precisely because the Lisbon Agreement is now on its last legs and precisely because the Lisbon Agreement is dying the 'otherwise' has got to be there because the process effectively is the same process whether you call it the Lisbon Agreement or whatever you call it, it is this process of thinking together, getting together which has been going on for years and which I think we have to show disconformity with in Gibraltar and this side of the House will continue to do it and certainly if the Hon Member wants to be sure that the message gets clear where it needs to get, then what he ought to do, quite frankly, is to vote with the Opposition and oppose the amendment. That is the clearest message he can send out. I would remind the Hon Member that in 1977 - I do like reminding Members of things - in 1977, in fact, on a motion related to a similar subject, in the context of the Strasbourg process he said that if the Strasbourg process was not successful he would in fact change his position and support the stand that I was proposing then. So I suggest to him that since he has had an indication from the Hon and Learned Chief Minister that the Lisbon Agreement is now rapidly going the way of the defunct

Strasbourg process, now is the time to change his attitude slightly and stick to the original motion which is what the people of Gibraltar require on this occasion, a clearcut message. Let me also say that the flying visit of the Deputy Governor as Chairman of the Air Transport Advisory Board, that it was a Government press release that said that he was going as Chairman of the Air Transport Advisory Board certainly has, in a way, made it necessary that the motion should have been brought particularly soon to the House of Assembly because it was not something that we in the GSLP having raised the matter directly, and I can tell the House that I asked specifically whether in fact the Chairman was going to meet airline representatives or officials of the Spanish Government and I was told it was officials of the Spanish Government and I do not see what business the Chairman of the Air Transport Advisory Board has got to go to London to talk to Spanish Government officials about our airfield. I ask the House to reject the amendment, Mr Speaker.

HON A J CANEPA:

Mr Speaker, it is my view as well that the original motion is quite unnecessary. However, I can understand that perhaps it is because we have been around much longer than Hon Members opposite that we can perhaps afford to adopt a much more relaxed and a much more pragmatic approach to these matters and, obviously, being in Government we tend to know a little bit more perhaps about what is going on and the visit to London, the flying visit, I do not know how else it could be described, of the Chairman of GATAB is the sort of thing that we have learned over the years to, yes, he could have gone sailing, the sort of thing that we tend to take in our stride. I think the Hon Member is wrong when he says that it is appropriate that the motion should have been moved by the Opposition spokesman with responsibility for civil aviation. This motion is not a civil aviation matter, of course it isn't, and certainly neither the motion nor the manner in which it has been presented, it goes much closer to the root of the matter. It is much more fundamental than merely civil aviation. It goes through the whole root of the question of jurisdiction over the airfield, control over the airfield and it raises the whole issue of sovereignty over the airfield and giving the Spaniards a foothold within Gibraltar, that is what we are worried about. We are not very concerned about civil aviation matters and in any case the airfield is a military airfield so what are we talking about? Again I also disagree with the Hon Mover of the motion where he says that the amendment proposed by the Government leaves the door open as regards interpretation. It does that because I think we wish or rather the Opposition Members wish to be unnecessarily suspicious about the whole thing. I think they are obsessed by suspicion and that is why they see in the words 'or otherwise' what we do not see and I am going to show at the end of my intervention how relaxed we are about the whole thing that we can move an amendment to the amendment, we do not see it, but if they wish to, if that is their obsession, they are welcome to it. The Lisbon Agreement for all practical purposes is dead. I think that if

it hasn't been cremated, as I think I said and I can reveal a confidentiality, I think I said when we met Mr Hannay the other day: "If it hasn't been cremated the fires are being stoked up to cremate it". Of course, but let it also be said, what is so obvious, it cannot have been that bad for the British point of view or for the Gibraltarian point of view other than, naturally, we never liked the fact that sovereignty was open for discussion though the British side immediately would have said: "Well, you know what our attitude is on sovereignty, we are not really prepared to take the matter any further". But we did not like the fact that for the first time Britain was prepared to consider the matter. But it can't have been so bad, after all, the Spaniards have not been particularly keen to implement it when poor Marcelino Oreja got back to Madrid the daggers were out, his colleagues started stabbing him in the back because they considered that he had gone too far and the Prime Minister was not prepared to lend his personal support and the weight of his office which at the time was quite considerable in 1980 to get Marcelino Oreja out of a difficult situation, so it can't have been all that bad. What about this veil of secrecy? I know what the views of Hon Members opposite are about the question of diplomacy, the whole question of open Government as the GDM manifesto used to put it, I know what the stand of the Hon the Leader of the Opposition has been on this matter on the question of confidentiality in respect of foreign affairs because there were debates here during the year that he was Leader of the Opposition between 1976 and 1977 precisely on that matter. But whatever our views are about the whole question of secrecy and about the need of the people of Gibraltar to know, the fact of the matter is that the closed diplomacy is going to be conducted in the traditional way because no country conducts diplomacy shouting what is going on from the rooftops. We are not going to have a town crier going around the streets of Gibraltar informing the people of Gibraltar what has been happening in technical talks or what has been going on elsewhere until the time comes for the leaders of Gibraltar to do that. But the fact is what is it that has happened during the last twenty years? What has been going on since the Spanish campaign started in 1964? Has anything happened? Have the Gibraltarian leaders acquiesced to anything? Have we in the AACR agreed to any concessions that have effectively undermined the position of the people of Gibraltar? Of course we haven't, and when in 1972 the then Chief Minister, Major Peliza, tried to smear Sir Joshua Hassan on the question of the lease, had we not been successful in being returned to Government and had we not been in Government for the last twelve years, it could always have been said if Major Peliza had been Chief Minister during those twelve years: "If Sir Joshua Hassan had got into power in 1972 he would have sold Gibraltar down the river". But, fortunately, he has been at the forefront of the conduct of affairs in Gibraltar and the proof of the pie is there in the eating that he hasn't sold Gibraltar down the river and he is not going to sell Gibraltar down the river on this issue or on any other issue.

HON J BOSSANO:

If the Hon Member will give way. He is not suggesting that we are saying that?

HON A J CANEPA:

No, my comments are really coloured by the suspicion that there is. I said earlier on something about the question of the airfield, the fact that it is a military airfield. Let us not forget for one moment that Britain herself has an interest in that airfield. Britain is not going to countenance joint control and Britain will be very careful about the extent to which there is practical cooperation at that airfield and I think that that was the British position prior to 1982 and it will be even more so since 1982 having regard to the use of that airfield during the whole of the Falklands episode. It was Dwight Eisenhower who said about Gibraltar that Britain's Gibraltar was the hinge of faith about which the future conduct of the war and the winning of the war turned in 1942 because it was from Gibraltar, the use of Gibraltar during the landings in North Africa that the whole tide of the war turned. After November, 1942, the allies never lost during the rest of the war, they never suffered a reverse, it was victory from then on. I would put it to Hon Members here, to what extent would Britain have been able to mount the successful conduct of the war in the Falklands if Britain had not had Gibraltar, if that airfield had not been available for aircraft to fly from Britain to Gibraltar and from Gibraltar to the Ascension Islands? If ever we need a practical proof of that we have had it very, very recently and let us not forget that because it is very easy to have short memories about these matters. Britain is a factor to take into account here and I think that they are going to be very, very careful about what happens.

HON J E PILCHER:

Will the Hon Member give way? Just the point that he is making about the airfield and the importance it had. I take it when he referred to the Falklands incident, planes leaving Gibraltar to go to the Ascension Island. So did the Dockyard play a great role in the Falklands campaign and it is now being closed by Her Majesty's Government.

HON A J CANEPA:

Yes, but the Dockyard is a separate issue altogether. The Dockyard is about the servicing, about the maintenance and about the repairing of warships. The Naval Base is about the deployment and the use of a fleet. We have not got repair facilities at the airport, it was only used as a stepping stone, I think the argument is different, that is why I think Britain has a continuing interest in the future of the Naval Base just as much. If over the years I think that the now virtually defunct DPBG or the IWB, the defunct IWEP, made a mistake it was in trying to be more British than anybody else

and I put it to Hon Members opposite for God's sake do not make the mistake of being more anti-Spanish than anybody else in Gibraltar, that would be a fatal error, I think, to make. We are relaxed about it, we know what we want for Gibraltar and in our case it is not that we are more pro-British than anybody else or we are more anti-Spanish than anybody else, perhaps we pride ourselves on being more Gibraltarian than anybody else because we have been here for forty years. The amendment, Mr Speaker, which I am going to propose is that we amend the amendment to the motion by deleting the words "whether under the terms of the Lisbon Agreement or otherwise" where they appear in the amendment. Mr Speaker, I commend the amendment to the House.

Mr Speaker proposed the question in the terms of the Hon A J Canepa's amendment to the amendment.

HON J BOSSANO:

Let me just say in relation to the amendment to the amendment, Mr Speaker, that we have no difficulty in supporting the amendment to the amendment so we will vote in favour of the amendment moved by the Hon Member. We have to give consideration to what extent that changes the situation from our point of view but at this stage we can say straightaway that we will support the amendment he has just moved.

HON CHIEF MINISTER:

I would like to speak to the amendment to my amendment because certainly in a general debate no one can make more than one amendment but I would like to say that this amendment has been made in consultation with me because I wanted to show quite clearly and perhaps he has expressed it better than I could, how relaxed we are about these matters, how unsuspecting we are and we want to show Hon Members opposite that we are relaxed about these matters and that this 'or otherwise' which I put in at the time of the motion because I thought, well, we may have to talk about the use of the airport under the terms of the accession of Spain into the EEC and if I left it like that it would then appear to be that I was still sticking on to the old Lisbon Agreement which we are almost burying now, one part anyhow, and there could be other conditions under which it would be worthwhile considering mutual interests because it would be obvious, in fact, it is inevitable in any air agreement for reciprocity. When Britain wanted Spain to go to Gatwick and leave Heathrow the Spaniards said: "Alright, then you won't be able to go to Madrid, you will have to go to another airport" because they have the power to do it and therefore any practical result of this would be the same. But just to show that we are not tying ourselves to anything, that we are our own masters in how we deal with these matters here, that we are prepared having heard the rather peculiar suggestions of what they are worth or otherwise were even linking it to this famous flying visit of the Deputy Governor to London, it is so ridiculous in our minds, we are not concerned

at all with that, that we are prepared to scrap it. But I would like to support the remarks made by my Hon Colleague about this question of the veil of secrecy. I took two notes of what was itemised by the Hon Mr Pilcher, the Deputy Governor's visit and the Lisbon Agreement. First of all, let me start with the second. There is nothing secret about the Lisbon Agreement except that we all recognise it is having a rather lethargic death and that there is no movement at all about it. That is open to anybody who reads the papers, who reads what Spaniards say about it and what the Spanish Foreign Secretary says according to the day of the week in which he is speaking but he is sometimes a bit erratic but, anyhow, the question of the Lisbon Agreement is really non-existent. With regard to the Deputy Governor's visit to London, I answered a question. I said that perhaps the press release should not have said that he was going as Chairman of GATAB but that as Chairman of GATAB he was, obviously, perhaps the best choice and there is another reason that I could give today why it was important that he should have gone even if he had not been the Chairman of GATAB and that is that if they were going to go about exchanges about technical talks about the future and within weeks, if not days of the time when these talks were going to take place he was going to take charge of the Southern European Division in the Foreign Office where he would have to follow up from that side anything that started and it would be ridiculous for a man who was being moved sideways to the Southern European Department to enter into a problem where he would have to be there as the Foreign Office representative without having had the opportunity as Deputy Governor in Gibraltar to look at it and therefore it makes sense, but nothing happened, I wish something had happened and I could tell you that something had happened. Even if it was confidential I would say: "Something has happened and I cannot tell you", but I can tell you that nothing happened except talk at which our counterparts are very good, excellent, or rather some listen more than others. Really, that is why I hope that the Hon Member will consider it in the spirit that it has been made. I appreciate that the Leader of the Opposition says: "Well, so many words less so that is alright, I agree". But it makes it more acceptable and I do ask Members opposite, particularly the new Members, to take into account and give serious thought not just now whatever you do on the amendment or not, not just now but long term to this appeal that is made about taking away this continuing suspicion. I am glad that the Hon Leader of the Opposition tried to clear up the point that what my Colleague was saying about me was not as a result of anything said opposite but what he was saying. I am very glad that that is so because I want Members to be more relaxed. I feel that we do not do ourselves justice in thinking that any little thing that happens in London is part of another, I think the Chamber of Commerce said it, another nail on the coffin. Nobody is trying to bury us at all, I am quite sure of that. The day I saw any signs of it I will come out and shout. I have nothing to expect from public life except the few years that I can give to it and therefore I am not afraid of anything, I do what I think is right, people may not think that it is right, people may think that it is too much this way,

too much the other way but that is what we can think about Members opposite in their attitude to things but on this fundamental thing I wish, and this is also sometimes too much made up by the media, I wish there was not all this thought at anything that happens which directly or indirectly affects Gibraltar is an attempt to undermine us in some way or another. I wish that could permeate more down those who think like that because I am satisfied in my own mind, and I have perhaps seen more and heard more and know more - I am not trying to boast about it - but I have had to by virtue of the years alone that I have been in public life I have not seen any sign of that. Even though I disagree with many things that they do, there is no deliberate sign. I remember, if I may just start doing what old people do, and that is to remember, but I am reminded of what I do by the Hon Members so I have the right to do it myself. In the years of the United Nations when we were talking to two Spanish delegates in the lobby, to the very famous Jamie de Pinles who made his promotion at the expense of Gibraltar as I often told him, I said: "You were promoted because of Gibraltar otherwise you would not be an ambassador". I remember somebody else who was then called Mr Gibraltar in the Spanish Foreign Office, a man called Olivier, telling me about the question of what was going to happen the year after and so on and he said: "You don't know the British diplomacy, they look years ahead". And I was seeing that they couldn't cope with the day's work, let alone looking at years ahead and therefore there is no conspiracy, there is no intention, I am glad of this opportunity of saying so in a free debate like this. There is no conspiracy that I have detected and I think I would have detected some inkling. Things happen and they hurt us and we do not like them but I have not seen one sign. I ask people when I had to put my faith in Britain in difficult times that if anybody had been told in the middle of March, 1982, that an invasion by Argentina would be resisted by the whole force of the British nation they would have said: "No, they would have sold them down the river". But it didn't happen that way, the only thing that happened was that the frontier wasn't opened on the 20th April, that was the only thing that happened as a result of the Falklands war. Anyhow, that is another problem because fortunately there has never been any suggestion of any takeover by force from without and therefore I would support strongly the sentiments expressed by my Hon Colleague, Mr Canepa, not to be over suspicious of these matters because, really, there is nothing in it. Having said those few words, I support the amendment to the amendment.

Mr Speaker then put the question in the terms of the Hon A J Canepa's amendment to the amendment and on a vote being taken the following Hon Members voted in favour:

The Hon J L Baldachino
 The Hon J Bossano
 The Hon A J Canepa
 The Hon Major F J Dellipiani
 The Hon M K Featherstone
 The Hon M A Feetham

The Hon Sir Joshua Hassan
 The Hon G Mascarenhas
 The Hon Miss M I Montegriffo
 The Hon R Kor
 The Hon J B Perez
 The Hon J C Perez
 The Hon J E Pilcher
 The Hon Dr R G Valarino
 The Hon H J Zammit

The following Hon Member abstained:

The Hon B Traynor

The following Hon Member was absent from the Chamber:

The Hon E Thistlethwaite

The Hon A J Canepa's amendment to the amendment was accordingly passed.

HON J C PEREZ:

Mr Speaker, I intend to speak, generally, now. Let me say that the Government should be glad that motions of this nature are being put by the Opposition in this House for one reason, Mr Speaker. We have got the situation where the secret technical talks which we are being accused of being too suspicious about are taking place between Britain and Spain over different issues which I am sure the Government is being informed about but since these talks are secret, Mr Speaker, the Government can never be sure that they are totally informed of everything that is going on and if there are issues of this nature which in spirit everybody in this House of Assembly is in agreement with, Mr Speaker, then perhaps that will help the Government in their diplomatic dealings with the Foreign Office in relation to the secret technical talks that are going on. Let me say, Mr Speaker, on the question of suspicion raised by both Mr Canepa and the Hon Chief Minister, it is better to be safe than sorry. If one has to react, sometimes unnecessarily, to things like that, it is better that one should raise the issue before something can happen which is to the detriment of the people of Gibraltar and perhaps as an Opposition we are in a better position to do it than the Government although I would hope that the Government would support issues of this nature when it is seen that it is helpful in relation to the whole context of the talks with Spain. In fact, Mr Speaker, I have nothing else to add since most of the arguments in favour of the motion have been put by Hon Members.

MR SPEAKER:

If no one else wishes to speak on the amendment, as amended, Members who have not spoken to the original question will still have a chance to speak but I think for the purposes of good order unless someone wants to speak on the amendment as moved by the Hon and Learned Chief Minister, we should take a vote on it now unless of course the Chief Minister wishes to reply.

HON CHIEF MINISTER:

Thank you, Mr Speaker. I think I virtually covered the whole ground. I think now that we are going to go to the substantive amendment, less ten words which may be able to make Hon Members opposite take a different view, it is necessary as I think it was put by Mr Canepa to put the thing in the context that too many worries about something that is ours, saying every day that your home is your home and nobody is going to come and take it away and almost start making people wonder whether it is your home or not when you have to say it so often, that was the reason for my amendment. That is all I have to say.

Mr Speaker put the question in the terms of the Hon the Chief Minister's amendment, as amended, 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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J Z Pilcher

The following Hon Member abstained:

The Hon B Traynor

The following Hon Member was absent from the Chamber:

The Hon E Thistlethwaite

The Hon the Chief Minister's amendment, as amended, was accordingly passed.

MR SPEAKER:

The question as it stands now, which Members who have not spoken can still speak to, is as follows: "This House considers that Spain should have no jurisdiction over the Gibraltar airfield, should have no say in its present or future use and any proposals for practical cooperation in relation to the use of the airfield, must be of a mutually beneficial nature". Does any Member wish to speak on the question as amended?

HON M A FEETHAM:

Mr Speaker, I wish to dwell a little while on the reasons why we brought the original motion. Mr Speaker, I notice some Members are leaving the Chamber and I will now withdraw my offer to buy cakes for the next meeting of the House of Assembly. Mr Speaker, I heard the Chief Minister address us this morning on the original motion and far from wanting to question in any way his experience and his diplomacy in responding to issues which affect Gibraltar, I recognise his contribution over many, many years in Gibraltar which is beyond question. Nevertheless, I wish to ask the indulgence of the House if at times during my address I sound slightly pedantic and at times perhaps a little blunt. The philosophy of this House in bringing such a motion, Mr Speaker, is because we view this motion not in its narrow sense but we view this motion in the widest possible context in relation to things which are happening, which are affecting Gibraltar and which unfortunately we appear to be having very, very little say in these matters. When the Government speak about being relaxed, on one hand, and we have the Hon and Learned Member, Mr Perez, questioning the wisdom of having brought this motion, in fact, questioning its purpose and its aims and considers it perhaps, a nonsense and then goes on to say, Mr Speaker, what changes have taken place during the last twelve months to influence the Opposition to bring this motion to the House, it does not give me, really, the confidence that one would want in order to be able to relax because it indicates to me that the Hon Member opposite is not evaluating the enormous changes which are taking place in Gibraltar and which have taken place regarding Gibraltar during the last twelve months. And so when we refer to these things, we are talking about what is very close to our heart and we differ very little with, for example, the sentiments of my Colleague opposite, the Hon Mr Canepa. It is perhaps only right that when there is a change in the representation in the House and when one looks at what is happening, that it is the right time for the Opposition to bring a motion to the House which goes, as Mr Canepa said, to the crux of the matter. We are talking about fundamental things which could affect or not affect in the longer term the question of sovereignty over Gibraltar. And when the Hon Member, Mr Perez, talks about being realistic I question in fact whether that attitude is being realistic because in 1980, Mr Speaker, when the Lisbon Agreement first came into being we had a situation where it was questionable at the time whether Spain would be entering the EEC and against that background it was necessary to set in a motion of policy of trying to come to

some arrangement with Spain in order that a democratic Spain could resolve the problem of the restrictions which a fascist government in Spain had imposed. That approach on the part of the British Government, Mr Speaker, is an approach which is influenced by the thinking of the Foreign Office and I honestly, Mr Speaker, wish to differentiate between the thinking of the Foreign Office and what perhaps politicians and indeed the British Government may consider to be the approach in relation to Gibraltar but I do not wish to hide my own personal views when it comes to the matter of the Foreign Office. As far as I am concerned I have a complete mistrust and I make no excuses for it, I have a complete mistrust of the Foreign Office and the policies of the Foreign Office as regards Gibraltar. I have got a big question mark and time will tell and history will show whether in fact complacency and diplomacy should have been the approach or whether perhaps, as Mr Canepa has said, there should be a more united front in Gibraltar in relation to what is happening. When the Hon Member opposite, Mr Perez, said what changes had taken place, in fact, because no move has taken place on the Lisbon Agreement, of course the Lisbon Agreement is now defunct. That is a personal point of view. However, what has happened is that Spanish accession into the European Community has been spurred on by, like the Hon and Learned Chief Minister said, by the lifting of the veto by France which has in effect brought the issue of Gibraltar far more to the forefront and I am concerned, Mr Speaker, that things are going too fast and in effect what is happening and we could be accused of this but I would only be prepared to accept that we are accused only of perhaps reacting to situations precisely because as the Chief Minister said we are not totally dependent on matters of foreign affairs. Therefore it is not unrealistic to have this motion in the House today because there has been a fundamental change and the fundamental change is that because what is being considered in the context of the EEC as the Hon and Learned Chief Minister has more or less already stated to the media, if one weighs what is happening in relation to Gibraltar, in effect it is producing a situation where we have replaced the thinking in practical terms of what the Foreign Office were foreseeing as a longer term possibility for Gibraltar is already being settled by the negotiations on Spanish entry in relation to the EEC and there are very few things that in fact could now be discussed that would allow the Lisbon Agreement to continue. The problem is, Mr Speaker, and that is why this motion is here today, it is not because, for example, we wish to change five words for six but precisely because I recognised the diplomacy of the Chief Minister the only change which has materialised from the previous motion to the motion that the Hon and Learned Chief Minister wishes to produce was one word which was 'otherwise' and that 'otherwise' we interpret, Mr Speaker, that because there is very little now that could be discussed on the Lisbon Agreement, Spanish accession will take place on the 1st January, 1986, hopefully, but it would appear in all reasonable-ness, unless instead of the French frigates shooting fishermen they start shooting Spanish frigates then, of course, it may well be that it may not materialise but we certainly do not wish to be pessimistic or optimistic about that because we do

not accept violence will settle any problem anyway. But the fact is, Mr Speaker, that we have at least a year and a half to go before possible Spanish and probable Spanish accession and this leaves a situation where the Spanish Government has to find a way to resolve and in fact sell the negotiations in relation to Gibraltar to their own people and if they are going to, as it is said, lift the restrictions before 1.1.86, there are areas whereby this lifting of the restrictions which they have to do on the 1st January, 1986, anyway, there are limited areas, the airfield is one, whereby by agreeing, they could lift the restrictions before, possibly, this year. And whatever is said to the Chief Minister and not said to the Chief Minister by the Foreign Office and I am sure that the stature of the Chief Minister, I am convinced he is informed of at least 99% of what is going on, well, it may be wishful thinking but I can assure you that there is no malice in what I am saying, that in effect, Mr Speaker, the situation is that the Chairman of GATAB or, as the Chief Minister said, a man who is going to take up a responsible position in the Foreign Office and will be responsible for Gibraltar, in fact went to London to speak with the Spanish representative who on this side of the House, we understand, were not civil servants but were

HON CHIEF MINISTER:

I am sorry, they were absolutely civil servants and did not know much about what they were doing.

HON M A FEETHAM:

That is right. And one may have been a civil servant but was a political appointment but anyhow I do not wish to make an issue of it but the fact is that it was a process of trying to in a way resolve the impact now which has been created by the Lisbon Agreement and this is what I feel is in fact the reason why this motion is necessary. But it also gives an opportunity to this side of the House to respond to the advice of the Hon Member opposite, Mr Canepa, who said to us that the IWPB and the DPEB, and I agree with what he said, were trying to be more British than the British and that perhaps we ought not to be so anti-Spanish as we may sound to be. I can assure you that this side of the House never has been, never will be anti-Spanish, it is not a question of being anti-Spanish, Mr Speaker, it is a question when Gibraltar is fighting for survival, when Gibraltar is faced with so many imponderables, that it is only right especially, Mr Speaker, when we are such a small people who have to depend on Great Britain whose national interest may not be necessarily the interests of Gibraltarians, that we have to react and we have to defend the rights of Gibraltarians and the right to our land which the Hon Member opposite

HON A J CANEPA:

If the Hon Member will give way. That is what the socialist Friends of Members opposite say, the left-wing members of the Labour Party say that, that the interests of Britain do not necessarily coincide with Gibraltar's interest and that our interests must be subservient to theirs, unfortunately.

HON M A FEETHAN:

Mr Speaker, it is not a question of what the Labour Party or the Conservative Party say, it is a question of declaring the rights of the Gibraltarian and defending those rights and reacting to situations and, of course, we are no more anti-Spanish than we are anti-French. The difference between both, Mr Speaker, is that Spain has got a claim to Gibraltar, that Spain has been and continues to be aggressive towards Gibraltar and in that context it is only natural that people, at least this side of the House, should respond not with the diplomacy that the Hon and Learned Chief Minister chooses to pursue and that perhaps not having the experience that he has it is only natural that we should react the way that we react. That is the reason why this side of the House brought this motion, because things are changing, things will change and we have to be sure that the Foreign Office in particular is continuously reminded that as far as this House is concerned that we are overseeing our interests and that we have got our heart and our ears and everything very close to what is going on and that any move which they will take that goes against the interests of the Gibraltarians or anything that we see where there is a possibility of that, that at least this side of the House, despite the relaxation on the other side of the House, will bring it up because we believe it is a necessary thing, Mr Speaker.

MR SPEAKER:

Are there any other contributors to the debate? I will then call on the Hon Mr Pilcher to reply.

HON J E PILCHER:

Mr Speaker, in summing up the motion, I appreciate the efforts made by the Government to try and accommodate the position of the opposition and, in fact, I thank the Hon Mr Canepa for his words on the Lisbon Agreement which I am sure are now recorded in Hansard to be used for future reference if somebody gives the Lisbon Agreement the kiss of life and, as I say, I appreciate the efforts made by the Government to accommodate our position but I am afraid on a matter of principle, Mr Speaker, we cannot vote in favour of the motion as it now reads. If the Government wanted to say that any proposals for flights to Gibraltar must be of a mutually beneficial nature, because I think in their intervention I think the Government was referring to the use made by planes rather than the use in reference to the jurisdiction of the airport then this type of

amendment we would have been able to support but I think, Mr Speaker, we haven't bothered to move another amendment to the amendment because in fact we moved it at the last House of Assembly, the Hon Joe Bossano moved a motion similar to this and it was defeated by the Government and since the Hon and Learned Mr Perez said that nothing has changed we have not wanted to move any such amendment as we do not want to waste the time of the House. As I say, we cannot support the motion as it now reads because as far as we are concerned, Mr Speaker, any proposals for practical cooperation in relation to the use of the airport, irrespective of whether we take away the words 'whether under the terms of the Lisbon Agreement or otherwise', to us is still very ambiguous, Mr Speaker, because as I said before this is not the first time that international airlines use the Gibraltar airport, indeed, in fact, we are envisaging that Iberia or any such airline

HON H J ZAMMITT:

If the Hon Member will give way. I think he is somewhat confused, Mr Speaker, and I would like to put him right, if I may. On civil aviation Gibraltar is considered a cabotage route, that is to say, that we are considered as a point to point within Britain destination. It therefore follows that if any British airline that is serving Gibraltar wishes to apply, for arguments sake, from Gibraltar to Madrid, by agreement, a Spanish airline could operate from Madrid not necessarily to Gibraltar but any point within Great Britain. Could I put it another way. GB Airways flying from Gibraltar to Tangier opens the door for a Moroccan airline to travel from Tangier to Heathrow. We have to be careful about civil aviation because we are a cabotage route and not an open airport that has its own reciprocal agreement, that is to say, we are not a Dusseldorf, Paris or vice versa. We are considered part of England as a cabotage route.

HON J E PILCHER:

I thank the Hon Minister for Tourism but I think that in fact that is why we have GATAB, to advise the CAA on any such matters arising from any such application.

HON H J ZAMMITT:

Again, if the Hon Member will give way. We are not a licensing authority, we are only an Advisory Board, we have not got our own licensing authority as such to prohibit or to grant a licence other than the objections which I think the Hon Leader of the Opposition is very well aware of within the Civil Aviation Authority but not us as Gibraltar.

HON J E PILCHER:

I realise that but the argument is still the same. We have a Board that is set up to advise the CAA and if any petition had been made to the CAA by the Spanish Government then, obviously, I would take it that we would be consulted and asked to advise but I am not referring and the motion does not refer to any such request. The motion simply refers to the jurisdiction of the airport and I take the point that the Hon Mr Canepa was making that it perhaps goes much deeper and just talk of the use of the airport, jurisdiction perhaps is fringing on the sovereignty, I accept that point, but I suppose that that can be extended to mean any part of Gibraltar at all because if we take the argument that the sovereignty of the airport falls on the British Government then, obviously, we must be talking about the sovereignty of Gibraltar falling under the British Government. I think I have tackled that. As I was saying before I gave way to the Minister, it is not the first time that an international airline uses Gibraltar and there have never been any talks on practical cooperation with any other country as regards the use of the airport so I do not see what the Government means by any proposals for practical cooperation in relation to Spanish aeroplanes using Gibraltar. Referring to the Hon and Learned Mr Perez who called me a new Member, yes, Mr Perez, you are right, I am a new Member, but nevertheless being a new Member I have always, in fact, boasted about the fact that I like to call a spade a spade and I have no doubt in my mind that this is part of the reason why I was elected to the House because the Opposition, the GSLP, like to call a spade a spade and we stick to our initial motion because all the motion says is something that I think the whole of Gibraltar can

HON J B PEREZ:

If the Hon Member will give way. I said in my view there were four reasons why I thought you may have brought the motion. I gave four of them, I said I thought the reason you brought it was the fourth one not the third one which was the question of the new boy. I said you were giving the House the opportunity to express views and its feelings on the matter.

HON J E PILCHER:

I am agreeing with you that I am a new Member. Since the Government agree with the sentiments of the motion and everybody on the other side of the House says that they can agree with that motion I can still not see and I am sure none of the Opposition Members can see why the necessity for the amendment. Referring again to the Hon Mr Canepa's statement that we are obsessed by suspicion, I think if anybody is obsessed by suspicion it is the Government because we have brought a motion to the House, a clear motion which they themselves have said is a clear sentiment and yet because of their suspicions of our anti-Spanish beliefs they then amend the motion to try and leave every door open. I think we are not obsessed with any

suspicion, I think the people obsessed with suspicion as regards the Gibraltar Socialist Labour Party must be the Government because they have chosen to amend the motion which by their own words was a clear motion just stating that the jurisdiction of the airport is not something that Spain has a say about. On a point raised by Mr Canepa, yes, Britain does keep a military airfield and they have a great say over that military airfield because it belongs to them and I think, referring to the words which my Hon Colleague, Michael Feetham said, it is about time that we started having a say in the matters appertaining to the airfield as well and hence the motion, Mr Speaker. This is all I have to say on the motion, Mr Speaker. I now commend the motion.

Mr Speaker then put the question in the terms of the Hon J E Pilcher's motion, as amended, 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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit

The following Hon Members abstained:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The following Hon Members were absent from the Chamber:

The Hon E Thistlethwaite
The Hon B Traynor

The motion was accordingly passed.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I beg to move that the House do adjourn till the 10th April at 10.30 am when we shall be presenting the Budget.

Mr Speaker then put the question which was resolved in the affirmative and the House adjourned to Tuesday the 10th April, 1984, at 10.30 am.

The adjournment of the House to Tuesday the 10th April, 1984, at 10.30 am was taken at 5.00 pm on Wednesday the 14th March, 1984.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

13 MARCH, 1984

VOL. II - BUDGET

TUESDAY THE 10TH APRIL, 1984

The House resumed at 10.40 am.

PRESENT:

Mr Speaker (In the Chair)
(The Hon A J Vasquez CEE, 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 H J Zammitt - Minister for Tourism
The Hon Major F J Dellipiani ED - Minister for Housing, Labour and Social Security
The Hon Dr R G Valarino - Minister for Municipal Services
The Hon J B Perez - Minister for Education and Health
The Hon G Mascarenhas - Minister for Sport and Postal Services
The Hon E Thistlethwaite - Attorney-General
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon J Bossano - Leader of the Opposition
The Hon J E Pilcher
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J L Baldachino
The Hon R Mor

IN ATTENDANCE:

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

PRAYER

Mr Speaker recited the prayer.

DOCUMENTS LAID

The Hon the Minister for Housing, Labour and Social Security moved under Standing Order 7(3) to enable him to lay on the table the following document:

The October 1983 Employment Survey Report.

Ordered to lie.

The Hon the Financial and Development Secretary moved under Standing Order 7(3) to enable him to lay on the table the following document:

Draft Estimates of Revenue and Expenditure for 1984/85.

Ordered to lie.

BILLS

FIRST AND SECOND READINGS

SUSPENSION OF STANDING ORDERS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move the suspension of Standing Orders Nos. 29 and 30 in respect of the 1984/85 Appropriation Ordinance, 1984.

Mr Speaker then put the question which was resolved in the affirmative and Standing Orders Nos. 29 and 30 were accordingly suspended.

THE APPROPRIATION (1984/85) ORDINANCE, 1984

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate an amount not exceeding £52,303,644 to the service of the year ending with the 31st day of March, 1985, be read a first time.

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

SUSPENSION OF STANDING ORDERS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move the suspension of Standing Orders Nos. 29 and 32B(3) in respect of the Finance Ordinance, 1984. Standing Order 32B(3) provides that the Assembly shall not proceed on the Finance Bill before the Appropriation Bill has been read a third time. As stated last year when the procedures which we are about to follow were adopted, if Members are aware of the Government's fiscal proposals it will enable the House to consider the Budget measures as a whole and should lead to a better general debate.

Mr Speaker then put the question which was resolved in the affirmative and Standing Orders Nos. 29 and 32B(3) were accordingly suspended.

THE FINANCE ORDINANCE, 1984

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Imports and Exports Ordinance (Chapter 75); the Income Tax Ordinance (Chapter 76); the Public Health Ordinance (Chapter 131); the Public Utility Undertakings Ordinance (Chapter 135); the Pensions (Increase) Ordinance, 1973; the Pensions (House of Assembly) Ordinance, 1979; the Development Aid Ordinance, 1981; the Companies (Taxation and Concessions) Ordinance, 1983, and generally for the purposes of the financial policies of the Government, be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to move that the Bill be now read a second time.

Mr Speaker, in presenting the Government's proposals last year, my distinguished predecessor began his speech to the House by outlining the changes in the world economy, the UK economy and the Gibraltar economy as a background to the measures which the Government then introduced.

This year, Mr Speaker, I propose to take a different route. I do not propose to concentrate overmuch on year-to-year changes in the world or UK economy because I do not think that year-to-year changes in the economic situation, as measured by the usual macro-economic indices, either in OECD countries generally or in the UK, are necessarily of great significance for the Gibraltar economy. On the other hand what, in UK terms, might be called a micro-economic event, namely, the review of defence expenditure which led to the decision to close the Naval Dockyard, was a macro event for Gibraltar.

I would however like to say something about structural changes in the UK economy because the decision to close the Naval Dockyard came at the end of a decade during which there were long term changes in the UK economy of considerable significance for Gibraltar. In saying that, Mr Speaker, I do not only mean decisions about defence expenditure. I said "decade". I am really talking of a period between, say, 1972 and 1982 - give or take a year either side, but which certainly includes the two great oil price hikes of 1973 and 1979; the two hyper-inflations of the mid and late 1970's; the third industrial revolution which is continuing and which for the UK could be described as the de-industrial revolution: the emergence of the newly industrialised nations; the growth of long term - sometimes called structural - unemployment in the UK and other western countries; and finally the arrival of North Sea oil.

Although Britain is still a major trading nation, and UK international trade still accounts for a higher proportion of national output than, for example, in Japan and the USA, her share of world trade has declined continuously for one hundred years. In manufacturing industry the decline in the secondary industries, like motor vehicle manufacture and consumer durables, followed on the heels of the demise of the former heavy engineering industries and iron and steel. During the 1950's and the 1960's, because of the general increase in world trade and in the prosperity of the western industrial nations, Britain's poor overall performance was not so obvious. In the 1970's it was fully exposed. There is considerable argument amongst economists about cause and effect but the condition was aggravated by the energy crisis and the subsequent "stagflation". Britain had an acute attack of the disease. The symptoms are well known. Growth in UK output was consistently less than the average of the OECD countries; wage costs were consistently higher than the OECD average and productivity was low. Calculations made by the Confederation of British Industry showed, for example, that over a ten year period, while labour costs went up by twice those of the UK's major competitors, UK productivity went up by half that of her competitors. UK investment was notoriously much less than that of the OECD countries and has been for some considerable time.

At the end of the 1970's the problems of Britain were further compounded by an exchange rate which was artificially high largely as a result of the overhang of North Sea oil resources. This was good for overseas investment but not for domestic industry in the UK.

The consequences of this have been deindustrialisation on a scale not seen in Britain since the 1930's; not just minimal investment but disinvestment; a shift of capital into overseas investment; an economy heavily dependent on the service and finance sectors for future growth; a too-large public sector; and unemployment somewhere between three and four million; (no one will say precisely where because when a figure becomes politically embarrassing a process of Orwellian obfuscation takes place). This high level of unemployment and the resulting social security and special employment measures has been financed by a substantial share of the revenues from North Sea oil. North Sea oil perhaps proved that God is, after all, an Englishman. The Scots, who think North Sea oil is theirs, are convinced he is.

May I now say something about the relevance of all this to Gibraltar, Mr Speaker? The answer to that question, assuming your continued indulgence and that of the House, is in two parts. The first part is familiar territory. With the pressure on resources inevitable in a declining economy attempts were made in the UK to reduce public expenditure. Defence inevitably took its share. Unfortunately, simply to maintain an existing defence capability means an increase in real terms in defence expenditure. Defence and health service expenditure have that feature in common. The Royal Navy lost

something like half its complement of ships over a period of twenty-five years and the real costs in defence have doubled over the same period. The decision to close the Naval Dockyard was taken against that background, that is one part of the answer, Mr Speaker. The other part of the answer, Mr Speaker, has to do with the interrelationship of the Gibraltar and the UK economies. Along with the bulk of the goods which it imports from the UK, Gibraltar imports UK prices plus CIF and the value of the pound sterling. Gibraltar also imports increases in UK wage rates - at any rate over a large part of the economy - through mechanisms which are sufficiently well known for me not to need to elaborate on them in this House. Until recently, however, Gibraltar has been shielded from the real effects of the long term changes which were undermining large sections of the UK economy.

I have studied the statistics which show increases in earnings in Gibraltar between 1972 and 1983, and those which show the increase in the index of retail prices. They confirm what I have just said. Prices as measured by the increase in the index rose by something like 300% over this period whereas the index of net take-home pay rose by something like 400%. That is to say, that real disposable income increased by, say, 30%. Although the comparisons are not exact, this trend, Mr Speaker, is strikingly similar to that in the UK over this period.

We all know, Mr Speaker, that statistics lie - that is something on which the Hon and Numerate Leader of the Opposition and I probably agree. But, while some statistics may lie some of the time, all statistics cannot lie all the time. I find the following information taken from Family Expenditure Surveys and Import Data revealing. In Gibraltar 88% of households own a colour TV; 76% have a telephone; 75% have a car; 95% have a refrigerator; 80% have a washing machine and 50% have a video. I suspect the last figure is the one which is increasing fastest.

Comparisons are odious, Mr Speaker, and I shall not make any more. My purpose is simply to identify indices of personal and average household wealth. Such statistics do not reveal the existence of pockets of poverty, social problems. And they ignore questions of quality of life. Nor do they measure adequately what cannot adequately be measured. The conventional wisdom has it that a substantial amount of Gibraltar private capital is invested overseas and, as I have a very high regard for the financial acumen of Gibraltarians I should imagine it is in fairly liquid form rather than in British industry or St Petersburg Tramways. My point is this; the capacity for investment exists.

Unfortunately, Mr Speaker, the long period during which the Gibraltar economy has been insulated from the real effect of secular changes which undermined the British economy makes adjustment to the combination of closure of the Naval Dockyard and the partial opening of the frontier very difficult indeed. Personal prosperity and living standards rest on foundations which have been revealed as insecure or brittle.

The recent indicators highlight the extent of the recession. The aborted frontier openings in April and June, 1982, led to overstocking in the private sector at a time of high interest rates. There has been a hiatus in development activity. Projects in the 1981/86 Development Programme financed by ODA came on-stream disappointingly slowly. There has been little private sector capital investment apart from a number of smaller housing schemes. As the House will know, latest estimates of the economic impact of the partial frontier opening in December, 1982, show a Gibraltar expenditure leakage of around £8m, offset by some £2m to £2.5m spent by Spaniards in Gibraltar, mainly on entertainment. Some of the outflow occurs anyway; Gibraltarian holiday expenditure prior to the opening was running at some £2m to £3m per annum, but most of the outflow reflects a change in spending patterns, with a clear shift away from consumer durables or luxury goods into recreational expenditure in Spain.

The October 1983 Employment Survey revealed an underlying downward trend in employment affecting two sectors of the economy, namely, shiprepair and the building industry. There was a run-down in activity in the Naval Dockyard with a fall of some 100 UK based employees and there will be other job losses amongst those taking voluntary redundancy prior to closure. There was a fall of some 100 employees in the building industry. The unemployment position could deteriorate by mid 1984 with the annual influx of school leavers. Corrective measures might need to be taken by Government to create vacancies for young workers. There is also a need to create conditions for the economy to generate genuine employment opportunities in its productive sectors.

Our provisional Estimates suggest there was no real growth in GNP during 1983. Real household disposable income fell by 3% although this was offset for many by the artificial boost in spending power from cheaper Spanish prices. The increase in RPI stabilised at about 5½%. I am talking of 1983 and I am aware that the latest figure on a year-to-year basis - April to April - is rather higher than that, of course. The Pay Award for the Official Sector was about 5%. However, figures for average increases in weekly earnings were as follows:- Official Sector - 5.8%; Private Sector - 3.7%. The differential between Official Sector (£130 per week) and Private Sector (£105 per week) therefore widened.

As regards trade, imports, excluding fuel products, fell by around 7% (10% inclusive of fuel) reflecting the shift in expenditure into Spain and the marked fall in imports of building materials. Import duty receipts were down by some £0.5m or 10%. Reduction in duty on cigarettes led to increased sales but was not sufficient to recoup the full revenue loss. Other reductions in duty on selective items in last year's Budget resulted in some increase in imports (for example, jewellery, which however reflected an increase in stocks rather than turnover). Sales figures for most trade sectors were marginally down at minus 1.6% overall, although there were and still are marked variations between sectors.

There has been a sharp rise in savings and time deposits of around 20%. This reflects a fall in domestic consumption plus a continued uncertainty about the future of the Dockyard and the course of the economy. Again the increase in the savings ratio mirrors similar developments in the UK during periods of economic difficulty.

1983 was a bad year for hotels. Arrivals fell by 10% and sleeper occupancy rates averaged only 28% for the year, the lowest recorded since 1972. The hotel trade is particularly vulnerable to the effects of the structural flaws I mentioned above, inasmuch as the hotel industry not only imports a good deal of the UK cost structure in sterling but suffers from the further disadvantage of the high cost of electricity generation and water. Another area of declining activity, reflecting world recession, is the Port, where the number of ships calling for bunkers declined by 36%.

Mr Speaker, Gibraltar has contracted the British disease if by proxy. There is no North Sea oil. On the other hand there is a Dockyard. I need hardly emphasise, Mr Speaker, amidst the encircling gloom of the statistics I have just given, the importance - indeed the urgency - of an early start on the programme of engineering works in the Dockyard. There must be as short a period as possible between closure of the Naval Dockyard operations and the start up of commercial operations by Gibraltar Shiprepair Limited.

I now turn, Mr Speaker, to a review of the Government's finances. It is, I think, unnecessary for me to comment on the out-turn for 1982/83 as the important features were highlighted during the debate on the recent motion by the Hon Leader of the Opposition inviting the House to note the Principal Auditor's Report on the accounts for that year.

The approved Estimates for 1983/84 envisaged a deficit for the year of £3.2m after allowing for budgetary contributions to the Funded Services of £1.8m and a contribution to the Improvement and Development Fund of £1.5m. The revised Estimate - which I would prefer to call, at this stage, the Forecast Out-turn, reveals a deficit of £4.9m for the year. In the debate at the last meeting of the House on the Supplementary Appropriation Bill, I said that I expected a balance in the Consolidated Fund on 31st March, 1984, of £7m (it is in fact shown in the Draft Estimates as £7.1m) and I explained the main reasons for the deterioration - or negative cash flow - compared with the estimate of £8.4m; increased charges for electricity, water and other items of expenditure together with the reduced yield from import duties were partially offset by a higher yield from income tax; the latter in turn reflected higher levels of overtime in the Dockyard and the effect of the more buoyant economic activity of earlier financial years on the level of company taxation.

The balance of £7.1m in the Consolidated Fund compares with one of £12m at 31st March, 1983. However, I must again repeat what I said during the debate on the 1982/83 accounts, and

what my predecessor said on this occasion last year - and he incidentally, was repeating what he said the year before that - that this amount is eroded by the value of unpaid bills for municipal services and rents. Action has already been taken to strengthen the Arrears Section in the Accountant-General's Department and the Government is looking to an improvement in the collection of arrears. I must however point out that the arrears include a number of aged and bad debts and that some harsh action may be necessary to secure the improvement which the Government is determined to see.

The Draft 1984/85 Estimates now before the House reflect a further deterioration in the Government's financial position during the course of the coming financial year. The deficit in the recurrent Budget, which allows for pay increases broadly of 5%, (but not for contingent increases in the prices of goods and services beyond those which are already known) will, on the basis of these Estimates, be just over £2m. The extent to which this deficit and those in the Funded Services amounting to £2.4m will be reduced by increases in taxation or by increases in tariffs and rents I will shortly reveal.

Recurrent revenue from taxation in 1984/85, before any changes, is expected to yield less than in the year just ended after taking into account a number of factors; marginal increases in the yield from import duties; a reduced yield from company taxation; some increase in the yield from PAYE, and an improvement in the collection of arrears of tax.

Substantial reductions have been made in the departmental bids for expenditure. The Government's objective was to reduce expenditure wherever possible, to the level of 1982/83 in real terms. Nevertheless, some increases in departmental expenditure above that level are unavoidable. It would have been neither desirable nor possible to effect percentage cuts across the board which might have presented the appearance of reductions but would have lacked credibility. Reducing numbers of employees on the other hand, without the prospect of alternative employment, would make no sort of sense at this juncture.

In framing the fiscal and other proposals, the Government has been acutely conscious of the need to protect business and commerce from cost increases at a time of economic difficulty - especially the hotel industry; to encourage investment by the private sector and development of the finance centre and to stimulate personal investment in Gibraltar and its future. Inevitably there will have to be some increases in taxes on personal expenditure this year.

First, Mr Speaker, I will deal with the Funded Services. The Electricity Undertaking Fund is expected to show a deficit of £0.9m on 31st March, 1985, and electricity tariffs were last increased in 1982. The proposals, which should yield about £0.33m in this financial year, are detailed in the Bill but I wish to highlight the most important features now.

The present two-tier domestic tariff of 7.10 pence for the first 60 units and 5.50 pence thereafter will be replaced by a single rate of 6.50 pence per unit plus a monthly standing charge of £2 per month. The commercial tariffs will be replaced by a single rate plus a standing charge of £3 per month and will be reduced to 6 pence per unit.

The average domestic consumer will pay about 90 pence more a week for his electricity, commercial and industrial users will pay less, even with the introduction of a standing charge for all consumers. Hotels which meet their bills within thirty days will continue to pay at their present reduced level. The Fuel Cost Adjustment will be retained as it acts as a regular signal to all consumers of the high fluctuating costs of fuel.

The Government proposes to raise an additional £110,000 this year by retaining the 6 pence per 100 litres water surcharge for the month of May, 1984, and readjusting the tariffs with effect from the accounting period including the 1st June, 1984. From June potable water will be less expensive for all consumers except for those domestic consumers who are supplied with more than 45 units per month. Two-thirds of domestic consumers are not in this category and their bills will show a reduction. Hotels which pay their bills within thirty days of issue will continue to be charged at 40 pence a unit - a subsidy of 6 pence a unit. The present arrangements for the payment of the subsidy will continue. The average commercial and industrial user will enjoy a reduction of 19% and 16% respectively.

The projected deficit on the Housing Fund is nearly £1.3m. Rents will be increased in July by between 15% to 25% yielding about £0.45m per annum or £0.34m in 1984/85. The increase will vary from estate to estate but will add about £2 weekly to the average household bill. This rent increase will not be included in the rating assessment until 1 April, 1987.

I will not be making any proposals at present for the Telephone Service Fund, which it is estimated will show a deficit of some £350,000 on 31st March, 1985, as the Government proposes to re-examine the finances of the Fund during the course of the year.

I now turn to Indirect Taxation. The import duty on some alcoholic beverages is increased. Duty on whisky, gin, brandy, rum and other spirits other than liqueurs will be increased by 52 pence a litre, ie from £2.12 to £2.64 a litre. Beer and shandy imported in bottles or cans will also attract a higher rate of duty, 27 pence a litre, an increase of 2 pence a litre. No change is proposed in the duty on beer imported in casks. These measures will raise £125,000 in 1984/85 assuming there is no change in current import levels.

The duty on petrol is to be increased from 8 pence to 9.7 pence a litre. This will produce about £95,000 again provided that there is no fall in consumption. The duty on diesel oil will remain as at present.

Following last year's reduction and in a further effort to stimulate the bunkering trade, it is proposed to abolish the fuel oil export tax with a consequential revenue loss of £45,000.

The opportunity has been taken to give statutory authority to the present practice of allowing flowers and sacramental wine to be imported without payment of duty.

It is proposed to increase motor vehicle licences for private motor vehicles, motor cycles and special classes of vehicles. The fees have been rationalised and percentage increases range from 22% to 40%. The latter is the increase for the large motor cycles. This measure should provide additional annual revenue of about £100,000.

TV licences fees were last increased in 1979. It is proposed to increase these fees by 50% to £30 for coloured and £13.50 for black and white sets. This measure should yield an additional £70,000. As these monies are payable to GBC, I wish to give notice that I will be moving an amendment at the Committee Stage of the Appropriation Bill to reduce the subvention to GBC shown in Head 26 - Treasury, by a like amount.

The RPI effect of the Budget measures, Mr Speaker, will, in aggregate be about 2% of which 1% is the result of rent increases but the effect on what - before the advent of Friedmanite economics - used to be called old-fashioned cost-push inflation is minimal because they are taxes on personal expenditure. Nor are they highly frontier-sensitive.

I will now turn to Direct Taxation. It is proposed to give some income tax relief for persons in receipt of an Elderly Persons Pension. The proposals is to provide relief on a graduated basis for Elderly Persons Pension recipients whose assessable income is less than £9,000. There are some 250 taxpayers in this category and it is estimated that the revenue loss will be some £50,000 a year.

As promised by the Government, the Bill also provides that a wife will be able to claim the dependent spouse allowance if her income from employment is greater than that of the husband. Any revenue loss on this proposal should be offset by the decision to disallow the dependent spouse allowance if the joint husband-wife income from employment exceeds £20,000 per annum. I should make it clear that both husband and wife will still be able to claim their individual personal allowance - it is only the additional allowance which will not be granted.

The scope for straightforward reductions in the rates of income tax is unfortunately minimal this year because of the seriousness of the Government's financial situation. I readily acknowledge that there is a good case for increasing the personal allowances which have stood unchanged since July, 1981, bearing in mind that real disposable earnings will have fallen generally in the intervening period. Marginal tax rates are high.

There is however scope for what I might call less straightforward reductions in income tax. The effect of relieving interest earned on Government Debentures from tax, for example, is the same as a reduction in tax paid at the marginal rate by the amount of interest earned. Put another way, and without too close a regard for the language of Shakespeare and Milton, it is direct tax reduction substitution because it has the effect of increasing personal disposable income compared with the yield from an investment which is taxed. It has even been described, although not, I hasten to add, by the Commissioner of Income Tax, as tax amnesty substitution. Nearly three-quarters of the planned sale of £4m of Government Debentures has been completed.

The revenue the Government obtains from sale of debentures is used to finance projects in the Improvement and Development Fund which will generate employment and give a boost to the construction industry. The Government proposes to extend this concept in order to stimulate private housing development and home ownership.

The following measures are proposed. Up to £500 received as interest from deposits in the Post Office Savings Bank and Building Societies will not rank for tax. I am exploring with the commercial banks in Gibraltar the scope for extending this concession to deposits with the banks where the money is used to finance home ownership, provided a satisfactory supervisory regime can be devised. In addition, it is proposed to give a personal tax allowance for first-time home-buyers of up to 20% of the initial deposit, subject to a limit of £1,000. For taxpayers on a marginal rate of 50% buying their own homes, this could be worth up to £500 in cash terms. Although not included in this Bill, as it will require only administrative action, it is intended to increase development aid relief for developers who provide mortgage finance for owner-occupiers. Finally, the External Decorations and Repairs Rules, which will be extended for a further period of two years, will, in the case of owner-occupiers, also include the grant of tax relief on expenditure incurred in the replacement of roofs.

With the aim of encouraging more foreign incorporated companies to register as tax exempt under the Companies (Taxation and Concessions) Ordinance, the annual registration fee is reduced to £300. The Income Tax Ordinance presently provides that a qualifying company must deduct tax from any interest payable by it to a non-resident person at the rate of 2% per pound. This provision is discouraging non-residents from making full use of these companies as vehicles for foreign investment companies and offshore funds. It is therefore proposed to abolish this provision.

The qualifying limit on smaller projects specified in the Development Aid Ordinance is reduced from £150,000 to £75,000. This measure will provide tax relief to small investors, and it is hoped, will encourage more small-scale development. The need to stimulate the economy is the reason for this measure, as indeed it is, for the introduction of a new scheme to enable

local residents to purchase new previously unregistered cars in Gibraltar for use exclusively outside Gibraltar. The vehicles would be registered with G plates - specific registration numbers would be allotted to these vehicles for easy identification should the owner attempt to re-import the vehicle into Gibraltar - be exported within 14 days of registration, pay 5% import duty and non-reduncable licence fee for three years in advance. If re-imported into Gibraltar within three years of purchase, the drawback would be payable as duty. After three years, duty would be payable on the assessed value. On re-importation the vehicle would be re-registered and a new registration number assigned.

The Bill also provides that pensions payable to former public officers, their widows and to former Members of this House shall be increased in July this year by one-half of the increase in the cost of living. This is one of the measures taken by the Government in an attempt to curtail the increase in public expenditure.

The effects of the measures which I have outlined and the increase in car parking fees introduced earlier this month will, it is estimated, increase the Consolidated Fund Balance from £2,569,468 at 31st March, 1985, shown in the Draft Estimates to £3,704,468. A revised financial statement showing the effects of the changes will be circulated to Members as soon as the Chief Minister has made his contribution to the debate. During the Committee Stage of the Appropriation Bill, I will be proposing the inclusion in the Estimates of a new Head of Expenditure - Contribution to Funded Services, to provide for the budgetary contributions to the Electricity, Potable Water and Housing Funds.

Before sitting down, Mr Speaker, I would like to thank my Colleagues on the Government bench and their Heads of Department, for the help they have given me in preparing what is inevitably a mixed and lengthy but, I hope, carefully-structured Budget. And I would like to add my personal tribute to the staff in the Treasury Departments, especially the Finance Officer and the Economic Adviser who have nursed me as well as doing most of the real work.

Sir, I commend the Bill to the House.

MR SPEAKER:

I will now invite the Hon and Learned Chief Minister to make his contribution to the Finance Bill.

HON CHIEF MINISTER:

Mr Speaker, last year I stressed the need for caution in the light of the difficulties that lay ahead for the economy, notably with the impact of Dockyard closure and the adverse effects of the partial and discriminatory frontier opening. I referred also to the expected fall in the level of the

reserves and the constraints posed on real revenue growth. The Government clearly refuted the stand taken by the main Opposition party at the time that the projected reserve level revealed a healthy position. The facts speak for themselves and confirm the predictably difficult financial position.

Our reserves now stand at around £7m, almost £1.5m below the original estimate. Despite reductions totalling £4m in departmental expenditure bids for 1984/85, the reserve level for the end of this financial year will fall to just over £2.5m. The Budget measures aim to restore this to nearer £4m.

In general terms, the Government's budgetary strategy for the coming year is therefore two-fold. Firstly, we have to maintain the stability of the Government's financial position and, given the level of arrears, ensure its liquidity. Secondly, the requisite corrective fiscal measures have largely been geared towards providing some scope or incentive for stimulating investment, both personal and corporate. I will refer to this in more detail later.

I should perhaps point out that the position would have been even more difficult had we not succeeded in obtaining the year's deferment of Dockyard closure but I must also add that eight months of that extra year have already elapsed. When I announced the Dockyard package in July last year I said that we in the Government had done all in our power to achieve the best starting-off point for the future of the commercial Dockyard and that it was then a question for the Trade Unions. I said:

"This places a tremendous responsibility on the leaders of the Trade Unions in Gibraltar and on each individual worker. I urge those leaders and those individuals to reflect deeply on this matter. In a very real sense the future of Gibraltar depends on their decision".

Agreement has already been reached with IPCS and it is a matter for great regret that, eight months after the deferment, we are still unable to proceed. In those eight months I have repeatedly urged the need for the earliest possible conversion of the Naval Dockyard so that the new yard might be ready to take on commercial work as soon as possible. The delay which has occurred has already had adverse effects on the time-table. I again appeal to those concerned to act speedily on this matter so that as many people as possible may be employed as soon as possible and so that the impact of Dockyard closure on the economy and on the Government's finances may be minimised.

We must ensure that the major re-adjustment now required to get the economy slowly but surely back on its feet is not left to be shouldered exclusively by those more directly affected in the Dockyard itself and that we are all prepared to make certain sacrifices.

Already, the Government has decided to review the level of certain services and benefits in order to contain the increase in recurrent expenditure. Detailed scrutiny of the expenditure estimates shows that there is a limit to what can be done without affecting the level of employment. There has been much criticism of the size of the public sector, particularly the Government. As the Hon Financial and Development Secretary has said, a reduction in the number of Government employees, without the prospect of alternative employment, would make no sense, but we have taken a firm decision to ensure that no new posts are created unless they are absolutely essential and to consider as and when situations arise, the redeployment of existing staff to areas of greater priority. We have also decided to curtail certain areas of expenditure in consultation, where necessary, with the unions concerned.

Ministers will refer to specific areas affecting their departments. I will deal with a number of areas which have wider application. Firstly, the annual cost of living increase applicable to pensions paid to public officers will this year be reduced by half. Secondly, the existing arrangements for payment of substitution allowances to civil servants will be reviewed. Thirdly, Heads of Departments have been instructed to control the incidence of sick leave among Government employees more strictly within established guidelines. Fourthly, summer hours for industrials, ie starting at 7.30 am instead of at 8.00 am and finishing work half an hour earlier will not be introduced this year given the increase in recurrent costs and the adverse effect on the level of output and supervision and also given the fact that we have double summer time. Fifthly, we have decided that the Collector of Customs should be able to decide manning levels in accordance with operational requirements, particularly during the silent hours. Lastly, no provision, with the odd exception, is being made this year for the purchase of office furniture for Government Departments. Other measures will affect levels of overtime in Government Departments.

I would now like to turn to the other side of the equation, so to speak, namely, revenue. The Government is well aware that the burden of personal income taxation is a considerable one. We have studied a series of proposals for reviewing the existing structure, but have concluded that any concessions have to be meaningful. An increase in personal allowances of £100 would cost around £800,000, offering an average increase of only 70p per week per taxpayer. Proposals to review existing tax rates and bands in order to shift the burden from one group of taxpayers to another have also been considered, but again a 'tolerable' change would have cost in the region of £750,000. Given the present and projected financial position, and the fact that income tax is the main and only automatic source of revenue, the Government has decided not to alter the existing system. There will however be tax relief for working wives and those in receipt of Elderly Persons Pension. Allowances for working wives where the joint husband and wife income exceeds £20,000 pa will be reviewed to discourage some abuse of the system with the payment of director's fees to women.

As for indirect taxation, the scope is very limited, and increases in selective import duties are being introduced in respect of items (ie spirits, bottled beer and petrol) which are relatively price inelastic, particularly in relation to their price-competitiveness with Spain. Other increases relate to road tax and television licences. The former can absorb a modest increase. The latter has not been increased since October, 1979.

The Consultancy Study on electricity and water tariffs recommended a major review of the existing pricing structure. The Government has accepted the main thrust of the recommendations and therefore proposes to make some adjustment in the payment of the cost of these services in favour of the industrial and commercial consumer. In the case of electricity this means an increase of around 15% for domestic consumers or around 90p per week for the average households, including the introduction of a new standing charge. In the case of water, there will in effect be a slight drop for most domestic consumers (around 10p a week) and significant reductions for the commercial sector. We have taken this step in spite of the fact that, for reasons outside anyone's control, and in order to ensure continuity of supply, we have had to supplement our water supplies by importing water from the UK at a cost of £800,000 over a period of nearly a year, naturally at a higher cost to the consumer.

The aim of these proposals generally is to reduce costs for private sector activity and help revitalise trade and hopefully employment. The change in the qualifying limit for development aid relief from £150,000 to £75,000, as well as the abolition of the export tax on bunkers, is also geared in this direction.

As for housing, the Government will be introducing a series of incentives for home ownership, including tax concessions and increased tax relief on interest earned on building society deposits. Other measures are proposed for expanding the mortgage lending base. Government housing rents will however be increased in July, on average by around 20% on the rent element of tenants' payments or an extra £2 per week. The rates increase will be deferred until 1 April, 1987. The deficit on the Housing Fund, despite rent increases over the past few years, stands at around £1m and has to be contained within a manageable level. A major scheme for the development of the old Gasworks site for home ownership by Gibraltarians at reasonable cost will shortly be announced.

The results of these measures will still leave deficits amounting to £1.6m, mainly for electricity (£0.6m) and housing (£0.9m) and a fairly low reserve level of just under £4m. The Government will therefore need to improve its cash flow position. I would like to add here that the Government has decided to strengthen the Arrears Section and will be taking vigorous steps to reduce the high level of arrears. The Hon Financial and Development Secretary has referred to the high level of Gibraltar expenditure in Spain, mainly on entertainment and recreation. I think the special point has to be made,

in this connection, and where this is not already the case, that payment of arrears of municipal charges by domestic consumers should take priority over recreational expenditure. There has to be a corresponding effort on the part of commercial consumers, who represent the greater part of the arrears owing today and who, under this Budget, will be receiving somewhat more favourable treatment. These efforts are essential if the Government's financial position is to improve and if it is not going to be compelled to introduce cuts in services. There has recently been some delay in the issue of bills for these charges but this is being quickly rectified and all concerned are now urged to arrange to pay their arrears as soon as possible.

I hope it will be understood that the measures announced today have been designed to minimise the effect on household incomes consonant with the need to protect the stability of our finances whilst maintaining the level of essential services to the community.

I am now making available to Hon Members of the Opposition copies of the Report on the special study of tourism which I commissioned last year in order to facilitate Government's consideration of ways and means in which the tourist industry might be expanded and developed. The Report will be released to the information media and others later today and copies will be available at the Government Secretariat.

The Report has not yet been considered in detail by the Government and no decisions have been taken. We are making it known through the information media that any bodies or persons wishing to comment on the Report should send their views to my office at the Secretariat not later than 2 May. It is my intention that the Report, and any comments received, should be considered by the Council of Ministers later in May.

Sir, without wishing in any way to minimise the seriousness of the Government's financial position, I want to end this statement on a positive note. I believe that Gibraltar has the potential to overcome the difficulties of the next two or three years. Whether it does so or not will depend on a full realisation of the situation by everyone here and by a determination, on the part of public bodies and individuals, to do something about it. Longer-term self-interest requires this but so does social justice; and those who are already well off, whether in the private or the public sector, have a particular responsibility to fulfil.

MR SPEAKER:

As the Rules require, we now have to recess for a minimum period of two hours to enable Hon Members to assimilate what has been said on the moving of the Second Reading of the Finance Bill upon which when we return I will invite Members who wish to speak to contribute to the debate.

The House recessed at 11.40 am.

The House resumed at 3.35 pm.

MR SPEAKER:

Does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSEANO:

Mr Speaker, I shall be replying on behalf of the Opposition on the Finance Bill and in doing so, analysing the economic situation and the adequacy or otherwise of this year's Budget in meeting that economic situation. Other Members of the Opposition will be making contributions on the Second Reading of the Appropriation Bill in respect of their areas of responsibility, concentrating primarily on the expenditure rather than the revenue measures and in doing so pointing out how the GSLP thinking ought to be reflected in the presentation of the accounts. I shall be making some general reference to the philosophy which was reflected in our election campaign recently about the need to have Government accounts that more accurately reflect economic criteria and what this means in practical terms for the different areas of Government responsibility will then be expanded upon by different Members. The basic thinking in this area, and I think if I just deal with that point briefly, Mr Speaker, and get rid of it then I can go back to the main arguments that I want to put on the Finance Bill. The main thinking in this area as we see it is that in presenting accounts for the Funded Services and, indeed, in areas where we do not have funded accounts, the more accurate the allocation of costs to the provision of services the more rational the decision making processes can be, that is, there can still be major policy differences between the two sides of the House but I think it is important that both sides of the House and, indeed, the people as a whole should know what it is costing to provide a specific service. There has been some move in this direction, a move that I feel I had a part in bringing about through perennial complaints year after year about the inadequacy of the notional accounts where, Mr Speaker, as you will remember, in 1973 in my first involvement in a Budget in Gibraltar, the Financial Secretary at the time stated there was a statutory obligation to balance the notional accounts and, in fact, not only did we discover in 1977 that there was no such statutory obligation but that in fact we had failed to balance the accounts by no less than £2.5m, so in fact when the retrospective accounts were done it was found that they had failed to balance by £2.5m. Since then we have had a policy announced by the Government of balancing those accounts which has never yet happened, of course, but nevertheless how close they are to doing it or how far they are from doing it, must depend on how accurate the cost allocation is and there appear to be some discrepancies which Members on this side will point out and

perhaps seek clarification if we have got the thing wrong but we have done a fair amount of work on it and we think we are right but, of course, we may be mistaken in our analysis and they will be seeking clarification from the Government in the areas that we noticed the discrepancies. Coming to the statement made by the Financial and Development Secretary and the Hon and Learned the Chief Minister in support of this year's Budget measures, there is of course one important difference. It is the only difference between this year's Budget and all the previous Budgets and that is how short the speeches have been. I imagine that they have to be short because since they contain nothing new I do not suppose that the Hon and Learned Chief Minister could do anything other than make a very short contribution because there is no way that the Government in its first Budget after an election where it ought to be spelling out what are its economic policies not just for 1984/85 but, indeed, for the next four years, if that has not happened then what is it that we have? We have, in fact, what we expected to have, Mr Speaker, a housekeeping Budget once more. A Budget where the only measure that might be considered to be designed to achieve a particular economic objective is the exempting from income tax of £500 of interest payments from Building Societies and the exempting from income tax of a deposit on house purchase for home ownership. There we have got measures that are clearly not fiscal measures, they are measures designed to achieve economic objectives where the Government considers that they can get a better return for the economy as a whole in terms of economic activity at a relatively low cost in terms of lost revenue but the rest of it is just the same as every other year, as if nothing had changed. The Financial and Development Secretary has imprinted his own personality in his Budget speech in not doing what his predecessors have done of producing, as he has said himself, a macro-economic picture as the background against which to judge the performance of our economy and the measures that are being introduced and the Hon and Learned Chief Minister has not said anything about whether he approves of this innovation or not. All I can say is that he has congratulated every previous Financial Secretary for doing the opposite. Every single year the Hon and Learned Chief Minister's speech started off by thanking and congratulating the Financial Secretary for the macro-economic approach and picture and background which we are now told is unnecessary. I think if the Hon Member will look at the records like I do he will find that I am right and there are lots of records that I am going to ask him to look at. I notice the Hon Member was shaking his head and I am saying that the Chief Minister has not said what he thinks of the new approach but what I am saying is that what he thought of the old approach was that it was a very good thing and that he said so every year. In looking at the analysis of the Financial and Development Secretary, Mr Speaker, and his studies of the statistics, I come to the conclusion that he has studied those statistics very superficially, obviously because he is such a recent addition to our community. No doubt he will be grateful if I assist him in his studies of our statistics, Mr Speaker, and give him the benefit of the

twelve years that I have been studying them. The Financial and Development Secretary in paragraph 8 of his statement, page 4, quotes the change in earnings that have taken place in Gibraltar between 1972 and 1983. It is reasonable to look at 1972 and 1983 because 1972 is the first set of statistics we have and 1983 is the most recent but one needs to look at what happened in between and if the Hon Member does that he will find that all he needs to do is a simple exercise of getting the index of retail prices which he quotes in his paragraph as having risen by something like 400% and if I am not mistaken and if I can actually find the source amongst this pile, Mr Speaker, I will go to where it is. I imagine the Hon Member is in fact using the table produced by the Statistics Office in the Employment Survey Table 17 which shows take home pay for weekly paid Gibraltarians married with two children, I think that is the relevant figures and let me say how delighted I am to find out that the Hon Financial and Development Secretary is actually studying the statistics because I felt very lonely until now, I thought they were all being produced just for me, I didn't know anybody else was looking at them but I have been looking at them for a number of years and what I have discovered, Mr Speaker, and it might be useful for the Financial Secretary to take that into his analysis and then he will find that what is happening in Gibraltar and what has happened in Gibraltar is not strikingly similar to that in UK over this period, it is strikingly dissimilar to what has happened in UK over this period because in fact if we produce a new table by re-valuing average earnings according to the index of retail prices back to the base of 1972, that is, if we produce annual earnings at 1972 pounds, then we are knocking out the effect of inflation, knocking out the effect of price increases and we are seeing how real wages have moved in the period and that is an accurate way of assessing whether the standard of living of the average working man, which is what this measures, is going up or down and there we find, Mr Speaker, that the figure which was £20.32 in October, 1972, was in fact £19.99 if we re-value for pounds at 1972 prices, £19.99 in April, 1978. So between 1972 and 1978 all that happened in average earnings in Gibraltar was that people barely kept up with prices, they finished up in April, 1978, almost at the level that they were, in fact, shortly below. What happened in 1978? Well, the Financial and Development Secretary was not, of course, in Gibraltar in 1978 but the rest of us who were here know that what happened in 1978 was that we obtained parity with UK and, in fact, Mr Speaker, the result of that was that the October Survey showed average earnings going up and, again, re-valuing it so that we keep a consistent pattern, the value then became £28.63. So there was a 40% in take home pay adjusted for inflation in 1978. Since 1978 there were some further increases, the figure did not fluctuate very much, in fact, in 1979 the weekly wage was worth £27; in 1980 it was worth £29 and in 1981 it reached £34 in October and £35 in April, 1982. Those figures are very important in another context but just sticking to them in the context of what the Financial Secretary has said, what we find is that since 1982, Mr Speaker, the figures have been

coming down. It was £33.94 in October; £33.97 in April, 1983; and £33.53 in October, 1983, adjusting for inflation throughout. So we do not have and it is incorrect to say that we have had a situation of a 300% increase between 1972 and 1983, what we have had is stagnant real earnings between 1972 and 1978, followed by a 40% increase in real earnings in 1978 which created eventually a boom in the private sector which was in fact reflected in Government revenues in 1981 and which was responsible for the huge increase in import figures which the Hon Member has put down to over-stocking in anticipation of an open frontier and there may have been an element of over-stocking but it was not over-stocking when car sales went up by something like 70%. It may be that people bought cars in anticipation of the opening of the frontier but it was not over-stocking and the reason why they were able to buy cars was because they had collected a lot of back money within the previous twelve months. The Government found itself in a very strong financial position and the Hon and Learned Chief Minister came to this House in the Budget of 1981 and claimed the credit for that by saying that it was the result of the Government's sound economic policies and, of course, it had nothing to do with the Government's sound economic policies, it had to do with an enormous consumer spending boom coupled with the signing of the Lisbon Agreement and some over-stocking by the business community, that is what it had to do with and it was not a question of harsh over-taxation as other people who sat on this side of the House claimed at the time because in fact when you are talking about over-taxation that can only mean one thing in plain English, a deliberate decision to raise more money than you need, that is what over-taxing is. We are not over-taxed unless we have surpluses, huge surpluses, planned surpluses, not surpluses that suddenly appear without the Government quite knowing how it got there but we are very heavily taxed, there is no doubt about that, but they are two different things. To be heavily taxed is one thing and to be over-taxed is another and over-taxing can only mean unnecessary taxation. That we are over-taxed, I think, is recognised by everybody who is a taxpayer in Gibraltar, that we are heavily taxed, I stand corrected. That we are heavily taxed is recognised by everybody who is a taxpayer in Gibraltar and, indeed by the Financial and Development Secretary who in the previous meeting of the House gave an indication of his personal aversion to high taxes on income and the desirability of moving from taxes on income to taxes on expenditure. There is an area there where it is very much a matter of ideology and a matter of philosophy whether one should place the burden of raising Government revenue on indirect or direct taxation but I think in Gibraltar even more important than that is an accurate analysis of who the tax will fall on. Clearly, the ideological argument that is put in favour of an expenditure tax is that it is a tax that can be avoided. You do not need to pay the tax because all you need to do is to avoid buying the thing that is taxed and although this is used in defence of expenditure taxes by Chancellors of the Exchequer in the United Kingdom and has been used on occasions in the past, it is not an argument, in fact, that holds any water, it is a

political argument where the politician is saying something which he does not really subscribe to because, obviously, if you put an expenditure tax in the name of freedom, telling people that all they have to do is avoid the tax by not buying the goods that you are taxing, you won't get the revenue that you are planning so you do it because you expect them to buy it and pay the tax otherwise you wouldn't do it. In fact, it is nonsense to say that people can avoid expenditure taxes by not spending their money on those goods because if they did that you would have a shortfall in revenue and then you would have to find another way of taxing them. I think the only way that we can look at it is in terms of the market in Gibraltar, the private sector market in Gibraltar, and what that will do to that market. And if we have a situation where we are very competitive in a particular area and the market can bear a higher price than it is, I think, wise that part of that higher price should result in revenue which the Government will use for the whole community rather than that the people who are in business in that particular area should simply raise their own prices because they know that there is demand for that particular product and because they know they are in a competitive position. But I do not think that any very sophisticated studies have been done by the Government, things are not being done by Spaniards but certainly not a great deal on this side that I know of to establish just how competitive or otherwise we are with the hinterland in a whole range of products and there, clearly, is where any move to expenditure taxes might make sense if we found that by putting a small tax on something the Government could get a lot of revenue like they used to do in the old days when the bulk of the Government revenue was obtained from indirect taxation and there was, indeed, no need for income tax, Mr Speaker, because we had a huge turnover in areas where the sales were clearly the result of the fact that we were supplying, not the Gibraltar population but three-quarters of Spain. I do not think that anybody really believes that those days are going to come back and I do not think anybody really knows to what extent a relaxation at the frontier would create a huge demand for goods and, if so, for what kinds of goods. We are talking about a very hazy area, an area where effectively we cannot talk with authority based on statistics but simply of hypothesis based on assumptions that one makes or one does not make. But we have a situation where the market in Gibraltar has been sustained and Government revenues have been sustained for as long as we have got recorded statistics not by an expanding market in terms of numbers but by expanding turnover because of improvements in the standard of living because people have had more money to spend and because they have been spending it here. The Input/Output Study which the Government commissioned in 1981 and which is one of the few reports, Mr Speaker, that I think actually is value for money given just how unsuccessful all the others have been in producing any answers to any of the problems that face us, at least this demonstrates in broad terms the sort of relationships that govern our economy as our economy used to be and as it still is until the end of this year and one does not know because

one of the limitations that clearly the Input/Output Study and the people who did it recognised it themselves is the fact that you are taking with the Input/Output Study a still picture of the economy, and in taking that still picture you can say, well, if you change marginally one element since the whole thing is balanced, that element sets off a train of events and you can actually trace that train of events through the economy and then produce an estimate of its overall impact. But that is only true if you are talking about changes at the margin. If our construction industry disappears then the Input/Output Study won't tell you what happens, if the Dockyard closes the Input/Output Study cannot tell you what happens. What the Input/Output Study can tell you is what will happen if the Dockyard workforce is increased or decreased by something like 5%, then you can trade what happens throughout the economy but when we are talking about major changes and I think one of the areas, for example, Mr Speaker, where the forecast made by the consultants does not appear to have materialised was that the partial opening of the frontier would cost 300 jobs in the private sector. I think as the last Employment Survey indicates, the loss of jobs in the private sector is almost exclusively in the construction industry and that is not due to the partial opening of the frontier and certainly if we look at other statistics and I think there are some discrepancies in the statistics that we have on social insurance, in the statistics that we have on the work permits under the manpower planning and in the statistics produced by the Employment Surveys which gradually, in fact, those discrepancies are being eliminated, not I think because of anything positive that is being done but because the decline of the workforce is being reflected faster in some statistics than the others so we seem to be finishing with statistics which will actually converge through act of God more than anything else, I think. But if we look at those statistics again we get relatively the same picture of a decline in the private sector heavily concentrated in the construction industry. We have had a situation of fifteen or sixteen months of an open frontier and the prediction was that in a full year it would cost 300 jobs and that has not happened. I am saying that because in fact the calculation of the loss of jobs made by the consultants was said to be using the methodology of the Input/Output Study updated with more recent figures and I think there are limitations in using that methodology for changes that are as big as the ones that we are talking about with the frontier and the Dockyard. Coming to another point of the statement made by the Financial and Development Secretary on his comparisons between UK and Gibraltar, he says in paragraph 4: "There is considerable argument amongst economists about cause and effect but the condition was aggravated by the energy crisis and subsequent stagflation". This, in fact, is something that is unacceptable to us because it isn't a question simply of an argument amongst economists, there is a very violent political argument about the causes of the problems of the state of the economy of the United Kingdom and I have no doubt where the blame lies in my own mind, Mr Speaker. I am afraid it lies with the Hon

Member's old boss in London and I am afraid if we get the disease of Thatcher's economic thinking arriving in Gibraltar, I shall have to blame his new boss in Gibraltar because I cannot blame him because I hold the Government politically responsible for whatever economic thinking surfaces on the Government benches. I hope that we are not contracting the British disease because I hope, Mr Speaker, the people of Gibraltar did not vote for the equivalent of Mrs Thatcher on the 27th January. I think we have got a very serious economic problem, Mr Speaker, of that I have no doubt, and I have no doubt that this Budget does absolutely nothing to resolve it or even to attempt to resolve it. All that the Budget attempts is a holding operation which by the criteria applied by previous Financial Secretaries would be considered to be totally irresponsible, that is, if we were to judge the Hon Member's Budget not by the criteria of the man in the street who is going to have to fork out £1.1m and he is not going to like it, last year's Budget was £2m, this year's is £1.1m, I have already made some comments to the press that we do not tend to see the Budget or judge its merits on whether it is harsh or soft but presumably if one chooses to think of it in those terms either this one is twice as harsh as last year's or last year's was half as soft as this one, whichever way one wants to put it, it is like whether the glass is half full or half empty. We are looking at it from what it does to stop the rot, what it does to prevent the almost inevitable economic decline that we are facing and the answer to that is nothing. We then look at it as a possible Budget reflecting past thinking and certainly by past thinking the Financial and Development Secretary with the presentation of the summary that we have in page 5 and with the explanations that we have heard in this House before about the adequacy or inadequacy of reserves which is totally absent this year, there is no mention about whether the reserves are adequate or inadequate or too much or too little or whether it is prudent or imprudent, I suppose when you get to a certain level you want to forget what they are and that must be happening this year or it may be that the Hon Member simply does not attach the importance to the reserves that the three or four predecessors that I have had the honour to listen to in this House have all attached but I know that, and I have said this on other occasions in the Budget, the ideal level always seems to coincide with the actual level and therefore when we had money for three months it was almost a biblical truth that three month's reserves was absolutely essential and then it came down to two months and then it was clear that two months would do and then it came down to one week at one stage and then, of course, it started going up again and the philosophy started going up with the reserves. So in looking at the reserves we are looking at a situation where the Government originally estimated that it would have £2½m and is now estimating that it will have, I think it is, £3.7m. Apart from the specific measures that have been announced of which I shall have something to say and apart from our criticism of the philosophy of the Budget as a whole as failing to meet an economic situation for which I think the Government has got no answer, quite frankly, apart from that, let us look purely at the accounts

and let us see what we on this side of the House can make of it, Mr Speaker. In the debate we had on the Auditor's Report for 1982/83, I mentioned the desirability of the revenue estimates given separate indication of what was the level of arrears and how much of that the Government anticipated to collect. In fact, the Financial and Development Secretary has said that in the £19½m in the estimates there is provision for collection of some arrears of income tax but he has not said how much and that there is provision for a decline in the tax paid by companies but we do not know by how much and there is provision for some increase in PAYE. Last year we were told that the £18.7m was based on the assumption that the Dockyard workforce would cease to be taxpayers in December, 1983, and that in the last three months of the financial year, that is, in the first three months of last year, the Dockyard workforce would not be paying tax and that drop in revenue yield was what produced the £18.7m, a position that I found totally unacceptable and was unacceptable to our party because to us to vote for a set of estimates with that underlying assumption was a de facto acceptance of a situation which was unacceptable politically. The Financial and Development Secretary has not explained where in this year's estimates he is in fact including a provision for tax to be paid by employees of Gibraltar Shiprepair Limited and he is in a very fortunate position to be able to calculate their tax better than anybody else because he happens to be the Chairman of that company, so who better to make sure that they pay their taxes, Mr Speaker? And, indeed, for how many employees is he expecting to be paying tax in January next year? There are interesting bits of information that the Hon Member has got tucked away which I would invite him to reveal when he answers me. Looking at the overall picture of the revenue estimates and forgetting, as I have said, Mr Speaker, that we are looking at the Budget ourselves from the point of view of its economic logic rather than from the point of view of its fiscal logic but assuming that the Government is looking at purely from the point of view of its fiscal logic, one must question whether they really believe that the revenue estimates are accurate unless they also believe that again this year they are going to fail totally to make any impact on the collection of arrears and I would like to find out a misunderstanding reflected by the Financial and Development Secretary when he made some statements following the Auditor's Report debate as to the level of arrears and the extent to which those arrears were involved in the level of reserves. I think the Hon Member told the Gibraltar Chronicle, at least that is what the headings indicated, that the situation was that out of £7m, £5m were unpaid bills. I think that is what in fact the paper said he said, if he didn't say it then I think perhaps he ought to have corrected it but in fact, it was said there and during the debate on the Auditor's Report, Mr Speaker, I think in his intervention, and Hansard will show whether this is so or not, I think there were times where he seemed to be connecting the £7m of reserves at the end of this year with the £5m of arrears of revenue in the Auditor's Report which of course referred to a situation of twelve months ago. In fact, the

£5m was out of £12m not out of £7m which was the position in March, 1983. The situation has deteriorated because I am sure that it is now more than £5m so in fact we have moved from having £12m and arrears of revenue of £5m and I think again there the figure needs correction and this is one of the areas where we feel it is important to have consistency of treatment because it makes it easier and one assumes that the amount of statistics that the Government is producing nowadays and we think that that Department is doing a first class job. Let me say the latest abstract of statistics is absolutely first class because it goes out of its way to illustrate so that it is more comprehensible to people who are less used to dealing with masses of figures and masses of tables and the wider the audience we reach with figures and statistics the better informed our community is, but that was a diversion, Mr Speaker. I was saying that in order to have consistency of treatment the Government should be looking at the way they do things in different areas because it makes it much easier and one assumes that the publication of the statistics is designed to enable people to use them and to enable people to make a realistic assessment. If we take the 1982/83 Auditor's Report - it has just been pointed out, Mr Speaker, that on page 51 of Hansard the Hon Financial and Development Secretary is quoted as saying: "The effect on Government finances is that whereas a balance of £7m might be shown in the Consolidated Fund this figure, which I quoted yesterday in reply to the Leader of the Opposition, £5m of this cash which is owing to the Government", and in fact £5m of that is not cash which is owing to the Government because that £5m is the £5m that was owing to the Government on the 31st March, 1983, according to Statement 46 of the 1982/83 Auditor's Report.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The tense is conditional in that particular reference, Mr Speaker, 'might be'.

HON J BOSSANO:

So, in fact, the Financial Secretary didn't know whether it was £5m or not that is why he used the term 'might be'.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I was illustrating a general point.

HON J BOSSANO:

As I say, no doubt the Financial Secretary will find that I tend to look for specific points rather than general points when I analyse the statements that people make and I try to do the same myself. In fact, Mr Speaker, the point that I want to make about that £5m is that irrespective of whether it was a general point and whether the Hon Member intended to make it

conditional, it was inaccurate even in respect of 1982/83 because of the £4.9m only £2.6m is included in the reserves. Yes, because only the amount under reimbursements and recoveries are shown as part of the reserves because they are included in the funded accounts as billings. So we have a situation, for example, where there is 2 1/2% of general rates owing which is not included in the reserves. I will give way if the Hon Member wants me to. I will explain then, Mr Speaker. We have a situation taking the 1982/83 and I think it is useful to do that because here we have the final figures for 1982/83. We have got, what was it the Hon Member called it, not a revised estimate, a something else?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Forecast out-turn.

HON J BOSSANO:

A forecast out-turn. I am getting used to his terminology, you see, Mr Speaker. We have a forecast out-turn for 1983/84 and we have, I don't quite know what but probably a pie in the sky for 1984/85, I would think. But if we take the real figures, the ones for 1982/83, the Government then showed reserves of £12m, that is, £11.9m. In order to be able to judge how sound is the Government's financial position, one has to do a number of exercises of adding and taking away from that figure and I think it is useful if the Government itself recognises that these exercises need to be done and present a clearer picture because it is quite an involved exercise. So we have to do one thing, we go to the Auditor's Report which in any case comes out twelve months later and we find that the Auditor talks about arrears of revenue of £4.9m. Until we get to Head 8 - Reimbursements, and Statement 46, all the arrears of revenue which come to £2.3m, are not included in the reserves because they have not been shown as Government revenue at all and what I am saying is if we have got a situation in the estimates this year, if I can find it, if we look at a situation where we have got under General Rates - Head 3, Subhead 1, on page 9, an amount to be collected of £3,155,000, my analysis of that figure indicates that we are not including anything in respect of arrears. I may be wrong but I have done some checking and the figure squares on the assumption that no arrears are going to be collected. The arrears in respect of general rates in 1983, never mind in 1984, which is where we are now or in 1985 where we will be by the time this money is collected, in 1983 was £522,000 which is not, in fact, arrears of revenue already included in the reserves. If the Government succeeded in collecting that £522,000 then the actual revenue for 1984/85 would not be £3,155,000 but would be £3,700,000, that is the point that I am making and therefore in looking at the financial position of the Government forgetting all the arguments on the economy, purely fiscal measures, I think we ought to have two Heads there or two Subheads, one which would show the general rate

in respect of this year and one which would show the position of arrears and then we would see how the arrears are moving. I have done an exercise for my own benefit, Mr Speaker, and this exercise shows that the general rates have moved from being in arrears by £219,493 in 1977/78 to £522,180 in 1982/83 which is the latest figure available and that trend applies to every single Head of revenue. So, in fact, we do not have a situation where the Government has been successful in containing arrears, never mind reducing them, containing them, we have had a situation where every year the level of arrears has gone up which means that every year they have not managed to collect the arrears and, in fact, they have accumulated more and we have a situation where in fact I think the Government itself bears a great responsibility for this situation and I will explain why, Mr Speaker, because there is a big jump following 1977/78. I have shown how, and this is the importance of using the wealth of statistical information that the Government has because the Government produces more detailed and more accurate statistics than almost any administration anywhere else because it is in a position to do it because Gibraltar is so small and this is what gives the Government the tools with which to make sound policy decisions. If we look at the level of earnings I have demonstrated how the level of earnings were practically stagnant until 1978 so that if there were arrears of revenue be they from individual consumers or be they from the business community, one could understand that because if wages in real terms were barely keeping up with prices then it is understandable that you should have a stagnant economy, the stagflation of which the Hon Member was talking about was true until 1978 but not after. If that was the reason then we would have expected that with the advent of parity with millions of pounds flowing through the economy, with a huge increase in imports and a huge consumer boom the wherewithal to start making some effort to pay off the arrears would have been there but the converse is what has happened, the arrears have gone up since and we have got a situation where, for example, in 1977/78 there was £1.9m total of arrears and in 1979/80 it was £3.9m, in 1981/82 it was £4.6m and in 1982/83 it is £6.3m, not £5m, £6.3m and the reason for that discrepancy is in fact because one has now to do a calculation in the opposite direction, that is, having started off, Mr Speaker, explaining that of the £12m we had last year one cannot say there are £5m of that which is owed to the Government because in fact some of that money, the amount for general rates, water rates, ground rents, hostels, estate duty and income tax, all those which are shown in the Auditor's Report as making up to £4.9m, all those are not included as revenue and if the Government makes an impact in collecting those arrears that will be of real benefit to the Consolidated Fund, that will be the Consolidated Fund going up. But, of course, on the other side of the coin and I think the Government will have to give some thought to this, on the other side of the coin the actual impact of the Funded Services on the Consolidated Fund is not limited to the collectable arrears which is the estimate put by the Auditor in his Statement on page 46. That estimate surprised me this

year, Mr Speaker, and I don't know whether it is an omission on the Auditor's part or an oversight by the Auditor, but there is a treatment here this time which is different from every previous year. I have gone through every single Auditor's Report back to 1977/78 and I think it was in 1975/76 where the Auditor said that he had not obtained a statement of arrears and he couldn't produce, in the 1975/76 statement in the Auditor's Report the Auditor could not get from the Heads of Department details of the arrears so he could not produce a statement of what the arrears were but since 1978/79 or 1976/77, one of those years, was when they started producing the detailed figures of the statement of arrears which appears on page 46 and from which I have extracted this analysis. Going over those years the statement of arrears on Statement 46 which is always on the last page of the Auditor's Report, if I get one of the other years 1981/82, for example, it is Statement 45 but it is also the last statement, we have a situation where the total shown there is £4m. In that total we have under the Funded Services so much for water, so much for electricity and so much for the telephone service account. The telephone service account in 1981/82 shows a total of £625,000 as being in arrears and that £625,000, in fact, tallies with the amounts shown in the actual special funds which is Statement 16 on pages 102 and 103 of the Auditor's Report of 1981/82. There we have bills outstanding and bills outstanding trunk calls so we have two Heads and the accounts are separated because of course the trunk calls service includes a payment to Overseas Administration but in fact the arrears shown there tally with the amount of money that passes through the accounts in terms of bills issued, so if we go to page 101 of that year's accounts we have a situation where bills issued is £791,000 and where the fund accounts, the bills for collection account, the bills for collection account trunk calls and the balance sheet all, in fact, tally. I have gone through all the figures myself and they all tally and that figure actually tallies with the figure on Statement 45 at the end as being the arrears owed to the Consolidated Fund so that, in fact, there is so much money that is not in the Consolidated Fund because it is in respect of bills issued. When we come to 1982/83 and I wouldn't mention it, Mr Speaker, unless it was a very substantial figure but it is a very substantial figure. When we come to 1982/83 we find that in Statement 16 we have a new item which is the issue of bills in respect of metered calls which did not appear in the previous year's estimates and there there is a new account whereas before we had the bills for collection account and the bills for collection of trunk calls, we now have bills for collection local and IDD metered calls and there we have bills issued - £372,000; bills paid - £27,000. One is used to 10% not being paid but when you come across a situation where 10% is paid and 90% isn't then I think it requires an explanation and that figure is not, in fact, reflected in the summary given by the Auditor on Statement 46 because if we look at the summary on Statement 46 we have a situation where the Auditor says that the Telephone Service Fund is effectively in debt to the Consolidated Fund by £624,041.43 but if we actually go to pages 88 and 89 and we analyse the outstanding bills including metered

local calls, then we have a situation where the sum is £1.2m and if we go to the summary of the balances of the Special Funds which shows to what extent - it is Statement 12 on page 74 of the Auditor's Report - we find, Mr Speaker, that there in the last column we have under Telephone Service Fund £1,155,961.63 as the amount due to the Consolidated Fund, not £500,000 and, of course, a difference between £600,000 and £1.1m advanced to the Telephone Service Account is a very big difference indeed. I am afraid, Mr Speaker, the Hon Financial and Development Secretary has got a worse situation in his hands than he thought he had when he gave us the answers that he did which I quoted from the Hansard on the Auditor's Report because in fact the advances made by the Consolidated Fund to the Special Funds particularly in the area of the Telephone Service is far greater than indicated by the £5m of arrears. However, he can be happy that in the opposite direction £2m-odd of those arrears he can add to the Consolidated Fund if he manages to collect them. Is he going to manage to collect them or not? Well, he is certainly not anticipating it in the estimates of revenue and one of the things that the Auditor said that he ought to do is in fact to find out how much of that is still collectable. Because of this dual treatment, and I believe that one way of providing uniform treatment, let me say that, Mr Speaker, we recognise entirely that we are talking about the way the Government's financial position is presented rather than saying anything that is going to alter that position. Whether in fact you show the arrears or you do not show the arrears they are still arrears and not cash but I think if you have got, for example, telephone bills included in your reserves as having been paid and rates excluded from your reserves until they are paid, it makes for a confusing situation in terms of assessing exactly what the results are because you have got huge sums of money that you have to add to the reserves if you are going to count all the arrears, or huge sums of money that you have to deduct from the reserves if you are not going to count any of them but I think you have to have consistent treatment. We have, in fact, been doing an exercise of this nature, that is, eliminating the bits that need to be added and putting back the bits that should be there and - I have got a very confusing filing system, Mr Speaker, as you will have noticed over the years but eventually I manage to put my finger on it - and there I have, Mr Speaker, an analysis which I think is what shows the position of the Government doing all the adding and subtracting that need to be done, so that we have a situation where on the one hand we have got the public debt. I think in assessing the level of public debt one has to take into account, for example, the level of the Sinking Fund. We have had a situation where, for example, going back to 1963 - I have done a 20 year analysis - I am almost tempted to say before the Hon Financial and Development Secretary was born but I do not suppose I can say that. In 1963 we had a situation where the Government debt was £2.2m and it had a Sinking Fund of £700,000 so really it was £1.5m because in fact they were putting money on one side to repay that debt. In looking at the debt over the years, for example, we have had situations in 1969 and 1971 where if you ignored the level

of the Sinking Fund the debt appeared to be going down when in fact it was going up because there was a huge repayment in 1971/82 of almost £1m. It makes it easier to finance the debt, that I accept, but I think in assessing the position one needs to take both into account. So what I have done, Mr Speaker, in looking at the situation, and let me say that I was doing a lot of these figures in last year's Budget when Members were very intrigued because I was in there making all sorts of calculations and then I didn't use them so that is where they come from, but looking at those figures we can see that the debt has been going up even if we take into account the Sinking Fund and the big increase has come in 1981/82, that is, we have moved from a situation where the public debt net of the Sinking Fund has moved from £2m to £3m right up to 1975/76, then it moved into the area of £5m until 1978/79, then £6m, £8m and then suddenly £19m, £21m, £24m and now we are in the £26m region. The Consolidated Fund, in fact, was at its strongest in real terms in 1980/81 when it reached almost £9m. The following year, although the Consolidated Fund showed an increase from almost £9m to £11.4m, in fact, that required some adjustment from the amount due to the Consolidated Fund to find just how strong it was in cash terms and what I have done, Mr Speaker, is in assessing the strength of the Consolidated Fund has been to produce another table which gives me whether the Improvement and Development Fund is in surplus or in deficit because I think that is something that if we are having like we were before a Consolidated Fund Balance if we look at the estimates for this year on page 5, if we had a situation where the balance in March, 1983, was almost £12m but we had a deficit of £3.2m in the I&D Fund, then really we didn't have almost £12m, we had in fact just over £8m because of the £12m the I&D Fund had a deficit on paper but in fact the people that supplied the services and the construction industry got paid and they got paid by an advance from the Consolidated Fund so I think we have to make an adjustment for the Consolidated Fund. I also think we need to make an adjustment for the Contingency Fund because the Contingency Fund was introduced in 1974/75 at £100,000 and was subsequently increased in 1981/82 to £200,000 but that is money that we have, we have it in order to meet emergencies but one could theoretically equally show it as part of the Consolidated Fund and have the authority to use the Consolidated Fund on the authority of the Financial Secretary so it is only a technical way of holding that part of the reserves and I think if we are looking at the reserves over the years unless one takes that into account then there is £200,000 there which before were not there because they were part of the general revenue reserves as it was then known. I also think that to be realistic we have to get the four Funded Services and deduct from the Consolidated Fund the amount of money that is shown as due to the Consolidated Fund in Statement 12 of the Auditor's Report to which I made previous reference, that is, if the Funded Services show that they are due to pay to the Consolidated Fund sums like £1.8m for the Electricity Undertaking; £930,000 for the Water; £1.1m for Telephones and £154,000 for Housing, which are the sums for 1982/83, then in fact this is really

the cash that is not there and I think in order to assess just how much cash there is in the Consolidated Fund we have to take that out. On the other hand I think we have to add back the figure of arrears shown in Statement 46 which is less than the balance due to the Funded Services purely because the balance due to the Funded Services has to do with the operations of a financial year and there is no way that if you charge the cost, for example, to the Electricity Account until the end of March and the billings until the end of March, that you can actually get them paid on the day of the end of March, so there is an inevitable gap between the actual financing of the Funded Accounts and the recoverable debts.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That is a matter of accruals.

HON J BOSSANO:

The Hon Member keeps on using new words, I don't know whether he is trying to confuse me. It may be a matter of accruals but the point is that unless one recognises that, the Consolidated Fund can never be what it is supposed to be. It is no good the Hon Member coming here and telling us that he is going to have a Consolidated Fund of £3.7m, if they are all accruals what is he going to do, pay people with accruals every week or what, if he needs the money? What I am saying is that that £3.7m because of the way the accounts are done include an element which is getting bigger every year of money that will never be there in cash even if everybody paid their debts to the last penny because there is in fact, clearly, if we look at Statement 46 a discrepancy which is a very substantial discrepancy now between the amounts judged by the Auditor to be arrears of revenue in the sense that they are capable of being collected within the financial year and consequently capable of appearing as cash there and the amount that is actually advanced by the Consolidated Fund to the Funded Accounts. That discrepancy which is found by comparing Statement 12 of the Auditor's Report on page 74, Mr Speaker, and I am just going to do a quick calculation for the benefit of the Hon Financial and Development Secretary so that he knows exactly what his accruals are costing him. Mr Speaker, we find that according to Statement 12, page 74, of the Auditor's Report Statement of Special Funds, electricity, water, telephones and housing owed the Consolidated Fund £4,074,715 and out of that £4.1m the Auditor judges that if everybody paid their debts in that financial year you could have collected £2.6m. So we have in the level of reserves £1.4m in 1982/83 impossible to collect, that is what I am saying. We have got a situation where the balances on the Fund at the end of the year because of the way the exercise is done, because of the way the accounts are done, it means that all the costs are made up to the end of the month and all the electricity and water and telephones which has been provided to the public is shown as revenue even though people haven't even yet received the bills. That is then financed by an advance from the

Consolidated Fund, that advance for the four services, yes, Mr Speaker, that is what the Auditor says, I am afraid so, the Hon Member doesn't have to believe me, he can ask the Auditor. Mr Speaker, the Auditor's Report clearly says that the amount due to the Consolidated Fund, Statement 12, page 75, is £4,074,000. He then says in the Report, he says it himself, he gives the explanation, in fact, that the amount that can be collected within the financial year is not the same, it is less for the reason that I have given because, in fact, you cannot collect the bill until you actually post it and if you read the meter in the middle of the month you are still carrying, for example, if you read the meters on the 15th March and you bill people on the 15th March then presumably the consumption from the 15th to the end of the month will still be shown in the accounts. It is no good saying 'of course', Mr Speaker, because we are talking about a situation where the discrepancy between the two figures is £1.4m in 1982/83.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, would the Hon Leader of the Opposition give way. I think there are two points here. I have mentioned the word accruals and of course it is quite true that the balance shown in the Consolidated Fund does assume the collection of revenue from outstanding bills so to that extent it does not adequately reflect the cash situation but the contributions shown in the financial statement which is a contribution from the Consolidated Fund to the various budgetary undertakings, that is to say, the extent to which they have made a loss in normal accounting terms and therefore have had to have contributions from the Consolidated Fund, that is fully reflected in the financial statement. There are two different conventions which I think the Hon Leader of the Opposition is confusing.

HON J BOSSANO:

I am not confusing it at all, Mr Speaker. I am afraid the Hon Member has gone off at a completely different tangent, I haven't mentioned contributions at all. He is talking about the contributions which, of course, I know are there, they are on page 5. What he has just told me I know, I have read it there, £1.8m in 1983/84 to the Electricity Undertaking, that is what he is talking about. Am I right in saying that that is what he is talking about, Mr Speaker? I will give way.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

When I say budgetary contributions, yes, that is what I mean.

HON J BOSSANO:

I am not talking about that at all. Mr Speaker, I am not talking about the contributions, I am well aware what the contributions are, we vote them. I am talking about the

situation 12 months ago. In page 5 at the moment if I can take the Hon Member to page 5, in page 5 he shows us that he has £11.9m Consolidated Fund Balance on the 31st March, 1983. I then say to him that on page 74 of the Auditor's Report for 1982/83 and I mean after all the whole point of having the Auditor's Report produced in time for the Budget and a great effort was made to do that, was precisely to enable us to do this. So we look at the figure of £11.9m in March, 1983, and I have got no way of knowing how much of that £11.9m is actual cash unless I go to the Auditor's Report and I look up Statement 12 which tells me - Statement of Special Funds cash in hand or due to the Consolidated Fund. That is, if we have got a Special Fund that has actually got a surplus then that surplus is helped by the Consolidated Fund and it is shown as cash in hand. So let us take for hypothetical reasons that we have a situation where the Electricity Accounts actually finish 1982/83 with £100,000 surplus.

MR SPEAKER:

I think you have made the point. I think what you would like to be told is of the £11,984,000 how much is made up by arrears.

HON J BOSSANO:

No, Mr Speaker, I wouldn't like to be told that because it is quite obvious to me

MR SPEAKER:

I follow your argument.

HON J BOSSANO:

If you will allow me, Mr Speaker, it is quite obvious to me from the intervention of the Financial Secretary who started talking about budgetary contributions which has got absolutely nothing to do with this, that he hasn't got the foggiest idea how much is made up of arrears. So I am telling him, in fact, I don't want him to tell me, I have already worked it out for myself I have been a year on this one.

MR SPEAKER:

You have worked it out in certain items but not in others.

HON J BOSSANO:

No, what I am trying to point out, Mr Speaker, is that in the £11.9m if we just take electricity, water, telephones and housing, I have just worked out the total for those four, £4,074,000 was money owed to the Consolidated Fund by those four Special Funds.

MR SPEAKER:

And therefore that the £11.9m should be reduced by that amount.

HON J BOSSANO:

By £4m.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, if I may. That is, I think, the point of difficulty, Mr Speaker, because, and I appeal to any accountants in the House to support me, it is perfectly reasonable to draw a balance as £11.984m as it might be your profit for the year and that naturally will be based on flows of cash which will include what I called accruals, namely, debtors and creditors because your debtors and your creditors is a position which belongs to balance sheet rather than to the profit and loss account for the year. If the Hon Leader of the Opposition is saying that our accounts should be drawn in a different way, that is a perfectly reasonable point for him to say but he has used the word discrepancy which I think I must refute.

HON J BOSSANO:

I will come to the discrepancy, Mr Speaker, and then perhaps the Hon Member can refute it. When in fact he has just admitted that in this amount there is £4m which is owed to the Consolidated Fund by the four Special Funds, he accepts that.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I can't quote for the exact amount because I haven't got the figures in front of me but an amount which is substantial, yes.

HON J BOSSANO:

It is £4m, Mr Speaker, according to the Auditor. I am giving him the source, page 74, Statement 12. I am then saying to him, if he goes in that same Auditor's Report in respect of that same financial year to Statement 46 on page 146 he will then find Head 8 - Reimbursements Funded Services total £2.6m. I know he hasn't got it but this is why this thing is published so that we have it here for the Budget, Mr Speaker. I have only got one copy but if somebody else has got a copy here we can pass it on to him, I am quite happy if the Usher takes him this copy.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I did come here today to discuss the estimates, Mr Speaker.

MR SPEAKER:

I think you have laboured the point, you have made your point and I think we should move on to other things.

HON J BOSSANO:

I am sorry, Mr Speaker, it is not a question of labouring the point. The Hon Member five seconds ago has disputed the validity of the argument that I am saying and I am saying that he is disputing it because he hasn't got the figures in front of him so I would like him to have the figures in front of him and then I will ask him to explain to me why in one area we have got a situation where the amount of money due to the Consolidated Fund on the 31st March, 1983, is £4m out of £11.9m. We have got £4m included in that £11.9m, that is what due to means, they are already taken account of, but in fact the Auditor says that only £2.6m would have been there in cash if everybody had paid all their arrears and that is in Statement 46, page 146.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think that there is a distinction there between the Funded Accounts, Mr Speaker, which of course do depend on accruals, I am thinking of municipal services and rents and other accounts, taxation, rates, brackish water, speaking from memory, which are not subject to this accruals process which are on a straightforward cash basis. I think there is a distinction there which may be, I don't have the Report in front of me, but I think this is probably the one the Auditor was making.

HON J BOSSANO:

No, it isn't, Mr Speaker, I will come to that point as well, that is a point that I disagree with as well. If the Hon Member looks at page 146 which is the last page in the Auditor's Report and if he looks at the last line of the last page he will then see that there is a sum of money of £2,638,925.24. That sum which is included in the £5m of arrears which he has been quoting, that sum is considerably less than if he goes to page 74, Statement 12 and he looks at the first four items, the last column on that page, the first four lines show the amount due to the Consolidated Fund from the Electricity Fund, the Water Fund, the Telephone Fund and the Housing Fund. Those four items, I have just done a quick calculation on my little calculator here and it has come to £4,074,715. The difference between that and the figure in the last line of the last page is £1.4m. What I am saying is that the way that the accounts are done it means that that figure is getting bigger all the time and that the Consolidated Fund Balance, the Reserve Balance, which we are being told in the House exists, could not even exist even if all the arrears were being paid.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, if the Hon Leader of the Opposition will give way and naturally I pose this question with a certain amount of apprehension, but is he in fact inviting a comment on the difference between the four headings, electricity, water, telephone service, housing fund, etc, as shown in Statement 12 on page 74 and those in Statement 46 because there is an important difference, one is the latter, Statement 46 is arrears of revenue as defined by the Principal Auditor, the one on Statement 12 is simply outstanding bills which have not been paid. I think, as I said in my speech on the debate on the Auditor's Report, there is an important difference between outstanding bills which have been issued for which cash has not been received, they are accruals, and arrears which are bills which have not been paid for a considerable time. That is the explanation in broad terms, I am just speaking naturally without close examination, of the difference between the two.

HON J BOSSANO:

I am well aware that that is the explanation, Mr Speaker, it is an explanation that I have been labouring for the past quarter of an hour without getting the Hon Member to recognise that and, in fact, what I am saying about that is that if we take that situation twelve months ago, we have a situation where if I adopt his terminology, we have got the accruals which are not arrears and which nonetheless are counted as part of the reserves but that money isn't there at the time that the balance shows £12m and it is certainly not there when the balance shows £7m and it is certainly not going to be there when the balance shows £3.7m in a year's time and in fact the discrepancy between the accruals and the arrears is getting bigger all the time and in last year's audited accounts in respect of the telephones it got to the stage of being a difference between £600,000 and £1.1m. That is, the arrears, as he puts it, the bills not paid came to £624,000 for the Telephone Service according to page 146, Statement 46, and if he goes to Statement 12, page 74, it is £1.155m. It is all very well to say that the difference between £600,000 and £1.2m is the difference between arrears and accruals but it is a difference of £600,000 which is a lot of money and that is a lot of money which isn't even capable of being translated into cash within that financial year because as he says it is not arrears. The main difference seems to be in the sudden jump in the local metered calls where according to the accounts in the Auditor's Report £370,000, let me see if I can get the exact figure, was issued in 1982/83 and something like £27,000 was actually paid.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Could I just take one point, it is a pure matter of fact, Mr Speaker, the Hon Member says the difference is not capable of being translated into cash in that financial year but of

course the effects of accruals - let us ignore arrears, the extent that we are talking about bad debts - but the effects of accruals should be, other things being equal, constant from year to year and therefore it would not affect the financial position of the Government. If the arrears mount or if the accruals mount then clearly you have a negative cash flow.

MR SPEAKER:

With respect, we are losing the flow of debate. This is a debate and not a clarification of accounts, with respect. I think we have got to get to the stage when the Hon Financial and Development Secretary will take note and reply at the proper time.

HON J BOSSANO:

Fair enough, I am quite happy not to give way to him anymore. I have got a lot more to say. Mr Speaker, the accruals, if I can just answer the point he has made, can in fact and do in fact and will in fact go up every year because the tariffs are being increased so because of that there is an element of non-collectable cash shown in those reserves and therefore I am pointing that out (a) because I would like to see the thing more accurately reflected, and (b) because in looking at Gibraltar's financial position and at the strength of the finances and after all we have had previous statements where the Hon and Learned Chief Minister has taken pride in the healthy and strong finances of Gibraltar. Well, in order to do that one has to take a historical view of the strength of those finances and, of course, until the appearance of Funded Services which was in 1975/76, 1976/77, until then we didn't have that situation, that is, until then the amount shown in the reserves was the amount in the reserves because if there were accruals or arrears or what have you of electricity or water they were not shown as revenue until they were actually collected. It was only when we set up the four Funded Accounts that we created a situation where a very substantial amount and I think, quite frankly, Mr Speaker, if we look at the figure projected, not the £2.5m, the £3.7m and we take out the accruals and the arrears we are left with nothing. I cannot be absolutely sure because I have to work with figures which are twelve months old and make projections for twelve months hence but I would say that if the four Funded Services were in debt to the Consolidated Fund to the tune of £4m in March, 1983, I am prepared to have a bet with the Hon Member - we can have a whisky at the old rate before they put the tax up on it - that that figure of £4m will not have gone down between 1983/84 and it is unlikely to go down between 1984/85 and therefore we are projecting a situation where the estimated Consolidated Fund of £3.7m in the revised page 5 is not money but accruals and arrears. That makes him a very adventurous and radical Financial Secretary because we have moved now from a situation of prudence requiring thirteen weeks of cash to prudence being sufficiently met by £4m of accruals and arrears which is really what we are facing. Coming to the element which could improve the situation

MR SPEAKER:

Which is a new subject, I imagine, and you are going to be a little while on. Then we might perhaps recess for tea.

The House recessed at 5.10 pm.

The House resumed at 5.45 pm.

HON J BOSSANO:

Mr Speaker, if I can continue where I left off after my brief introduction before the break.

MR SPEAKER:

It was not so much an introduction as a lecture on economics but we might come down to earth, perhaps, and talk about the Finance Bill.

HON J BOSSANO:

I just want to round off, Mr Speaker, on the question of the arrears of rates on one point which I think the Government would do well to look into and which we certainly would like to know what the present situation is. In the 1980/81 audited accounts, in the Auditor's Report for 1980/81, the Auditor produced an extremely useful analysis of the arrears of rates showing the length of time that those arrears had been in existence, it is in appendix C. I accept that the Hon Member may not have looked at it because obviously I am going back three or four years but I think it is worth looking into that and trying to do an updating exercise on that and I certainly think we would like to know in the context of the figures given by the Auditor of what is collectable, how much of the money that is in arrears, if the debts that are in arrears in the different Heads is in fact so long in arrears that the Government may not be able to take legal action to recover those debts because I think to simply carry on, it is a point the Auditor makes this year but I think an extremely useful exercise was done in 1980/81 and it is a pity that it hasn't been reproduced in subsequent years to show the change in composition of the debts. I did some work myself and taking the arrears there was a situation where, for example, 1980/81 the Government started off the financial year with £1m due in rates from the current year and £353,000 due from previous years. They collected during 1980/81 £210,000 of the £353,000 arrears and £766,000 of the £1m. So that in fact they finished the year with £395,000 of arrears of which £143,000 was from prior to 1980/81 and £252,000 was from 1980/81 and a similar situation took place in 1981/82 where when we come to 1982/83 the amount of arrears was £435,000 of which £266,000 was due to the immediately preceding year and £159,000 due to years before 1981/82. That suggests that there may be a group that has never paid, never intends to pay and may be no longer

capable of being collected and I think, clearly, the sooner the decks are cleared in that respect the clearer the picture the Government will have and the Opposition will have of what the true state of Government finances are. I also think it would be useful for us to have, not necessarily in the course of this meeting but when the Hon Member is able to produce the figure, an estimate of the up-to-date position, that is, of the position as it is now rather than twelve months ago which is the best we have with the Auditor's Report, of the arrears in the different areas. I think it is clear that we are pressing on this matter and it is something that has been raised in the past consistently by the Auditor because when we are looking at the Government raising new revenue and we have got a situation where there is a very difficult economic climate in which to collect arrears at all, it would have been easier to do it several years ago, it is very difficult to do it now, it seems somehow basically wrong that the burden of financing Government services should consistently fall on the people who are good payers. I will be coming, Mr Speaker, to what we think of the Government's revenue raising measures. Before I do that I need to say that in the statement made by the Financial and Development Secretary and in his analysis he makes a reference to the data from the Family Expenditure Surveys and the fact that in Gibraltar 88% of households own a colour TV set, 76% a telephone, 95% a refrigerator, 80% a washing machine, 50% a video and so forth. If that is assumed to be an indication of how well off we are in Gibraltar then I think it is a total misconception and I will tell the Hon Member why. Firstly, I do not think that this level of ownership of consumer durables is, to my knowledge, very much out with what occurs in most of Western Europe but in any case what the Hon Member has to understand is that in Gibraltar because of the housing shortage there are several families in one household and therefore it may not mean a colour television per family, it may mean a colour television amongst two or three families and if in fact the housing situation was such that people were able to obtain and afford, which is even less likely because it is beginning to look as if people are not going to be able to afford even Government rents never mind private sector ones, then there would be less disposable income in fact for some of these household goods so I think the figures themselves in any case are not necessarily very far out with the levels that exist in other communities and that in the case of Gibraltar you may find people, Mr Speaker, who are living in very, very substandard accommodation and they will still have a fridge and a colour television set and they may be paying in a transit centre £1 a week. They are paying £1 a week because effectively they are not living in decent accommodation at all and I suppose the Government cannot charge them any more for that because effectively all that the Government is doing is providing a roof over their heads because they are a social case or they are homeless. Clearly, in a situation like that where there is a gap and it is a serious problem because one would expect in theory that the first needs that the community should be able to provide should be the primary needs and then come the luxuries but in fact if the primary need is so expensive that people cannot

afford to buy a house and they cannot afford to rent private accommodation and the Government hasn't got the resources to expand the public housing, then people may have money for colour television sets and they may have money for fridges but they haven't got money for houses and I think that cannot be ignored. It isn't that people are living beyond their means, it is that their means are limited. Where I take the Hon Financial and Development Secretary to task is in his analysis and if his analysis is wrong and if the Government analysis is wrong then clearly their solutions to the problems will be de facto wrong as an inevitable consequence of the original analysis being wrong and it isn't that Gibraltar has been insulated from the effects that have weakened the British economy and all that that he puts in paragraph 11 of his statement, Mr Speaker, it isn't that personal prosperity rests on foundations which have been revealed as insecure or brittle, because I will tell him what the foundations were. The foundations were the mistaken trust in the British Government year after year. If he is saying that those foundations are insecure and brittle then I am quite prepared to pass him an application form to join the GSLP, Mr Speaker. The problem faced by the economy of Gibraltar and particularly by the Government is not an easy one to solve and it will not be solved by the approach reflected in this year's Budget, that will not solve it, and the Government is kidding itself if it thinks it can actually cut public expenditure and the Financial Secretary is kidding himself and it seems to me that that is the British disease that we are in danger of importing. The Hon Member, in paragraph 6, talks about Britain having a too large public sector and almost insinuates that we suffer from the same problem in Gibraltar. Well, who determines what is too large a public sector? What is too large? Too large is a valued judgement, like too harsh taxation, you can say it is high or it is low but whether it is too large or too small is a matter of opinion. Perhaps the Hon Member would like to hear some really hair curling statistics about exactly the size of public sector we have got. One of the measures, Mr Speaker, of the size of the public sector, if I can find the figures which I had somewhere here before the break, is by measuring it as a percentage of the gross domestic product and in the case of Gibraltar, if we take the last figures available in the Abstract of Statistics for the gross domestic product

MR SPEAKER:

Is that the same as the gross national product?

HON J BOSSANO:

No, Mr Speaker.

MR SPEAKER: ~

I am afraid I am not an economist and I would like to follow the argument.

HON J BOSSANO:

If we look at the Abstract of Statistics that we had presented in this House, we find there is a Table that shows the gross domestic product, the gross national product and the national income as three different indices. The domestic product is in fact the wealth we produce in Gibraltar itself whereas the gross national product includes wealth that is received by us here but not necessarily generated within our own economy but it is still part of our wealth. We have on page 39, Table 35(a) which shows the GDP as £65.7m in 1981/82. Taking that figure, in 1981/82 recurrent Government expenditure, Mr Speaker, is shown as £42.1m in that particular estimate which is no less than 64% of GDP and if we take into account the Improvement and Development Fund which that year spent £14.7m then we have total public expenditure, because if we compare ourselves with UK, for example, capital spending by central Government would still count as part of public expenditure, we then have a total of £56.8m out of £65.7m which makes it 86.5%. If the Hon Member were to transmit that information back to his lady boss in 10 Downing Street she would have a fit because she has been unsuccessfully trying to contain the proportion of the public sector in UK to 45% and it is the Government aim announced recently in a Government White Paper on long-term trends, it is the Government's aim to bring it down to 42%. If we were to attempt to bring down to 42% of GDP the figure that we had in 1982 which was 86% we would be talking about chopping it in half but of course let me say for the avoidance of any doubt, Mr Speaker, that we do not subscribe to the philosophy that one needs to cut back the proportion of GDP taken up by the public sector in order to enhance the prosperity of the community and perhaps the best example of that is that Sweden, in fact, in that same year, in 1982, had a public expenditure which was 65.3% of GDP and Sweden has had a long record of prosperity under socialism.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

And suicides.

HON J BOSSANO:

Well, let us hope, Mr Speaker, that the suicides are not on this side. I am not trying to drag the Financial Secretary to suicide, let me make that clear. But, of course, I think if the reason where the Government is raising £1.1m this year is to make people poorer so that they don't commit suicide, then perhaps it ought to be defended not by the Financial Secretary but by the Minister for Medical Services. I am quoting these figures because I think, Mr Speaker, that, for example, if we take public borrowing in 1981/82, again the last time for which we had GDP figures, the level of borrowing in 1981/82 at £11.6m constituted 17.7% of GDP. In UK the figure recently is £3.5m and the Government has got as its objective bringing it down to £2.5m. I think in 1982/83 when the total level was about £4m we are probably talking about 6%. In fact, in terms

of the figure that we had in 1981/82, and I think many of the problems faced by Government today stem from an incorrect policy decision taken in 1981/82. We have a situation, as I said, when borrowing in 1981/82 was 17.7% of GDP. If we look at other areas and this is where I think his giving up of comparisons with the world background is something that certainly we are not going to give up doing on this side. In 1983 Italy, which was one of the highest public sector borrowers, had a rate which was 11.6%, our rate of 17.7% in 1981/82 was exceptional. The figure now, as I say, is probably in the region of 6% subject to what are the eventual figures brought out on GDP which we don't know but which we have had indicated show no growth in real terms, so assuming that that is the case we are talking about £4m in something like a £66m GDP figure. The 6% is still on the high side compared, for example, to the figures of the United States for 4.4%, Germany 3.7%, Japan 3.4%, France 3.4% and the United Kingdom coming down to 2.5%. In the case of Gibraltar the reason for the 1981/82 jump in borrowing was clear, it was in fact that the British Government was not forthcoming with the aid and we, that is, the Government in our name stepped in to bridge that gap and we have now got a situation where it is nonsense to talk about cuts in public expenditure in our context. It is nonsense anyway, generally, because there is a wealth of international evidence to show that the performance of the British Government with their avowed aim of cutting public expenditure in which they have been singularly ineffective in any case in terms of the proportion of the total national economy, but in any case it can be seen that other nationals have economic performances superior or inferior to Britain and that there are people in both camps both with bigger and with smaller public sectors than the UK. So there isn't a clear defined correlation between the two but what is clear is that in the case of Gibraltar there is one area of expenditure in this year's Budget, and which is there every year, which the House doesn't vote and cannot vote and that is, Mr Speaker, the charges to the Consolidated Fund, that is, the direct charges to the Consolidated Fund because when we come to vote on the Appropriation Bill we start, of course, with Audit as the first Head of Expenditure that the House controls but the amount under the Consolidated Fund charges which is estimated to be almost £9m in 1984/85 and was £7½m in the year that we have just finished and £6.5m in the year before that, is the biggest growing area of public expenditure and it is due to the servicing costs of the debts that we have taken on. That area, the charges on the Consolidated Fund, have been increasing as a proportion of the total Budget year after year and in the last year they reached, I believe, 17%. I did some calculations somewhere but speaking from memory, subject to correction, they have moved consistently up, Mr Speaker, year after year and we are now talking about 17% of Government expenditure being a direct charge on the Consolidated Fund which the Government has to meet. The Government has made a move this year in that area, a move which we will oppose and that is cutting back on the index linking on public sector pensions, on Government pensions. That is a direct charge on

the Consolidated Fund, it is not an item which the House would have an opportunity to vote or otherwise but we will be able to vote it because it is in the Finance Bill and we are opposing it and we think that the Government is acting very wrongly in attacking this particular area. Here are the figures, Mr Speaker, we are talking about a situation where Consolidated Fund charges were around 10% of the Budget between 1975 and 1981 and then in 1982/83 they went to 15% and in 1984/85 they are programmed to go to 17%. Coming back at the attempt to contain that by hitting out at civil service pensions, and it seems to me extraordinary the way the Government has gone about this which has been simply to inform the Staff Side, the unions representing Government employees, that that decision had been taken, there has been no question of explaining to the unions the problems that they have and trying to reach an agreement with them, they have just been told this is going to happen period, were told on Friday and it is happening today and I think that there will be a great deal of opposition to this and we certainly oppose it and it runs totally contrary to the statement made by the Minister for Labour in the last House of Assembly when he listed amongst the measures that the Government had decided to take, the encouragement of early retirement. Well, it is a funny way to encourage people to retire early, to stop index linking their pensions. Not even Margaret Thatcher has dared to do this, Mr Speaker. She tried to do it in UK and she set up a Committee to study it and the Committee came back reporting not that public service pensions should not be index linked but that, in fact, other pensions should be index linked, pensions other than public service pensions should be index linked, that was what the Committee set up by the Conservative Government came back with. She didn't like it, and here we are going further than the Conservative Government has dared to in the UK and in hitting a group of people we are hitting a group of people who cannot defend themselves and they have to be defended by us in this House of Assembly because they haven't got an organisation - the Government may have felt that the people who are in employment today might think: "Well, after all I have got so many years to go before I retire why worry about what happens to the people who have already retired". I think they have made a serious mistake, Mr Speaker, and let me explain one of the obvious areas about hitting pensioners which the Government should have known if the Financial and Development Secretary doesn't. We have got a lot of pensioners today, a high proportion of pensioners today who have retired before the introduction of parity and those people retired on pre-parity wages and they are getting very meagre pensions in relation to post-parity wages because one of the things that happened with the review of pensions was that the Government changed the system several years ago so that instead of the pensions being reviewed in line with salary increases, they were reviewed in line with prices. Part of the reason that was given at the time, Mr Speaker, was that because of the parity exercise and because of the introduction of new analogues, you had a lot of grades that disappeared and in the new grades it was a mammoth exercise to try and decide which was the new rate of pay under the new structure that should apply to somebody retired under

the old structure. I remember the arguments in this House and, in fact, people who were then pensioned off obviously resisted it because they could see that they had missed the boat, they had retired and we have seen from the earnings statistics produced by the Government that over and above inflation there was a 40% increase in take home pay following the October 1978 statistics. The people who missed the boat then and there are a lot of them who are pensioners, are on much lower wages and on pensions related to those wages and all that index linking does is to stop their pension going down. Talking about Orwellian obfuscation which the Hon Member has introduced in this Budget in more than one section of the Budget, as I shall have the opportunity to establish, Mr Speaker, there are many instances of Orwellian obfuscation in this Budget and for the benefit of the uninitiated, that is saying something which means the opposite of what you appear to be saying and one of them is saying that you are going to half the increase in pensions. You are not going to half the increase in pensions, you are going to reduce pensions because if I have got a pension of £20 a week and the cost of living is going up by 5% I need £21 this year to have the same pension as I had last year, I need £21 this year to eat the same amount and to pay the same amount of electricity so the Government, first of all, pushes up my cost of living by charging me more for my electricity, more for my water, more for my rent and then cuts down my ability to pay them. I will tell you where that will appear, it will appear in arrears or accruals, whichever the Government may prefer. And there is an even more worrying aspect. I suppose it is not inconceivable that the UK Departments may decide to follow the good local employer on this one and if that happens and they break their index link with their pensioners, and we must remember that occupational pensions are taxed, then the Government may be finding that their penny pinching on pensions is going to produce a loss of revenue on the income tax paid by those pensioners who earn sufficient money to pay tax so I really think, Mr Speaker, that the Government has made a serious mistake in attacking this area and I think it is very unfair on people. There isn't even an attempt to lay down a level, it is simply if your pensions is index linked you are now going to get half the increase without any regard to, well, presumably for the people at the bottom I hope the Government has taken that into account and provided for an increase in supplementary benefits because there will be more pensioners collecting them and for a decrease in income tax because there will be less pensioners paying income tax because in an economy the size of Gibraltar you cannot take one measure in isolation. Everything that you do in Gibraltar has an impact, it has everywhere else as well, Mr Speaker, but in a national economy of 50 million people and of billions of pounds it is an almost impossible task however good an econometric model you make of the economy to actually take each move in the economic structure and see how it moves like a pebble in a pond that sets off a wave but in Gibraltar the Input/Output Study shows that in fact you can actually quantify what you are doing and you can actually see because the Government is at the centre of the economy, because the Government is the biggest single employer, because the Government is responsible for such a big chunk of the GDP.

When the Government does something at the end of the day it finishes back on their lap again. I think if the Hon Member is hinting, as he does, that cutting back on public expenditure is an answer and that the answer is inappropriate this year because there are no other jobs for people to go to and I don't know whether he thinks there are going to be jobs for people to go to next year, is he thinking they are going to go in the company of which he is the Chairman? Is that where he is going to start sacking civil servants and recruiting them as Chairman of the Shiprepair company? Or are they all going to be planting trees in expectation of the waves of tourists? Or is it that they are going to be knocking down Queensway? I think, Mr Speaker, in terms of cutting public expenditure it is just not possible, that is the simple answer. The nature of the Estimates of Expenditure shows quite clearly, the Government has talked about, I think it was the Chief Minister, I am not sure if it was the Chief Minister or the Financial Secretary, who talks about keeping the Budget more or less constant. In fact, it isn't and it cannot be kept constant because we have got in-built things that go up every year and there is nothing anybody can do and pensions is one of them and debt servicing is another one of them and therefore the answer cannot be that we simply rob Peter to pay Paul, it cannot be that. I said that once before and I can say it now because there is no Peter here and last time it was misunderstood, Mr Speaker. There is still a Paul, yes, but Paul won't complain because he is at the receiving end. Either we are going to face a situation where the Government is in charge of a shrinking economy and introducing measures as they are introducing in this Budget which will not produce expansion, which will produce contraction, every single one of the measures that they have introduced can be analysed and taken apart with the possible exception, Mr Speaker, of the one I mentioned at the beginning which could be said to be consistent with a particular policy objective of encouraging owner occupation. With that possible exception everything else can be analysed and found to be defective, that is, what we find in this Budget as we can find in almost every other one before that except that the situation now is getting so critical that the simple paper policy statements which is all we have had here, if we go back Budget after Budget, twelve years that I have been in this House, Mr Speaker, we hear a policy statement from the Government benches. One is uncertain whether to criticise the policy or not for one simple reason because it will never get past being on paper, 99% of them are policy statements which never materialise, anyway, so in fact it doesn't really matter what they say they are going to do because they cannot do it anyway all the time, consistently, year after year. The Chief Minister mentions the list of things he has done to contain public expenditure. Pensions to public officers, the cost of living increase will be reduced by half, as I say that is clearly a measure to decrease the standard of living of public officers. Public officers who under our Constitution are servants of the Crown not of the Government that has been elected into office. We are always being told about the two sides of Government, the Official Side which is there over which Ministers have got very

little control, and the elected side. These are Crown civil servants, that is what the Constitution says they are, and if they are Crown civil servants why should Crown civil servants in Gibraltar in the employment of the Crown in its capacity as the Government of Gibraltar be less well treated as regards their pensions than Crown civil servants in the UK Departments or Crown civil servants back at home in UK, why? I think it can be challenged and it will be challenged on more than one ground apart from the wisdom or otherwise of the cut as a measure of economy. What else has the Government done to contain public expenditure? Substitution allowances: well, I don't know what effect that is going to have on the vote, I don't know whether one should be looking at the estimates to find out major reductions in allowances under personal emoluments. Presumably, when we have got more time on the Appropriation Bill we shall be testing just how much has been cut in substitution from the personal emoluments. If we have got, for example, in the Generating Station £42,000 of allowances in this year's Budget and £34,500 in last year's Budget, how much of the £34,000 was allowances last year for substitution and how much is it this year and how much is going to be cut and what happens when people say: "Well, if I am not being paid I don't substitute", and if you don't substitute you get the Government machinery clogging up. What do they do then? They do what they did in the Public Works vote which I am glad to say in spite of the fact that the motion that I put here last year was defeated has seen the restoration of the sum of money for the refuse incinerator, in fact, not even the restoration, a substantial increase, it would have been cheaper to have left it alone as it was in the first instance. What are the other measures of economy? Heads of Department have been instructed to control the incidence of sick leave among Government employees. Well, I don't think it is the Heads of Department who issue the sick certificates, actually, Mr Speaker, so I don't think it is entirely under their control. I don't know whether that means that Heads of Department in controlling the incidence of sick leave are going to say they no longer accept the word of a doctor who signs the certificates, I don't think that is going to go very well with the doctors, really. In terms of saving money, in terms of the balancing act between revenue and expenditure, this does not save money, this costs money because in fact what the Government does is that when somebody is on sick leave they pay less than when somebody is working so the public expenditure will increase if you have less sick leave, it will not decrease. Mr Speaker, this is true, I can promise the Government that if in fact they are successful in cutting by half the incidence of sick leave they will have to come here for a supplementary appropriation for more money because they will have to pay people bonuses, overtime, all the rest. The output, obviously, will be better but we are not talking about output, the Government isn't saying that it is bringing this in order to improve output or to give a better service to the customer, it is bringing this as a method of containing public expenditure, this is what these measures are, this is what the Chief Minister said in his statement. But as a measure of cutting public expenditure so far the only one that theoretically might cut public expenditure, although it has serious implications in losses of revenue

in other directions and in possibly higher calls on supplementary benefits and on rent relief and on other things is the question of the pensioners and that, I think, quite frankly, the Government should never have done that and cannot defend it. I think they are treating very shabbily people who in fact have least benefitted from the prosperity that Gibraltar has enjoyed in the last five or six years because there are people who have retired in the last five or six years and they are comfortably well off compared to all the others before but, of course, of the whole of Government pensioners the proportion is still the preparity ones, that is still a bigger proportion. We have got the question of the starting time, another economy measure. Again I don't see that this is going to make any difference to the sums we are appropriating unless we used to provide them with torches or something at 7.30 in the morning before but if we are just paying them for the same hours of work then, presumably, Mr Speaker, that will still be the case. The Government may feel that there may be an increase in output but I would have thought that they have gone so out of their way to have a disaffected civil service that a lot of disgruntled workers are going to be producing less after they cut their sick leave, they stop their summer hours, they tell them they don't have index linked pensions and the result of that is going to be what, improved output? And, of course, the next one is the question of the Collector of Revenue and the manning levels in accordance with operational requirements. That, no doubt, the people who work in the Customs will give the Government the answer to that one, it is up to them to decide how they tackle that one but I can tell the Government that this announced here and the unions being informed, this is a breach of an existing agreement and to follow the road of breaking agreements is not a road I recommend.

HON CHIEF MINISTER:

If the Hon Member will give way. I think the phraseology of that is empowering the Collector of Revenue to try and contain that and of course it is meant in consultation, if possible, ideally with the men concerned, it is not an imposition and notice was given before this statement was made.

HON J BOSSANO:

I am grateful for that clarification, Mr Speaker. Going back to the other measures. The Chief Minister talks about the difficulty of raising personal taxation. I note that the cost of an increase of £100 in personal allowances is now put at £800,000. At one stage it was £500,000 and this is an indication of the fact that virtually nobody now is paying 30% as a marginal rate and no doubt if he waits long enough he will be able to tell us that it is a couple of million pounds because every year the loss to Government revenue of increasing the allowances goes up because every year people move into a higher tax bracket. The last time, I think, the Hon and Learned Chief Minister made a reference to this and I am not sure if it was in the 1982 Budget but I think it was, he talked about taxation

being 10% in excess of UK. Well, clearly, the new personal allowances announced in UK have now created a disparity between UK and Gibraltar rates of taxation which must put us in the region of 20% above UK rates. I am pretty sure that that is the case and I think if the Government did an exercise on the basis of average earnings in the Employment Survey they would find that that is in the area we are. We are in a situation where in looking at the capacity to pay of the average citizen, we have to take all this into account. We have to take into account that every year, in fact, as the Employment Survey says, for the last couple of years running we have had reductions in disposable income. I did an exercise following the other figures that I produced earlier of average earnings adjusted for inflation since 1972 and using that same Table at the end of the Employment Survey we find, Mr Speaker, that in 1972 when the average weekly paid Gibraltarian had a wage of £20.32, he kept 98% of it and paid 2% in tax and insurance according to the statistics produced by Government. In 1983 when the wages in real terms at 1972 pounds were worth £33.53, he kept 76% of it and paid 24% in tax and insurance. That means that this trend puts us in a situation when net take home pay of the average worker on average earnings and this is going to take a knock, let us make no mistake about it, this is going to take a knock if it doesn't in this year's Employment Survey it will certainly do by April next year, there is no question about it because we know that the biggest element in the relatively high average earnings of weekly paid Gibraltarians are the Gibraltarians who are skilled craftsmen in the Dockyard. They constitute one of the biggest elements pushing at that average and that element is going to be severed over the next few months. So we are going to have a drop in that figure even without adjusting for inflation, even without adjusting for tax and insurance. We are caught in a situation where tax allowances cannot be touched, where the cost of living already running at 6%, the cost of living in the index of retail prices published this month already at 6% without being part of the Budget, we are then talking about disposable incomes falling over the next twelve months quite dramatically. The problems that we face today, the problems that the economy faces today are without the impact of all these things, Mr Speaker, the impact is yet to come and there are no solutions here, there are no ways of counteracting these things here. All that we are doing is trying to hold the fort and we are going down, the ship is sinking and all we are doing is grabbing each other and saying: "As long as we hold together we might not sink", but we are sinking and it is going to become evident from the Government's own figures. All they have to do is to read their own statistics, the ones that they produce because I haven't got any sources of information other than what they have and we have had a drop in imports. What does the Government expect? If you look at the import statistics over the last couple of years there was a jump last year in expectation of the frontier opening but if you look at the last three months of 1983 and the last three months of 1982 they are the same and the frontier was closed in 1982 and it was opened in 1983, the last three months show the same level. If we have got a situation where there is a 3% decline in the standard of

living, isn't that going to produce a 3% decline in the imports, and other Members will show that the same is true of other sectors of the economy. When my Colleagues talk on the Appropriation Bill they will be making reference, Mr Speaker, to the areas for which they are responsible, the private sector and the tourist industry, to demonstrate how these factors along without any question of an adverse impact of the pedestrian opening, alone they account for the bulk of the run-down in the level of imports and of the decline of the economy of Gibraltar, a decline which is not being faced, a decline which is not being reversed. The Government is simply hoping that by some miracle either they will get a wave of tourism because of that report produced by the Administrative Secretary which again, we have only just seen it today but it certainly does not seem to suggest any radical changes that will bring about a tourist boom. Or what, the commercial operation in the Dockyard? I have got here the Project Study produced by Messrs Appledore, Mr Speaker. There Appledore was talking about employing 460 industrial workers, it was already a cutback from the 552 they promised when they got the tender on the strength of the number of jobs. Now they are talking about 250. It is no good the Government saying that so many months have been lost, it is nonsense to talk about lost months.

MR SPEAKER:

We must not go into that field unless it affects the Finance Bill.

HON J BOSSANO:

Well, it does affect the speech of the Chief Minister where he mentions it, Mr Speaker.

MR SPEAKER:

To the extent that it is referable, yes, but not in detail.

HON J BOSSANO:

He says that we have lost so much time and I am saying that if we started tomorrow on this that it still would not alter the situation, that is what I am saying, and I am saying that, Mr Speaker, because in fact nobody seems to bother to do their homework properly in this place, nobody seems to bother to go down and analyse things and go into detail and into figures and make sure that two and two make four. The number of jobs available in the Dockyard, it isn't enough to talk about numbers of jobs. We have got skilled people and when we are talking about retraining we are talking in many areas of retraining people as labourers, that is not retraining, that is down-grading. It is no good saying: "Well, people must get on with it", the Government must get on with it, if the Government is so concerned about the situation the Government must step in, the Government is supposed to be the owner of

the Shiprepair Company and nobody is responsible. Is the Chairman of the Shiprepair Company who sits in this House of Assembly, is he answerable to the House of Assembly as Chairman? No, of course he isn't, he is answerable to the House of Assembly as Financial and Development Secretary, it just happens to be an accident that he has been appointed Chairman. Forgetting that, forgetting the problems which if the Government is concerned they should go in and examine and do something about, forgetting that, we are talking about a situation in the Dockyard where over the next seven or eight months the people in the Dockyard are supposed to be repairing five RFA's, demolishing half the workshops, erecting another half of a lot of workshops and being retrained.

MR SPEAKER:

No, I will call you to order. Insofar as how that operation will affect the Finance Bill, the expenditure and the revenues of the colony, you are completely and utterly free to refer to the Dockyard but not as to the actual operation of the civil works.

HON J BOSSANO:

I am not talking about the operation, Mr Speaker, I am talking about the impossibility and I think the Government has been asked already by me to state in their estimates of revenue £19½m of income tax how many employees of Shiprepair Company are going to be paying that income tax? I am demonstrating, Mr Speaker, why in fact the employment of X number of employees on the 1st January, 1985, which is within the financial year, the estimates of which we are examining, will not be possible because in fact there are serious impediments which are not of anybody's making but in fact the project is so ill-conceived that people are supposed to be repairing ships, moving out of workshops because the workshops are being demolished and being retrained simultaneously all in the next six months. Is the Government aware of that? Has the Government taken that into account in its estimating? I don't think they have and I think they need to be, I think they need to go into detailed analysis of how these things are supposed to be working because in fact they have fought and won an election on their ability to make it work and they have to be able to satisfy themselves that it can be made to work. They have got a mandate to do it, we do not want to take it away from them, we are not here to try and overturn the decision of the electorate or try and get the Government to change its mind now. They have made their bed, they have to lie in it. We don't disagree for the sake of disagreeing, we disagree because our analysis leads us to conclusions which are diametrically different from the ones that they come to. Coming to other revenue raising measures in the Finance Bill, Mr Speaker, and let me say that before I just leave the question of tax which I mentioned briefly on the allowances, the Chief Minister said on the 22nd April, 1981, that "the Government had committed itself to an in-depth study of all aspects of income tax legislation. This study has been

completed". And then they mention alterations in allowances which in fact I said did not reflect an in-depth study and were not a major restructure of the system and I think the system requires it and I think they ought to do what they said in 1981 they were doing and this is the problem, Mr Speaker, that they say these things and then they don't do it. Coming now to the other items of revenue that are being raised in this House. We have got an increase in Government rents of 15% to 25%. We note that on this occasion the rates are going to be deferred to 1987. This business of deferring rates the House will recall came about following a number of Budgets where I had argued that the link between rent and rates was unjustified and unjustifiable because if one is arguing on the basis of increasing rents in order to balance the Housing accounts which is a matter which is questionable but if one is arguing that and the impact of that is an increase in rates when the rates are not allocated as they used to be under the municipal authority, under the municipal authority the level of rates was determined by the level of expenditure that had to be financed from those rates. We have got a situation where the link with Government rents has meant that the Government tenants are now paying a bigger proportion of rates than they ever were before. The chunk of the total amount of rates paid by the Government tenants goes up and has been going up consistently every year and putting it off for two years doesn't mean anything, it just means that the impact doesn't happen all at once but what is happening now? I will tell the Government what is happening now. As far as the Government tenants are concerned, they have just had a rent increase in April, they don't understand that it is rates of two year's ago, they see that they have got a rent increase in April and another rent increase coming up in July and another rent increase coming up in April, that is what they see and at the end of the day what is the impact of that, another chunk of disposable income disappears and you will find less money going into other areas of the economy, less Government revenue coming in another way, more pressures on the private sector and imports which we will blame on the open frontier. Putting it off until 1987 will not alter that basic equation, it may ease the pain but that is about it. It seems to me that the only logic of the policy being adopted of this level of rent increases every year is in fact that the Government will be able to announce very soon that they have got rid completely of the waiting list because people will be getting off that waiting list as fast as they can before they get given a house. Yes, I think that is the logic of it and they will be able to say: "Well, the housing problem has now been resolved because there are so many people leaving Government houses we don't know what to do with them", they cannot afford to pay them. I think that we have got a serious problem in the level, and I have mentioned this in the past, Mr Speaker, in the level of housing that the Government owns out of the total housing stock. It is 68% now. We have seemed to have arrived at that level by accident rather than by design and I think in terms of policy the Government should be saying: "Well, look, we think Government housing should be so much of the total and we are planning either to come up to that total if that total is above what we have at the moment or gradually to come down to it

either because we are adopting a policy of encouraging home ownership or whatever you like", but it just happens to be 68% because it happens to be 68% like so many other things and it is difficult to see how one can say we agree or disagree with a policy when the policy has to be inferred and it may be incorrectly inferred, it may not be in fact that there is such a policy reflected in such a situation but that the situation just happens to have come about because, for example, there has been a decline like the last Abstract of Statistics show, a decline in private sector housing effectively raises the percentage of public sector housing. These areas that I have mentioned broadly are going to be developed by other Members of the Opposition in the Appropriation Bill which is where they will be talking, Mr Speaker, and I shall be the only one really making our position clear on the Finance Bill which we are going to vote against in total, we shall be voting against the Second Reading. We have, I think, to give credit where it is due, to the Hon Financial and Development Secretary because if he had chosen to do it deliberately he could not have found a better way of Orwellian obfuscation than in telling us that water is going down. This really is a beauty, Mr Speaker, I have never seen a better way of increasing water and telling people that they are going to pay less because in fact if he wasn't increasing the surcharge till June it would have ended in May and if he really wants people to pay less for their water he should vote against this measure, that is what he should do, and then he will find that they will pay less because the surcharge will come to an end in May and people will go back to paying 19p for the primary unit and 40p for the secondary unit and the surcharge of 6p will disappear. He is extending the surcharge for a month, so he is charging them 6p more for one more month and then he is ending the surcharge coincidental with increasing the rates and of course the difference between having a rate of 22p and 50p and the increase, in fact, Mr Speaker, in the secondary unit is from 40p to 50p, a 25% increase, is that the surcharge was a surcharge in respect of imported water from UK, the water we were bringing in tankers and now the 50p are going to be paid for life, not for life of course because they will have another increase in next year's Budget, no doubt, but certainly I don't know what he is going to say next year about reducing our water when he increases it but certainly, I am afraid that he let the cat out of the bag by putting me on guard by the Orwellian obfuscation, I might not have noticed it otherwise, Mr Speaker. I also see that in the case of the hotels and in the case of industry there is a change in rates. That change in rate in water in industry is 46p whereas before it was 50p. The water account has in fact been charged, I believe, with £6,000, is it? Appendix B in page 104, Tariff Study - £12,600. It has cost us £12,600 for somebody from outside to come and tell us that we should reduce the water to consumers from 50p to 40p and the water to businesses from 50p to 46p, is that it, that is £12,600 worth of work? I wish I knew where those lucrative contracts could be obtained, Mr Speaker, I am wasting my time in this House of Assembly. This is the major exercise carried out by Coopers and Lybrand who were responsible, of course, for selecting Appledore so the House should not expect

too much of them, Mr Speaker, after that what is this? We have a situation where water is going to be reduced from 50p to 46p and this is going to encourage investment and expansion in the private sector except, of course, that we are introducing a £4 standing charge a month which was not there before and of course it takes a lot of pennies to make up £4. If somebody consumes less than 100 units he is worse off as a result of the decrease of the Hon Financial and Development Secretary. He will also find himself paying more for his water and being told he is paying less. So not even the businesses can claim that they are being given an opportunity to expand or anything else, it seems to me that there are three different categories of industrial and commercial consumers here, the small businessman who is going to find himself paying the same or more; the big businessman who pays who will find himself paying less, and the one who does not pay to whom the whole thing is totally irrelevant and they seem to be in the majority anyway. What about electricity? There we are not told we are paying less but again, and I note that there is no charge, I looked in the Electricity Accounts to see if there was a charge for the Tariff Study but there isn't so I don't know whether that means that the Tariff Study is not being charged to the Electricity Account or that the Tariff Study did not say anything about the Electricity Account, I have not seen it, Mr Speaker. It has been included in Special Expenditure but it is not shown as an item as in the case of the water. Mr Speaker, again I would have expected if there was a Tariff Study, the structure - and we don't know what the report says, of course - but the tariff structure would have been altered in some way that made some sort of sense if the object is promoting businesses or whatever it is. We do not find that this is the case. Is there any explanation why the off peak tariff should go up instead of down? The off peak tariff is going from 3.75p to 4p and the minimum charge instead of being 60p a month is £3 a month. Is it that they do not want off peak tariffs, is that it? You have measures introduced, which is the point I was making before, where you have to infer what the policy is. The Chief Minister makes a policy statement in support of the Finance Bill, the Financial Secretary makes another one and there are changes here which, first of all, you will have to go back and search what the original thing was two year's ago to establish what the change is and then you find that having said they are reducing tariffs to the business community because they want to give help and promote expansion and create a more attractive climate for the private sector, you find they are increasing it because, in fact, it makes sense if you want to encourage the consumption of electricity in the business community to try and encourage off peak electricity because off peak electricity from the point of view of the Department is expensive electricity only because you have got a very large overhead and a very low consumption. If you can increase the consumption off peak the marginal costs are very low and therefore you can afford to charge less because it is costing you less to produce extra units whereas if you encourage consumption during the day or at peak hours you only can do it by introducing more installed capacity so why increase it in that area? No explanation. Do they know that they are increasing it, Mr Speaker?

Do Coopers and Lybrand know what has happened after all the money we have paid them? Did they recommend it? I would have thought one of the things that we had was a very complicated tariff structure and if we are going to do anything then what one should do would be to rationalise it. Again, the amounts that we are talking about in electricity - I made some notes from what the tariffs were a couple of years ago - and I think we had a situation where there was a tariff structure that had 6.86p, something like that, and it meant that if the consumer, the industrial or the commercial consumer had 200 units then the cost averages out at something like 6.86p which is the sum charged per unit in 1982. The rates were introduced in 1982 and there was a differential rate where there was a higher and a lower unit for under 200 units a month, I think. The introduction of 6p per unit as a commercial tariff with a standing charge of £3 means that small commercial and industrial consumers again stand to pay more. We are talking about reducing the unit which is being paid from 6.8p to 6p, 0.8p is what it is coming down by but we are introducing a flat rate £3 charge and it takes a lot of 0.8p's before you start showing a profit. Again, the small businessman will not be better off, he will be worse off. Perhaps I will give way if he wants to explain, it is no good his shaking his head, I will sit down and he can tell me where I am wrong. It would have been easier if he had put in front of us what it was and what it is and what the changes are but I have had to go back two years to look for it and what I have found out is that in the Finance Bill, I checked over the lunch break, Mr Speaker, the estimates of two year's ago and in the Finance Bill for 1982 that was the situation and I am pretty sure, I am quoting from memory because I cannot find the piece of paper where I wrote it down because I have got so many papers here now I have lost track of them.

MR SPEAKER:

You have done well enough.

HON J BOSSANO:

Here it is. In 1982 the commercial tariff was the first 30 units at 9.6p and the next 170 units at 6.36p, that means that for 200 units the bill came to £13.69. If it was in excess of 200 units then there was not a first and a second rate, it was a common rate of 6.85p. We have today a situation where 200 units at 6p is £12 and a standing charge of £3 is £15 and £15 by my calculations is more than £13.69 and not less. If I am wrong then the Hon Member can shake his head and prove me wrong but now that I have found my bits of paper I think it will be more difficult. The other area where the Government has moved in a direction which is difficult to understand is in that we have got Funded Services like electricity and water which are running at a deficit and where the deficit is being paid by the whole body of taxpayers through budgetary contributions. Within that there is, if you like, an in-built subsidy in the sense that the rate the consumer pays is less than the cost of

production and that applies both to a domestic consumer and an industrial consumer. We have had a situation where now it seems that the charge to the domestic consumer is going to be put at 6.5p a unit and to the commercial consumer at 6p, it is only ½p a unit but I cannot see how the Government can justify discriminating between two kinds of consumer. If it was wrong before to discriminate in favour of the domestic consumer then it is equally wrong now to discriminate in the favour of the businessman and, in fact, the arrears as we all know, Mr Speaker, are much heavier in the case of the business consumer than in the case of the private consumer. It seems to me that one of the things that is wrong with the system - and I am not saying that it can be put right overnight - but one of the things that is wrong with the system which is reflected not just here but in a lot of areas, is this blanket subsidy because one of the important ways in which fiscal policy can become an instrument of economic policy is that you decide to concentrate your operation of fiscal measures to encourage what you want to encourage, so if you want to encourage a particular type of industry you might decide, well, right, this is what the Government does, for example, in the case of the hotels and I think that that should be shown, in fact, as an expenditure on tourism because if we are saying: "We think that making the cost of hotels cheaper is going to promote tourism, part of the way we are spending money to promote tourism is by making a subsidy so that the hotels pay not the real cost of electricity but a lower cost", but of course the Electricity Fund has still got to receive the true amount of money part of which is met by Government and clearly shown as being used for that particular purpose. What we have experienced in the last couple of years is that since they do not pay anyway why should they want a subsidy and that is why the Government has found that they have not taken the subsidy up. Well, it has improved in the last year but I remember that in 1982/83 we put an amount of money and then came back and the revised estimate was one-third of the amount we had put at the beginning of the year. In that situation if we are going to say: "We want to encourage businesses", then we have got to identify which are the businesses. It is done everywhere else, Mr Speaker. If you have got a problem of unemployment some of the measures, for example, that the Government in the United Kingdom introduced in this year's Budget which not everybody agrees with as being necessarily accurate in having to achieve the objectives set out but at least one can understand the logic that if you have got a situation of high unemployment why give huge investment incentives in capital intensive development which will replace labour by machines and you find yourself with more unemployment. That is one of the arguments that has been used to do away with capital allowances because the money was being put into an area which was encouraging unemployment because an employer found that the relative cost of labour and machinery was by Government policy being moved into being unfavourable to the employment of labour, unfavourable to the displacement of labour by machinery. This is why we need to do the same sort of thing, that is, the Government needs to do the same sort of thing, the Government needs to say: "If we want to increase the

incentive to employ people, this is the sort of tax incentive we give", and if we want to increase the incentive to modernise - there are some things already being done in that direction, presumably, the decision to do something about giving people tax relief for painting the facade and repairing them is a measure of that kind because the Government has decided that that is what they want to do. If they just said: "Any improvements will do it", then presumably anybody who replaces a white bathroom by a coloured suite with gold taps would get tax relief but that is not the objective the Government wants to achieve so they limit it to painting the outside of a building or repairing the outside of a building or something which they think is going to improve the attractions of Gibraltar. There one can see the link between the economic objective and the fiscal measure, you cannot see it in this because this says: "Right, all businesses pay this", but why all businesses? I think that is some of the obvious limitations on the Government's measures in terms of what it is they are trying to do, in terms of these measures being defended as something that will produce what, more wealth in 1984/85? More jobs in 1984/85? A higher standard of living? None of that is going to be produced by these revenue raising measures. All that the Government is doing is trying to curtail the catastrophic financial position revealed on page 5 and whether it is more catastrophic or less catastrophic we cannot even judge accurately until some of the reforms that we have proposed in relation to the treatment of arrears and in relation to writing off uncollectable debts start coming through and we start seeing a picture which may reflect better the position than this does today, a picture which let me say in some respects was more accurate ten years ago when the situation was that the Government's finances if they said they had £2m in reserves they really had £2m in cash there. Mr Speaker, I think that I have given the House the benefit of a detailed exposition of our analysis of the revenue raising measures and as I have said we will be voting against the Second Reading of the Bill because we do not consider and we think that it is a bad omen for the next four years, the Government has just been elected, they have been elected with a clear mandate, they have been given the support that they asked the people to give them, this is their first Budget and they should be showing us in this first Budget and they should be showing the people who voted for them what they are going to be going in the next twelve months and in the next four years to try and revive Gibraltar's fortunes and there is no indication of this here. All that it is is once more an attempt to balance the books and an inadequate attempt judged by past standards and I think I will leave it there, Mr Speaker.

MR SPEAKER:

I think we will allow Members to mull over what the Hon the Leader of the Opposition has had to say and we will now recess until tomorrow morning at 10.30.

The House recessed at 7.10 pm.

WEDNESDAY THE 11TH APRIL, 1984

The House resumed at 10.40 am.

MR SPEAKER:

I will remind the House that we are still on the Second Reading of the Finance Bill and that the floor is open to any Member who wishes to contribute to do so.

HON A J CANEPA:

Mr Speaker, since I took over responsibility for Economic Development just over four years ago, I have been laying particular emphasis on the need to coordinate the Government's budgetary strategy with the overall process of economic development. In other words, I have consistently made the point that there has to be an element of coordinated planning into how the Government taxes and borrows and, in turn, how it spends and invests in order to pursue its social and economic objectives, particularly in generating employment and in ensuring a fair distribution of income. I do not see my role as Minister for Economic Development and Trade as one which is confined exclusively to the preparation and implementation of a Development Programme. I take the wider view that, obviously, the Government has to take a lead in promoting economic activity, both in the public and in the private sector. Equally, I look to the private sector to respond positively in the interests of Gibraltar. I will expand on this. The next few years will be crucial for the future stability of the economy. Many difficulties lie ahead. First and foremost, we have to move forward on the commercialisation of the Dockyard. We must ensure that the new yard is converted as early as possible, not simply because this will provide renewed impetus to a depleted building and construction industry, but particularly because we have to minimise the adverse impact on employment and on Government revenues and, indeed, on people's livelihoods. The problems are there, the Leader of the Opposition yesterday evening made reference to them, and it is no use expecting the Government, the new Ship-repair Company, the unions concerned, nor least of all the Dockyard workers, to carry the full weight of this major social and economic readjustment. We all have to do it, we need a common effort. Already certain steps are being taken on employment in the Government service. Certain changes are being introduced across the range of Government services and benefits. These are not punitive nor are they draconian and I hope that people will react in a constructive spirit, conscious of the difficult times ahead and not resort to sectarian or to subjective personal protest. I also look to the private sector. I do not underestimate the difficulties or the constraints which they face but I still expect them to offer a better and a more competitive market and not simply complain and blame the Government for everything that besets them. I feel tempted to say, as an aside, Mr Speaker, that people generally in Gibraltar are too prone to do that without realising that

Gibraltar is a small town and not a major country such as the United Kingdom or Spain, for that matter. I would like publicly to commend the constructive approach of the Shipping Association in their discussions with the new Shiprepair Company and the positive course which they have set for the future in their mutual interests. I am also glad that last year's reductions in import duties has offered some encouragement in helping to revitalise trade. I hope that the new electricity and water tariff structures, in spite of everything that the Leader of the Opposition had to say about them yesterday, together with the additional relief offered by the Development Aid Ordinance as well as the abolition of the export tax on bunkers, will combine to generate a better climate for renewed economic activity. A word of warning, however. The Government cannot accept the continuing rise in the level of arrears and will take the necessary steps to correct the situation. We will no longer be the benevolent banker and if necessary, those who do not settle their arrears will have to face up to the consequences. I am not going to refer to 'lame ducks' but to the 'dead ducks' which have taken advantage of their apparently weak financial situation to over-stretch the patience and the resources of the Government. If the general body of consumers and taxpayers will have to meet higher commitments to the Government, those that do not cannot expect to have the best of both worlds. I would add, too, that I would hope to see more competitive prices in the private sector, particularly in response to the haemorrhage of household expenditures into Spain. Some areas of the private sector are, I am glad to note, already reacting in a positive manner, notably the motor trade and grocery supermarkets, to name only two. When I speak of a major readjustment of the economy, I do not restrict my thinking to the Dockyard commercialisation nor to the micro-economic issues relating to the private sector and trade. I believe that the foundation of a new economic structure for Gibraltar lies more firmly in the exploitation of our most valuable and perhaps our only asset - land. The House is aware that the Dockyard package involved the release of two prime sites in Queensway and Rosia and the setting-up of a Joint Consultative Committee to discuss ways of reconciling the needs of both the Gibraltar Government and the Ministry of Defence. We have already made our position known clearly and firmly to the Ministry of Defence. We consider that the future development of Queensway and Rosia is only the beginning of a process for the rationalisation of land use in the best interests of Gibraltar and its economy. The JCC has already met on a number of occasions and whilst I do not underestimate the obstacles to progress, I feel that we have established good grounds for positive results in the not too distant future. I attach special importance to this issue because I feel that one of the main vehicles of major private sector investment, particularly in our drive to regenerate tourism, hinges on the availability of suitable sites. These have been identified and will be sought with relentless pressure. Speaking of private sector investment, I reported last year on some of the major development schemes which despite the uncertain economic situation, had enjoyed a large measure of success. Before I update the House on the progress

made on these projects, I would like to reiterate the importance which I continue to attach to private sector investment, particularly in the field of development. Now more than ever there is a crucial need to overcome the crisis of confidence which in my view is a temporary one, but nevertheless which has preoccupied much of my attention during the last year. I am confident, however, that there are now signs of renewed interest in a few projects which did not attract the response which I would have wished. One such site which comes to mind is the Command Education Centre which was advertised last summer. However, the lack of response in this case may have been due to the strict planning guidelines which were laid down for the site. There may therefore be a need to review this constraint in the light of the interest which is now shown. On a more concrete note is the multi-storey car park project at Casemates. This matter has been discussed in the House before but I think that I owe, particularly the new Members of the House, a detailed explanation. This site was awarded by tender in September, 1982, to a company which under the conditions of tender is required to reprovide at its expense the seven Ministry of Defence Quarters before obtaining vacant possession of the site. The Quarters are not surplus to defence requirements and reprovisioning is expected to take some two to three years. The Government has therefore been trying hard to accelerate this development by exploring ways in which to provide temporary accommodation in anticipation of permanent reprovisioning. One of the suggestions involves the conversion of a semi derelict Government building into six quarters and negotiations are currently being held by the Government with the developer and with the Ministry of Defence and I am hoping that a solution acceptable to all parties will be found. I can assure Members that I will leave no stone unturned to get this important development, which is worth some £5m, off the ground. One of the sites on which I am able to give more positive news is the old FWD Workshop in Library Street. This site was recently awarded to another company in the sum of £17,000 and I am pleased to say that demolition works will shortly be commencing to make way for a four-storey building comprising shops on the ground floor and offices above. The cost of the development is of the order of £3m making a modest contribution to the building industry. As I said earlier, there are encouraging signs of renewed interest in Gibraltar's development potential. Much of this, I suspect, is of a speculative nature, in the expectation, perhaps, of a full frontier opening. It is therefore essential in order to gain time to plan ahead and to commence to attract investment now. It is with this reasoning that the Government has initiated action on a number of these important sites which are to be released for development and which I have made some reference to previously. As Members are aware the Queensway Development Brochure was launched as early as last December in order to gauge interest. Developers have accordingly been invited to submit their outline proposals for the development of the site by the end of May. The most meritorious schemes will then be selected for competitive tendering and I can add that the Brochure indications are that it has already generated very considerable interest. The Rosia Bay site, which also

formed part of the Dockyard package, is also to be advertised in the same manner. In this case, however, the Government is studying the possibility of incorporating an adjoining site known as Engineer Battery and Alexandra Reach to make a more comprehensive development. Design guidelines are now being prepared and proposals will be invited towards the end of June. On a more modest scale, but with great potential, is the development of the Queen's Stores at Waterport. This area will be available for development towards the middle of next year as a result of various planned moves which have been carried out by Government. The site is strategically situated near to the commercial centre and next to the Marinas. Because of this, the Government has invited outline proposals for a touristically orientated development. My views, Mr Speaker, on the level of private sector activity are well known. I believe that a policy of encouragement must be carefully planned to ensure a level of activity which will neither undermine nor overstretch the capacity of private sector investment. It must also complement public sector development and aim to strike a healthy balance between the two. One area in which success is steadily turning to reality is private sector housing. By far the most important scheme in this field which we can now see rapidly gaining momentum and which in my view is paving the way for a successful home ownership policy, is the scheme which was launched two years ago involving the disposal of dilapidated dwellings to persons who had little immediate prospects of finding suitable accommodation and also to persons who are prepared to surrender other Government accommodation. Last year I said that a total of nine properties had been allocated by tender. The position today is that twenty-five properties comprising forty-two units when converted have been awarded by tender. In addition five Government flats will be recouped for further reallocation. I am pleased to say that a further six properties have been identified for inclusion in the scheme and will shortly be put out to tender. The economic, as indeed the social significance of the scheme, is unquestionable as people are becoming ever more willing to invest their money in home ownership. The result, Mr Speaker, is that the private sector has realised that there is potential in home ownership and consequently a number of schemes are under active consideration. An important contribution to private sector housing will shortly be made by a company which proposed to build some forty flats in a residential block intended for sale primarily to persons in the Housing Waiting List. The scheme has been approved in principle by Government and work estimated at £3m on site is expected to commence shortly. On a smaller scale, housing development continues to progress at a modest pace. The Buena Vista development which I reported on last year had been awarded to a company anxious to proceed with the development, is now in an advanced stage of construction. Completion of the twelve dwellings at an estimated cost of £400,000 is expected by the end of the year. The other site which I mentioned last year had been lying vacant for some time, namely, Bella Vista, was put out to tender last October. The tender was awarded subject to certain conditions to a local company which proposed to build six high class dwellings on

the site. These conditions have, unfortunately, not been satisfied and the qualified tender award has been cancelled. A decision on whether to offer the site to the next highest tenderer will shortly be made. The growing demand for home ownership, largely due to Government's pioneering efforts, now requires further impetus on a larger scale. Whilst the disposal of the existing Crown Properties is welcomed by everyone, the concept must now be extended to new housing. The Government is therefore considering measures to launch a scheme for private housing development aimed at persons eligible to apply for housing. The gestation period involved in the launching of any development, whether it be for a commercial or a housing purpose, is inevitably a prolonged process and can only be achieved by injecting new opportunities in a systematic and periodical manner and by fostering the right conditions for success. This is our policy and our strategy as may be gauged from the measures which have been adopted in this year's Budget. Finally, Mr Speaker, last year I was unable to give much detail on the East Side Reclamation Project which had aroused great interest and which if it materialises will constitute a major addition to Gibraltar's assets. As is now public knowledge, the Government has offered a concession to Wimpey-Trocon Joint Venture to undertake a feasibility study for a period of one year and at the end of which depending on the results of the study, it will be decided whether to proceed with the development. I sincerely hope that the company decides to take up this offer and indeed to proceed with the development. Having touched previously, Mr Speaker, on wider issues, I want to turn now to more specific comment on the Government's own Development Programme. I should first of all explain what the current position is on ODA funding. As the House knows, £13m of ODA grants were allocated for the 1981/86 Programme. To date, some £9.4m has been committed and approval should be forthcoming, hopefully, next month for an allocation of some £3.1m for a third engine at Waterport Power Station. The balance might be taken up by supplementaries although we propose to submit project applications for small-scale tourist projects once detailed plans have been completed. As to progress I should highlight the completion of the unstuffing shed and the good progress which is being made on the distiller project which involves some £7m. Unfortunately, the main slippage rests with the protracted and frustrating delays over the Viaduct Causeway, a project involving some £1.4m. I cannot accept that any blame for this delay lies with the Gibraltar Government, it lies elsewhere. But I understand that outstanding problems will soon be resolved and the project should be off the ground, or should I say, on the ground, shortly. The House will have seen that there has also been some slippage on locally funded projects. As explained both by the Financial and Development Secretary and by myself last autumn in this House - the former Opposition were in residence - the delay has been caused by Government's decision to await the outcome on the Dockyard before entering into the £6m commercial loan from Hambros. This has delayed progress on a number of schemes including housing projects, all in all, amounting to around £1.7m - since then we have been able to take up the formal tenders in respect of two Housing schemes at Tank Ramp and at Castle Road/Road to

the Lines. The estimates in the 1984/85 I&D Fund show a projected expenditure of some £8.7m with a carry-over or a balance to complete of £3.8m. I am fairly confident that we shall reach those targets this year and provide some stimulus to the building industry. In addition, as I have already indicated, there are plans for a major development at the Vineyard site for housing which the Government sees as the springboard for home ownership amongst Gibraltarians in need of housing and as again I noted previously, the fiscal measures to providing incentives for home ownership are part and parcel of our plans in this direction. Mr Speaker, in conclusion, I feel that given the difficult economic and financial climate, the Government has demonstrated that it is prepared to face up to the difficulties and to provide a lead. It cannot happen overnight but we are at least formulating a strategy which could help to form the basis of a new economic future for Gibraltar. We may have to make sacrifices and indeed we have to work together hence the consultative process which I have initiated with the think tank. But we must in Gibraltar be prepared to work constructively and to fight positively for our future survival. The frontier opening alone is not the panacea to our problems. The answer lies with the release of more prime MOD sites for real economic development in order to secure a firm, viable economic base.

MR SPEAKER:

Are there any other contributors to the Second Reading of the Finance Bill?

HON M K FEATHERSTONE:

Mr Speaker, as the Hon Leader of the Opposition stated earlier he was the only person who was going to speak on the Finance Bill on his side and we are not doing as happened in the previous Budget debates, wait for somebody to jump up from one side and play ducks and drakes from either side so I have the honour to follow my Colleague straightaway. I am not going to speak on the Finance Bill as such, Sir, I am going to speak on a part of it, I am going to speak completely parochially and speak on the question of the water tariffs. Sir, it has for many years been the desire of Government, as far as possible, to balance the Funded Accounts and this year the water section is going to almost come into balance, I think we are aiming at a small deficit, something like \$45,000, which is perhaps the lowest deficit we have budgetted for for many years. We have had the Coopers and Lybrand Study into water tariffs and we have taken some of their ideas, not all of them, and put them into practice this year. I would put forward one point which I think the Hon Leader of the Opposition stressed to some extent although perhaps he missed the full point or the full impact of the reasoning behind it and that is the question of the standing charge. If you have a public utility service joined to your house or to your business premises or what have you, it brings with it certain inherent expenses whether you use that service to a very small

extent or whether you use it to a very great extent. You have to have a meter there whether you use one unit per month or whether you use 1,000 units per month. You have to have the joints to the meter. You have to have a meter reader who comes round and actually reads your meter. You have to have a billing section working out what you have consumed and the cost of the meter reader and the cost of the billing section is exactly the same whether you use small quantities of water or whether you use large quantities of water, the man still has to come to the meter, take five minutes to read it or two minutes to read it, walk away, go to the next one and whether he jots down a consumption of one unit or a consumption of 1,000 units does not make any difference to the amount of time that he has spent and therefore that is the rationale behind the increased fixed charge. I would remind the House that there has been a fixed charge which we used to call a 'meter rental' for many years so that the new standing fixed charge is not such a tremendous increase especially in domestic consumers because the new standing charge will be £1.50 for domestic consumers whereas before it used to be 75p for the meter. But that is the rationale of the standing charge. This is the same system as appertains in the United Kingdom and we feel, following suggestions by our consultants, that this is a necessary and a practical measure of ensuring that the billing, the meter reading, the meter itself, the connection itself are satisfactorily looked after. We have based this year's tariffs on a speculation. The speculation is the output of the new distillers but based entirely on oil fuel. We have not allowed for the possibility that we may get a cheaper rate of energy using the waste heat from the Power Station. We didn't want to do this for two reasons, firstly, we have no quantification yet of what the charges for the waste heat will be and, secondly, we are not even sure that the waste heat boilers are going to work satisfactorily until they have been absolutely tested and so we thought it better to work out our calculations based entirely on using oil fuel in the new distillers to the full extent. If next year we find using waste heat that the production from the distillers gives us a better opportunity for reductions, then we will push through further reductions once we can manage to balance the actual Funded Accounts in water as such. But I would give a warning for this year and that is that should we run into difficulty and should we have to bring expensive tankers from the United Kingdom, then we might have to consider something like the fuel cost adjustment allowance in the electricity, some type of subsidy to cover imported water. We have allowed for a measure of imported water this year but once the new distillers come on stream and the first distillers we hope will be starting its proving tests in July and the second distiller in November, once they come on stream the need for more expensive imported water should diminish or perhaps completely disappear. It has been commented that because of the new standing charge, the very small consumer in industry will have to possibly face an increase even though the basic price of water to him has decreased, he will have an overall increase because his consumption is so low. Well, we went through the majority of industrial users and we find that most

of them use sufficient quantities to benefit quite considerably from the lowering of the price of water. We have also specifically lowered the price of water to shipping with the intention of trying to help this section of our economic life. We have had for many years the question that water to shipping is extremely high and previous years we have been working on a system under which we put the higher price and then gave a specific subsidy. This year we have put the lower price straightaway and reduced the subsidy as such. As I say, Sir, the help that we are giving industry and shipping should assist our improvement in the economy to some extent. As far as the general domestic householder is concerned, to the majority of householders, and well over two-thirds use less than the 45 units, it will mean, if anything, either paying the same or a slight reduction. To those people who use more than the 45 units they may find that they are going to pay somewhat more but if they are heavy consumers of water, there are not too many of them and most of them only consume about 10 units above the 45 units, although there are some who do consume very considerable quantities, they are going to have to face the bill for the larger quantities they use. There is one thing that has been worrying the public, I know, to some extent, especially those people who do go over the 45 and that is if the billing is not done on a regular basis then they find themselves pushed into the higher bracket through no fault of their own simply that the meter hasn't been read and efforts will be made to see that meters are read on a regular basis of once a month. The example I would give is that if you don't read the meter for forty days then what has happened is you only have the 45 quantity allowed in forty days and of course you have gone over the 45 units. It might be possible if there are for specific reasons a longer period of time between meter readings to make some pro rata adjustment so that the normal 45 units should work on the 30 day period. All in all, Sir, I think that the new water tariff structure is beneficial, is not going to prove a heavy burden to the consumer, in fact, it may prove of benefit to some consumers but as I have said, Sir, this is a tentative effort for this year, we will be on a more sound footing once we know the effects and the results of our new distillers and next year we will probably see a tariff structure which we hope will be even more beneficial. Thank you, Sir.

HON H J ZAMMITT:

Mr Speaker, Sir, I am not going to talk on the Finance Bill but I think the Hon Mr Featherstone, in all modesty, has omitted to say one very important thing which I think is worthy of mention to the general public and that is that despite the drought that this part of the world has suffered over the last three years, Gibraltar was the only place that did not suffer water cuts and I think that is highly meritorious of the Minister, of the Public Works Department and of the Water Section in particular considering that this is a bone dry Rock and I think I need not go further than that but to say that I remember saying here in the previous House, with another

Opposition, that because of the good management and forward planning of our water situation in Gibraltar we were able to attract, certainly one liner that was not afforded water in six mediterranean ports and the bone dry Rock of Gibraltar with no natural water resources was the only place that was able to do so and I highly commend the Minister and his Department for ensuring that the people of Gibraltar did not suffer unnecessary cuts.

MR SPEAKER:

Are there any other Members who wish to contribute to the debate? I will then call on the Hon and Learned Chief Minister to exercise his right of reply.

HON CHIEF MINISTER:

Mr Speaker, according to Standing Orders my right of reply and, indeed, that of the Financial and Development Secretary, shall be restricted to dealing with matters raised during the debate and shall not introduce any new matter so the Leader of the Opposition will pardon me if my remarks must necessarily be limited to his long speech yesterday. I can hardly reply to what my Ministers have said in the debate. I think looking back we were yesterday treated to a double dose of his usual interesting comments on the Budget for the simple reasons that he did a lot of homework last year and for reasons which are now no longer prevalent on the other side of the House as to the order in which people speak as far as they are concerned in the end no one spoke and of course whilst we have been seeing the Leader of the Opposition taking copious notes of all the debate we were all very disappointed at the end because of the match of waiting to see who spoke first and finally none of them spoke, neither he nor the then Leader of the Opposition for the second part of which I do not think we had any regrets. And therefore, no doubt having done his homework from last year's thing he was not going to miss that. I was once told by an Ambassador in the United Nations, not in respect of myself but in respect of others once we went to the United Nations and the then Leader of the Opposition, Maurice Xiberras, had prepared a speech to appear in the United Nations in 1974, we went and we were going to speak if there were going to be fireworks if not, if the matter was going to be taken quietly then of course there was no point in our provoking the situation and therefore the signs were after we were there about 24 hours that there was no need for us to intervene and we went to see Ivor Richards who is now a Regional Commissioner, I think, in the EEC and used to be the political Ambassador to the United Nations, an appointment of the then Labour Party, and I don't think I am disclosing anything which is not of general interest, when Maurice Xiberras having been his first visit to the United Nations said he had a speech prepared and he wanted to speak and he said: "Well, it all depends on the tactics of whether it is good to speak" and then he said: "There is nothing more frustrating for a politician then to have a speech and not be able to deliver it".

So having regard to the frustrations which, no doubt, entertained the Leader of the Opposition's mind last year, he has studiously kept all his notes and gave us a big dose of it yesterday together with the ration to which we are entitled this year. And that is why at certain stages he was, and I am making no criticism but just comments, he was talking about the 1981/82 accounts at one stage which was the Auditor's Report where he was talking about the Auditor's Report for 1982/83 which was the one we discussed at the last meeting and sometimes it was difficult to see why he was going from one to the other but I can understand it and this made of course his contribution the more interesting in a way and of course to say that a contribution is interesting does not mean that one agrees with what is said except to say that one takes a certain amount of interest in his remarks. But let me say, nevertheless that it certainly speaks highly of the Leader of the Opposition of the homework he does on his estimates and of the comments he makes. Whether one agrees with them or not I think is an extent of his capacity and may I say that as a lawyer I do not seem to have the need here, but as a lawyer may I say that I envy his ability in the final analysis to find the paper he wants I think one of the things I found very difficult in Court when I had all sorts of papers and the paper I wanted was never there but somehow or other he manages to refer to the paper and to his credit despite the rather untidy filing system that he has in front of him, he finds the paper in the end and for that I commend him and I wish I had been as lucky, fortunately now I am not concerned with long trials with a lot of papers, to find a paper at the right time because, by God, if you do not find it, here it is bad, in Court it is worse because then you are risking somebody else's either money or fortune. Anyhow, one thing that really bothered me about his speech is the fact that whilst he severely criticised most of the measures, not all the measures he didn't mention one or two, no doubt he is not interested in the increase of whisky so long as somebody else pays for it, or the increase in beer of which, I won't say where I last saw him drinking beer but what he has not done, unfortunately, is tell us his solution to the problem, his answer to the difficulties of Gibraltar and it is as hollow in that respect as the manifesto of the party which he led at the election. It is all a question of planning, it is all a question of economic strategy but he doesn't help us, he doesn't help the Government and I hope

HON J BOSSANO:

We are not here to help the Government, Mr Speaker.

HON CHIEF MINISTER:

Yes, you are here to help, I hope he may live many years but I hope his tombstone inscription will not be 'Here lies Joseph Bossano who took his plan with him when he was buried', and nobody was able to see it and put it into effect. In that respect I must say that I am disappointed because I would very

much like to hear, in fact, he has been invited in the past to give us some benefit of how he thinks the problem should be solved. In fact, in the manifesto they did say if they came into office they would need six months to look at the things whilst on the other hand they said they had a plan for the future of Gibraltar. But at least in this connection here it is no use saying: "We cannot make any further cuts". Does that mean then that Gibraltar must have excellent medical services, excellent education, good scholarships, good services generally at the standard that we are having without money? Where is the money going to come from if that is so? It may be that we are wrong in choosing where to get the money, that is a matter of fair criticism, I accept that, it may be that instead of putting a shilling there we should have put two shillings in the other place or whatever it is - or 5p, I am sorry, I am still old fashioned enough to refer to shillings. But in that respect he is singularly unhelpful and it is true and I think that my colleague has said we are at a critical stage in our finances and we have tried to present a Budget that is reasonably level with certain advantages of petite nature in respect of the private sector to generate activity to substitute not only the loss suffered in any case by commercialisation or the proposed commercialisation of the Dockyard and that we are going somewhere in that respect. May I say, particularly with regard to shipping, that the abolition of the fuel tax goes hand in hand with an agreement by Shell to reduce their cost so that it becomes more competitive, it is no use saying that the thing is not competitive only because the Government taxes. They are going to make their contribution to see whether that will attract more shipping to Gibraltar. Of course, all Budget measures which increase what the contributor has to pay are unpopular, all of them. I have never in my many years of experience here, I have never experienced any budgetary measure where the people are expected to contribute more that has been generally well received and inevitably by the high costs of services and so on, the expenditure goes up and there must be a corresponding increase in the revenue. A lot was said about the arrears and so on, I think my colleague has dealt with that to some extent but the concept about this, again as he was saying about the fact that the Government can do everything for the people, some comment I heard yesterday when they said that a certain undertaking - I won't try to identify the kind of undertaking - was well in arrears, that other consumers had their electricity cut. And when we said: "Well, what about if people cannot pay?", if we close it a lot of people will be out of work and what was the answer? "Let the Government take it". But the Government cannot take business undertakings which must in their own because of circumstances, generally, have not succeeded and therefore are in a position to owe money for us to be burdened with more dead ducks than the ones we already have, but that is the concept that people have about it. As I said in that last debate on the Budget of the speaker who kept on saying in Hyde Park Corner "let the Government pay the income tax for us". The point is that Budget measures are normally unpopular whatever you choose and despite all the points made by the Leader of the Opposition we regret that we cannot see our way to

alter any of the proposals except one and I think I will give the Hon Member credit and I will give him the reason why. We are withdrawing the cuts on pensions and that is in itself a sign that we are not deaf to what comes from the other side at all. Two reasons perhaps not fully realised at the time and Budgets are not prepared in comfort and with time and so on, there comes times of stresses when you are finishing up and so on and I have no hesitation in changing my mind or changing the mind of the Government on a matter when there is positive constructive comments from the other side at all. I think Hon Members, particularly the Leader of the Opposition, knows me well enough to know that that is the case in any event if I feel that what is said is right and I feel that we are wrong. I will tell you two reasons though in fact one of them I think has no foundation in law but it could have a wrong connotation and that point did not really enter my mind or the minds of my colleagues at all and that was the possibility that the Ministry of Defence would take advantage of it. I say that that is rather remote in one respect in that the pensions that they pay are statutory pensions according to English law and they would have to change that and therefore I do not think that is likely in itself but what I think is more important is that they would take it as a pretext to go into other areas where parity applies where the application is not by virtue of an Act of Parliament and I do not want to give them that opportunity to do so. The other one which of course we had thought about but perhaps yesterday it became clearer and that was the question of the vast difference in the pensions received from the pre-parity retirement to the post-parity retirement. Therefore at the Committee Stage we shall be asking for Clauses 12 and 13 of the Finance Bill to be withdrawn. As I say, this is done because we feel there is a case for it and we have no hesitation in giving credit to the Leader of the Opposition for pointing this out to us and I hope that you will take it in that spirit and not as a matter to cry victory and to say: "We have got it". Of course, you have got it and that is why we are in this House not just to present the views and say: "We go it all the way whether you like it or not". There were quite a number of comments made by the Hon Leader of the Opposition which we will look at in Hansard. I think we have inherited that over the years, the nature of the accounts, the way it is presented. There have been different Financial Secretaries who have had different views and this Financial Secretary has views about certain aspects of the presentation which, of course, he will have the opportunity to put into effect and let me say, in passing, that the absence of any remarks commending his speech was not either deliberate or as a result of any disagreement with my colleague here. It was perhaps encouraged by the brevity of his speech that made me make mine so short that I omitted to say that I commended him for what he said but what he said is his own, the policy that he described is the policy of the Government but the wording is his own. I could not have referred to Orwellian obfuscation or mention Milton or Shakespeare in the course of my address, that is his own doing and I think he has shown enough of his knowledge of literature and quotations to appreciate that he wrote his own speech in

his own way and that is his privilege but the presentation of it was to some extent a breath of fresh air in the manner in which the speech was presented. So really neither did we have a disagreement that made me not commend him nor did we have any agreement that I should not or that I should but we are on good terms - if you want I will shake his hand now. Anyhow, he has done his homework, it is his first Budget and it is always difficult to break new ground and I think he has done it very originally at least and briefly so that, I think, makes up for the rather longer intervention of the Leader of the Opposition which, of course, is more than made up for the absence of another person speaking as we used to have before from a different angle. There is one thing that worries me, I thought I had mentioned it in the debate on the Auditor's Report, I thought I had, I was trying to look at it in the Hansard but I cannot find it - I think I did mention it or I may have mentioned it in supplementaries - but this is one that is really certainly worrying me and I want to make it quite clear that this is purely my own comment and I have consulted no one on it but I propose to pursue it, I think I mentioned it in the other debate because the Hon Leader of the Opposition referred to it specifically and I think it has to be investigated. It is perfectly right - and in my twenty-odd years in the City Council I was brought up in that discipline - it is perfectly right that not the rating of the net annual value which is what goes up but the poundage in the rates every year was fixed according to the amount of money that was required to service the municipal rating part of the municipal activities of the City Council. That is true and that is what rating is all about, rates services. There is an element of conflict as was seen at the time when Mr Livingstone tried to rate people, in fact, it was clearly shown there, trying to put up the rates in order to reduce the London bus fares and he was directed by the Court that it was unlawful to put one rate which really makes the point clearer insofar as rates are concerned but this like so many other things is an accident of history that when the municipality was taken over by the newly appointed Government in 1969 and the Government was obliterated for reasons I need not go into, rather than a merger, first of all everything was swept into the Government control, secondly, we didn't have accounts except notional accounts as we heard so much about this time and before and that is why I do not think it is fair to labour that point, not that I am making any comments on this, to labour the point about what happened before because it has been corrected after a certain amount of effort, we had to pass those £2m-odd in order to correct them and I agree that now that we have that it has to be priced because that is how it was done in the Council where the rates element was absolutely priced and you knew what you had to get from the rates. Unfortunately, what happens now is that we have got rates at 60p in the pound that the net annual value goes up according to how other rents are done in accordance with the specific provisions of whatever had substituted or still has the old City Council Ordinance insofar as the net annual value but on the other hand if you put up the net annual value and the money coming out of rates is more than you wanted for the services if you could identify them, then you can

reduce the poundage and you are more or less fair. Unfortunately the way it is done now it is impossible, simply impossible because everything has been merged. At one stage in the Council, and it has been mooted in the United Kingdom on many occasions, that perhaps rates is just another form of taxation the only point is that it is there, it is traditional and to substitute something that will make people pay more or less the burden is a mammoth task, certainly in the United Kingdom, it wouldn't be a mammoth task here because nothing is mammoth here it may be bad but not mammoth here but no doubt a difficult task in which to identify it. I have other things in mind that might help in the near future insofar as the people who service these matters are concerned but in the final analysis the point is whether it is a fair tax or not in the way it is administered because if it isn't and instead of getting £451,000 more this year out of rates because of the valuation, let me tell Members opposite that we have delayed a revaluation which is due every five years normally because of the very heavy burden that that would bring about and yet it is inequitable because those that are owner occupied and do not review their rents get an element of benefit but on the other hand the lesser of the evils is to avoid it because it is already heavy enough so it is really a problem. I have no hesitation and I am speaking for myself without advice, without in any way having posed this matter internally, it is a problem but the final analysis is if that money does not come out of the ratespayer it has to come out of the taxpayers if the money is wanted and it is a problem. I accept that it is a problem and the problem seems to be getting bigger particularly with private dwellings when rents shoot up despite all the depression people give up huge sums for a tenancy and are prepared to pay very high rents, one wonders why with a depression in business and so on and a good site in Main Street and other places become vacant one wonders if business is so bad why are people prepared to pay £30,000, £40,000, £50,000, £60,000 for a lease as premium, let alone a very high rent which naturally is reflected to the valuator as the value of that premises. It is a problem and I hope that I can do something, certainly in my last term of office, to help in this matter and leave it in a tidier way. I think I might be able to present an element of bridging because of my previous connection and the discipline that I learnt as to the rating of property in my days of the City Council where things were not as remote as they are in central Government, where you took a decision in the Finance and General Purposes Committee on a Thursday, it was confirmed on the following Thursday and in less than twenty-one days the decision was taken. I wish we could say that of Government decisions sometimes. But then it is no use looking back since it is past and it is no use blaming anybody else. Anyhow, I hope that I have answered some of the points, I would never dare to attempt to reply to the accumulated wisdom of two years in a short time but enough to show that we do take note of what is said opposite, we may not always agree but that I am sure that the criteria even though it may be different is aimed at the same purpose and that is what each one of us in our minds considers to be the best for Gibraltar.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, in following the Chief Minister I will confine my reply, as far as possible, to the points raised by the Hon Leader of the Opposition. As he knows and, indeed, as the House knows, mine is not a political office but the first bringer of unwelcome news hath but a losing office and his voice sounds everafter as a solemn bell knolling the departure of a loved friend. - Shakespeare, I think, said that. I find it easier to speak without a written speech in front of me because it enables me a greater opportunity to ad lib like the Hon Leader of the Opposition, I am sure. It obviously was not a sweet Budget and it is fair game for the Leader of the Opposition but I think I ought to comment on one or two points where I think the Government's position was slightly misrepresented. I am not personally concerned about that at all but I think where it is an aspect of the Government's strategy or the Hon Leader of the Opposition has fastened on one particular aspect of a measure to the exclusion of the others I think it is fair for me to comment on that in my reply. He did, of course, spend a great deal of time on the accounts, the accounts of yesteryear, in fact, and I think showed for someone who had criticised the Government measures as merely house-keeping he showed expertise in the housekeeping direction himself to such an extent that I am sure my lady boss, as he was pleased to call her, I think I know who he means by that whether she is my lady boss or not, would have been proud to have him in her dad's grocers shop although whether she would have been quite so pleased by the fact that he spent 80 minutes on the accounts where I spent 40 minutes on my Budget speech is another matter. He certainly had us in a maze, I think, for part of that time or in the woods at any rate and would that I knew which part of the wood we were in all the time because I was not sure whether we were in fact at the tree of knowledge or the fountain of obfuscation from time to time. However, I do not wish to prolong the discussion of the accounts of yesteryear but I think there are one or two points I ought to say in reply so that the record can be put straight and at least the extent to which I have misunderstood the points made by the Leader of the Opposition can be recorded in Hansard for posterity if that, in fact, should be the case. I think the first point I should mention is the question of the arrears and what I call the difference between arrears and outstandings, I shall be coming to accruals in a minute. I did in fact refer to accruals but arrears and outstandings are both, of course, accruals but that is the first point and the Hon Leader of the Opposition, I think, I didn't have the accounts in front of me at the time, he distinguished between, let us say the Telephone Service is a good example, between the figure of Statement 46 of £624,000 and the figure on page 90 which should be, roughly speaking, £1.2m and of course the difference between those two figures is the difference between, respectively, accruals and arrears. I hope this was the point he made, certainly that is my point. I would like to make a further point that the difference between these two figures, that is to say, what is regarded as arrears and what is regarded as normal outstanding, that is to say, bills which

have been issued and not been paid, is not simply a matter of judgement of the Principal Auditor, there is a basis in fact or at least a conscious decision was taken here and I think it is a reasonable one, one which could be upheld by a commercial auditor, in paragraph 13 on page 10 of the 1981/82 accounts, the Principal Auditor said: "The bills for collection accounts include all bills related to the period to the 31st March notwithstanding that some of these bills may have been issued after that; this is necessary to project the true position of the Funds as at the end of the financial year. It would have been misleading to use those figures for the purposes of the statement of arrears as consensus could not have settled bills issued after the end of the financial year in respect of the month of March, and in some cases February". We are talking of 1982 but obviously this is an arrangement which applies annually, I think, and the February bills in question I think I am right in saying would have been the ones paid, would be the February bills issued but paid would probably only have been those of Government Departments which as I think the Hon Leader of the Opposition himself said, are the bills which tend to be paid promptly for various reasons. There was one other point on the Telephone Service which I think he might like me to reply to that.

HON J BOSSANO:

If the Hon Member will give way. I accept what he said because in fact, what he is saying is what I said yesterday. The point that I am making and the point that I was trying to get him to recognise was (a) that we have a situation, for example, where in the case of the figures that he has been quoting on the Telephone Department, we have got a situation where the bills for metered calls was something like £350,000 or £370,000, if we look at page 90, and the amount actually collected was something like £20,000 which is an enormous disparity which cannot simply be explained by a couple of months. The other thing is that in terms of assessing the strength of the financial position historically we have to know that we are not comparing like with like because five or six years ago, before there were Funded Accounts, the reserves actually reflected the amount of cash that the Government had available whereas now, apart from the arrears, we have got a very large and increasing element which is the element of the revenue that will be collected eventually but isn't there in cash and it is shown as being part of the reserves. That is the point.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I will try and answer all those points, Mr Speaker. The first point is the one on page 90, where the Hon Leader of the Opposition has pointed out that there is a figure for bills paid of only £27,000, that was the figure he mentioned in the House. The three figures on that page for balance on 31st March, 1983, add up to £1.2m shown on the other page, page 89. He challenged the figure, I am talking now on page 89, he challenged the figure of £27,000 for bills paid and said that

seemed a derisory amount which did not say much of the Government's ability to collect revenue, or words of similar import. The point is here that this was the first year of IDD and the bills had been issued after the year had ended but as the service to which they related had been given in 1982/83, it was proper to accrue the revenue in that year, that is the explanation for that small figure. And, of course, it would be a small figure because there would be nothing to correspond with that figure for the previous year, there would be no comparable accruals figure for the previous financial year. I think this is part of the answer to the other point the Hon Member made that he said he has difficulty in reconciling the figures now, following consolidation of the Municipal Services accounts with the Government accounts, comparing those with the figures for 1975 or the position prior to consolidation when of course Government accounting was in cash terms. Yes, I can quite understand that, I think it is inescapable from the changeover from cash accounting to commercial accounting. I think that at this stage it is probably difficult to effect a reconciliation but I can only offer the Hon Leader of the Opposition the facility of a discussion on this at some subsequent stage with myself and indeed with the Principal Auditor who was one of the architects of the new system of accounting. I feel personally, despite anything which the Chief Minister might have suggested to the contrary, I do not wish to change the system, I certainly found it difficult to follow myself but I am sure that was simply because I was a newcomer and it is part of the process by which the new Financial Secretary becomes the old Financial Secretary. The other point on the accounts which I think was implicit in what the Hon Leader of the Opposition just said if not explicit, is that of course one must expect the increases in accrued income to rise with the level of the economy in money terms, one is the function of the other. What, of course, is serious if the arrears mount as a proportion of the accruals or if the balance in the Consolidated Fund is uncomfortably low and, obviously, one would wish from that point of view that the balance in the Consolidated Fund were higher than £3.7m. I think that is something we have got to live with and find ways of raising revenues if possible and keeping expenditure under closer control perhaps, than in the past in order to ensure the stability of the Government's financial position. That, Mr Speaker, is all I wanted to say on the actual accounts. There was one point the Hon Leader made about the analysis of the outstanding debts and I think I agreed, really, with the thrust of his comments because he was in fact saying something which I myself said at the last meeting of the House. The ability to turn to a previous record of Hansard is one which the Hon Leader of the Opposition is a master of and I am a mere novice. I am sure this is also part of the process by which the new Financial and Development Secretary becomes the old Financial and Development Secretary but in the meeting of the 13th March I did say in reply to the Hon Leader of the Opposition on the Principal Auditor's Report, I think it is page 52, Mr Speaker. "I think that what is important is the length of time" - talking about outstanding arrears - "I think that we can probably improve our analysis of the outstandings both on

income tax and also arrears" - meaning arrears of Municipal Services - "which is a necessary preliminary to successful action to reduce the amount". So I agree with the thrust of his comments there and of the further reference as well. On the general comments during the Hon Leader of the Opposition's reply, the Chief Minister and the Minister for Economic Development and Trade have dealt, I think, with the suggestion that the Government did not have a strategy and I won't therefore add anything to what has already been said, Mr Speaker. There are just two points. One is that on the question of the increase in earnings between 1972 and 1983, the Hon Leader of the Opposition seemed rather upset by what I said. I think that in fact he took the same train as me over that period. He may have stopped en route at a different station, namely, 1978, and there maybe reasons why that date lingers in his affections, and mentioned the figure of 40% increase thereafter. I accept that but I do not think that that in any way invalidated the point I was making about the increase in disposable income.

HON J BOSSANO:

He did say in his analysis and in taking those two dates, that it was the same as had happened in UK. It has nothing to do with what happened in UK. The only reason why the increase in 1983 over 1972 exists is because of what happened in 1978, otherwise that comparison which he made he would not have been able to make.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, but I went on to make the point about prosperity resting on insecure foundations, Mr Speaker, and that certainly applies to comparisons, I think, between Gibraltar and the UK, although the particular symptoms or manifestations of this are difficult and the cause in the case of Gibraltar is, as we all know, the actual cause of the realisation is also different. In mentioning figures of personal wealth, I did not intend and re-reading my speech I can certainly satisfy myself on this score, if I cannot satisfy the Leader of the Opposition, I did not intend to draw the inference which the Hon Leader of the Opposition quite naturally, I think, because he is a politician and wants to make a political point, the inference which he drew. I did say, and the conclusion of that part of my speech was that the faculty for investment exists as well as consumption and I do not think that the Government measures will necessarily or, indeed, will at all lead to contraction, which was the phrase he used, because they were chosen as the Minister has already said, for their minimum impact on industrial and commercial cost structures, including hotels, and a fair amount of careful consideration was given to them for that reason. The Minister for Public Works has dealt with the water charges, Mr Speaker, so I will confine myself to the Hon Leader's comments about the electricity tariffs which I thought were again slightly distorting because the feature of the tariff changes on which he concentrated was the fact that

the Government was not doing anything about the off-peak rate or at least had not paid sufficient attention to the off-peak rate. This has been increased from 3.75p to 4p and he suggested that this was a clear indication that what the Government was doing was contrary to what I said in my speech it was doing. I think this is where I must take issues with the Hon Leader of the Opposition. The number of off-peak consumers is 31 out of 11,000 and we are talking in effect of off-peak heating. I don't know who these 31 consumers are, I think that the Manager of Barclays Bank is one of them because he has central heating and I imagine this one is off-peak. I do not know who the others are. I will leave it to the imagination of the Hon Leader of the Opposition if he would like to develop just how reducing the off-peak rate is going to generate wealth in the economy or get the economy moving. Is he perhaps suggesting that we should have more off-peak electricity heating in the middle of summer, perhaps, to use up surplus electricity? His concentration, I think, on that particular corner of the tariff was misleading, not to say distorting, of the effects of the Government measures.

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. I am not suggesting any of those things. What I am saying is that the Hon Member introduces a Finance Bill which he says is going to reduce electricity charges to commercial customers. In there, there is one particular electricity charge, which he now admits, and he would never have admitted it if I had not raised it, is going up. His apparent explanation is that it is alright to raise that one not because it meets some declared Government objective, obviously not because it is going to bring in a lot of money because it is only 31 people, so is he saying that provided there is only 31 affected, it is okay to raise it, or provided the chap affected is the Manager of Barclays Bank it is okay? If we are prepared to look at the Finance Bill on the basis of taxing selected people that we do not like, well, let us approach economic planning on that basis if that is his philosophy.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I thank the Hon Leader of the Opposition for that intervention, Mr Speaker, which has made his philosophy clear to me. I will simply add that the off-peak rate for air conditioning, for example, in hotels is being reduced and I think I have probably said enough on electricity tariffs, Mr Speaker. There are one or two other points. I think the Hon Leader of the Opposition asked about income tax and his particular point was that the figure of £0.8m which would be the revenue yield from an increase of £100 in allowances, indicated that more people were paying tax or that there had been an increase in the marginal rate, more people at the higher marginal rate which I think is the same as an increase in the average rate for tax. That is part of the answer but the other part of the answer is, of course, the increase in numbers of taxpayers. He also asked

about the assumptions for GSL tax, or rather taxation from Dockyard workers and the estimates do provide for the situation which is expected in the Dockyard, namely, the redundancies during the course of this year but employment of 300 under Gibraltar Shiprepair Limited on the 1st January, 1985, rising thereafter to 500. Mr Speaker, there might be a number of other points which I could raise or rather I could offer a reply in response to the Hon Leader of the Opposition's speech but I think I have probably trespassed too far on the patience of the House and I am very conscious I want to keep within my record of brevity if not wit, and therefore I think I will commend the Bill to the House.

HON CHIEF MINISTER:

Mr Speaker, a thought has just crossed my mind that I should have declared a possible interest in the reduction of the pensions for the House of Assembly Members as it might affect me in four year's time and therefore I think I ought to declare an interest although really it was not in my mind when I decided to take into account what had been said opposite but I think that for the record I should declare a possible interest but there are many opportunities between now and then, I hope, to increase the pension.

HON A J CANEPA:

Anybody, Mr Speaker, who has been a Member of this House for over ninety months should so declare.

MR SPEAKER:

Well, I was going to say that perhaps I could be one of those who must declare an interest.

HON CHIEF MINISTER:

May I say also that, of course, the amendment will be made at the Committee Stage.

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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J I Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

SECOND READING OF THE APPROPRIATION ORDINANCE

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to move that the Appropriation (1984/85) Ordinance, 1984, be read a second time. I do not wish to make another long speech and I rejoice to see the look of pleasure on your own face, Mr Speaker, because I know that Hon Members of the Opposition are hoping to speak and also of course my Colleagues on the Government bench will be speaking as is necessary during the course of the debate and the Committee Stage. I would only say two things, really, Mr Speaker. The first is taking up, again, a suggestion which seems to emerge from the exchanges during the reading of the Finance Bill to the effect that the Financial and Development Secretary and the Chief Minister or Ministers might be at odds. This was certainly not the case during the discussions on the expenditure estimates, Mr Speaker, indeed, I think that the procedure we followed this year made it more obvious perhaps than in previous years that this was very much a Ministerial effort, a cooperative Ministerial effort, and the Financial and Development Secretary was really the servant of the Government as indeed he should be. That is to say, it was the very reverse of the Treasury going into a huddle and suddenly emerging from behind their collective cloak and dagger to thrust the weapon into the hearts of prostrate Ministers and Heads of Departments. The experience which was certainly my first experience of what is called a 'star chamber' procedure certainly to my mind was rewarding, I think, in some ways not a very pleasant experience for those concerned who had to wrestle with the exigencies of the Government's financial position but it was I think, one which I personally felt pleasure to be a part of from that point of view. My other point is really this, that because of the seriousness of the Government's financial situation, and

the Chief Minister has already explained this to Heads of Departments, the need for control during the coming financial year is more obvious than it has been even in earlier years. There is always need for proper control over Budgets but as I said at the last meeting of the House, it is quite clear that we do need to change rather our expectations. I am thinking now in terms of the numbers of supplementaries which may have been quite a normal feature of the system when the Government's financial situation was perhaps less constrained than it is now but, clearly, in the light of the current constraints, there will be a need for much greater control and I certainly will be discussing with the Chief Minister and my Colleagues ways in which these controls can be introduced during the year. I do not suppose that we will get it right the first time and it will take some time to adjust but this is certainly what will be one of my priorities as the Government's financial adviser and I know that the Chief Minister will expect this from me, Mr Speaker. With those preliminary words I commend the Bill to the House.

MR SPEAKER:

I will then call on the Hon and Learned Chief Minister.

HON. CHIEF MINISTER:

Mr Speaker, one of the virtues of the new procedure that we adopted in merging the two Bills together was precisely to save two long debates on the matter and therefore some of the main points in the Appropriation Bill have been explained in my original statement where we felt that certain cuts were necessary and therefore I do not want to labour the matter further except to say that we aimed this year when the departmental bids were made, we aimed at cuts that were realistic and not just presentational with the view that we should not get the kind of supplementaries that we got last year that totalled something like £2.3m which really upset the whole balance, particularly in times of economic difficulties and the perhaps not too easy but perhaps reasonably easy for Members to say: "Alright, I will cut now and when I am short of money I will come for more and I get it in a supplementary". Well, that is something which one can perhaps be more tolerant in periods where money is not so short but it cannot be done now or should not be done now and, in fact, Ministers have been warned clearly and their Heads of Departments, I did that on assuming office and subsequently, Ministers and Heads of Departments have been warned that supplementaries will purely be for new matters or matters which cannot be avoided. In my presentation on the Finance Bill, I did mention areas in which we were taking steps to exercise some economy and the Leader of the Opposition in his general speech tried to minimise or criticise the extent to which some of these measures were going to bring economies. Well, that remains to be seen, such things like the summer hours and things like that. There is a strong element there, particularly of the

non-industrials who have to supervise the industrials, and their time is 37 hours against the 39 of the industrials, and therefore it carries an element of overtime and we have been trying to cut it. I think the general trend of the cuts that have been made can only be realised with a real effort on the part of everybody, management, middle management and men, to try and produce more. I think as people pay more tax, as the ordinary man, the ordinary worker who is not employed in the Government pays more tax, he is more conscious of the way in which Government employees and Government money is spent on productivity and so on. I find that now from people employed in the Dockyard and so on, saying: "Why should I pay so much tax in order that you can have people, five or six standing aside and wasting time", I am not making any particular criticism but an organisation like the Government that has a number of jobs in the streets that are visible to the public, perhaps it is always tea time when you pass through and they are doing nothing. This is a subject of criticism and a matter on which we keep on taxing the Minister for Public Works for better productivity because if people are paid reasonably well on wages which have been agreed with the union, one would expect them to produce something. I don't know and I say this without attempting to reflect on anybody, that whether they had learnt it or not, part of the Moroccan labour have learnt to sleep standing since they have been here, something which I have not been able to achieve yet and naturally, that may be contagious but I will leave that to the doctor to prescribe. I hope that the contribution that is made by Hon Members in respect of their departments are made in such a way or in such order that it enables the Minister responsible to answer. In fact, scrutiny of the department is one which we welcome, particularly now that we are going to be deprived, though it would not certainly take the place of but it might be a good opportunity particularly if we are going to be deprived of the Public Accounts Committee, so I hope that that will be done in that way in order that Members can have an answer in respect of the points they want to raise. Another thing that we aimed at, and I mentioned it before, is to avoid and that, I think, is prevalent along the whole of the Budget, is to avoid dismissing anyone. This has been very much in our minds not only because we do not want to enter into that kind of policy and let us hope that we do not reach that stage because it would be bad in itself but also because in a position of constraint and so on would create problems in other areas of our departments in that people would have to go for unemployment benefit, supplementary benefit, and the last thing we want and I think it has to be said, the last thing we want is that local people should be unemployed whilst other people are in employment. Maybe it does not work these days or it is not popular but despite our loyalties to people who came here to help us when we needed it, I think for as long as the situation is such that there is a scarcity of employment in the general body of people who live in Gibraltar, the local resident people must have priority of employment and that will be our aim and our thrust. In other negotiations and other areas in which this may be relevant we will also try to secure

and nobody who becomes redundant, nobody from Gibraltar who becomes redundant as a result of the commercialisation of the Dockyard should be without a job. I think that must be the very top priority of our thrust in this matter. We may look at it from different angles but that must be the top priority. And in fact we have made provision to reserve certain jobs until we find that we know the final analysis. We may differ in respect of many things but on that it must be a common aim that the people of Gibraltar should have a place to work. I hope we will never come to that because we are small and I think we can always manage, as the Hon Leader of the Opposition was saying, about the ability to study the finances of a small area, so I hope that we can contain that but when one reads in the press today the demoralising effect that it has on family life, that it has on anything, for a man not being able to go out to work and bring back a decent wage packet and the areas of difficulties that he can get to by coming out, this is seen from what one reads in papers in the United Kingdom of what is now fortunately a feature of the western world which is the prevalence of considerable unemployment. I hope that despite all our difficulties we will be able to preserve that and certainly the way in which we have approached this matter has been a realistic one and not purely a presentational one. It is no use a Minister saying: "Alright, I am prepared to cut off £20,000 from this vote", and then saying to himself: "Well, if I need more money I will come and get it". That is no use. If I may say so we learn by our own mistakes. Last year we were too drastic in some of the cuts we made and therefore this year the thrust has been at realistic ones and Ministers who were suggested certain cuts said: "No, I cannot cut here but I can give you more of what has been suggested in this one". In that spirit we have prepared the Appropriation Bill which I hope will now be considered and Ministers will reply as required.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill? I will perhaps explain that at this stage of the Bill which is the Second Reading, Members might wish to speak on the general principles and merits of the departmental expenditure. When we get to the Committee Stage, of course, you will have occasion to enquire on particular items about which you may want information but now we are dealing with the general expenditure on each of the Heads.

HON CHIEF MINISTER:

May I just say one word. I am sure that the Hon Leader of the Opposition knows the practice sufficiently to have warned his Members, and I am not attempting in any way to take his role in this matter, but I might remind Hon Members that in Committee we can speak more than once and get up and come back to the point again much more informally than in general debate and if some Members want to go into some of the nitty gritty of it, I think Committee Stage is certainly much more flexible than the general discussion though, of course, the general discussion is open to them.

HON M A FEETHAM:

Mr Speaker, when I arrived yesterday at the House of Assembly I had already looked at the estimates in front of us and more or less in my own mind had concluded the line that I would be taking within the responsibilities which my Colleague the Leader of the Opposition had entrusted to me. Having heard the explanations and the statements by the Financial and Development Secretary and the Hon and Learned Chief Minister and to some extent what the Hon Minister for Economic Development had to say this morning, I have had to alter my line to some extent because it is important that when we begin to analyse the estimates that we try to draw from it the philosophy which has gone into these estimates at this point in time and why the thinking that emerges from there is in fact fair and what has happened to have led the Government to present the estimates the way they have presented it and supporting it by the statements that have been made to the House as an explanation. But first of all I want to refer to one of the two comments made by the Hon Financial and Development Secretary because one of the problems that I think that we have in the colonial situation that we are in fact living today in Gibraltar and will obviously continue for some time to come, is that we tend to import not the British disease but to some extent the colonial mentality of expatriates when they approach the problems of Gibraltar. I say this because being his first Budget speech, that he should quote from the Family Surveys and import data and make the point that in Gibraltar there are households with 80% with colour television and 76% have telephones and so on and so forth, it is inherent in the attitude, in fact, that was beginning to take place when the workers in Gibraltar began to militate against the discriminations which had existed many, many years against the workers in Gibraltar in, for example, in the UK Departments because in 1972, which is the period that the Financial and Development Secretary refers to, from 1972 to 1973, and he talked about the 30% increase in earnings etc; at that stage when the workers were beginning to militate against discrimination whereby the UK man who was working alongside him was earning twice as much and this came to a head before the general strike, I remember that the Chairman of the JIC, who was the Finance Officer of the Dockyard, told us across the table that the problem with Gibraltarians was, and that was the argument in those days, that Gibraltarians tended to eat too much, and today we are told that Gibraltarians have got too many luxuries. We have been restricted in Gibraltar for many, many years, to an area of less than half the area that is available to us and we have been living and my Colleague the shadow for sport and housing will no doubt deal with it, we have been living in a restricted area in overcrowded accommodation, with overcrowded buildings, with no hope whatsoever of house ownership, and the British Government's record towards the people of Gibraltar insofar as housing is concerned has been atrocious and which the Hon Minister for Economic Development has referred to in the past. When we analyse what we have in front of us today, Mr Speaker, on the estimates, we have to balance and we have to give credit where credit is due and

apportion responsibility to those who have got the responsibility. It is no good and I have to take the point of the Hon and Learned Chief Minister when he said: "I believe that Gibraltar has the potential to overcome the difficulties for the next two or three years. Whether it does or not will depend on a full realisation of the situation by everyone here and by a determination on the part of public bodies and individuals, to do something about it". Of course, we have all got to do something about it but let us get to the root of the problem and begin to apportion blame on those responsible, not call like Churchill did during the last war and he was very successful at it, create the spirit of going against the aggressor and asking people to make more sacrifice because Gibraltarians have made the sacrifices for many, many years, Mr Speaker; one way or the other. Fourteen years of a closed frontier has taken fourteen years of my youth away because I have only been out of Gibraltar on holiday on two occasions during that period of time. We have done our bit and a lot of people are prosperous at our expense on the other side of the frontier because Gibraltar as the Chief Minister has said, used to import but what has happened is that on the other side there has been massive investment and it has been the British tourist that has made that massive investment in the Costa del Sol whilst we have been stagnated in Gibraltar. It is not that I have anything against the Financial and Development Secretary, I have not, most certainly, what I would welcome one day is for continuation and because of the feeling that has to be expressed in the House I would like to see a Gibraltarian there as Financial and Development Secretary because he would know what the problems are and he would defend it from a Gibraltarian point of view, to some extent within the logic on the philosophy of the Government to otherwise. We have already got an Attorney-General, who I think is an imported Gibraltarian and I am prepared to accept him as a Gibraltarian because he has in fact shown himself to be very much in love with Gibraltar. Having said that, Mr Speaker, why have we got the estimates that we have in front of us today and why do we have the Chief Minister accepting, in fact, that the state of the economy, he said that he would not wish to minimise the seriousness of the Government's financial position. Why are we in that financial position? Has it been because Government has mismanaged the economy or has it been because circumstances have been such that we have had to import the measures and the thinking, in fact, not imported but perhaps imposed on us, the measure of thinking of a Thatcher Government in Great Britain which seems to forget the loyalty and the role played by Gibraltarians in the past and recent years. If we analyse everything that my Colleague the Leader of the Opposition has said, in fact, what has been Britain's contribution to Gibraltar? What has been the contribution in development aid to Gibraltar, Mr Speaker? It has been decreasing ever since the frontier closed. It is less now than it was when the frontier was opened and all along we have been making sacrifices. So when we go back to 1972 and workers militate and workers say we want more wages, it is because we have inherited a cheap labour situation for

many years and people have said it is no longer on. They say: "I want a video, if I have not got a video, because after all I cannot have a house". Having said that, Mr Speaker, let us get on to making a political analysis because this is what we are in this House for, we are politicians. Why are the estimates the way that they are? It clearly reflects Government policies, in fact, for the last four years against a difficult background. I am not going to stand here and apportion all the blame on the Government. They have tried to do the best that they have been able to do, they have tried to. But where, Mr Speaker, do we actually begin to apportion blame? I have always looked towards the Hon Minister for Economic Development, Mr Canepa, as far as the policy of the AACR is concerned because he reflects, as far as I am concerned, the thinking of the AACR on many, many issues and particularly on the role that the party should play in their philosophy of economic development. I remember, in 1981, because we have to begin to look at things more or less from that period because it clearly reflects on the estimates in front of us, I remember that in 1981, the Government took most of the credit for the relative buoyancy of the economy. They say they were very forthright and they were talking about, at the time, if I remember correctly, that they were going to back their financial and economic policies on prudence and they were looking towards a bigger degree of consolidation and that they were going to pursue this with determination. This was in fact the thinking of the Government at the time and I think to give credit as well, they began in 1979 to talk in terms of forward planning and I think that was a relief as far as my Colleague Mr Bossano was concerned because he has, and I know he has laboured on it, but I think he tends to labour because at the end he gets through somewhere along the line, he labours on economic planning, he labours on forward planning. Therefore, there was beginning to be something there that this party were beginning to find more and more acceptable on the part of the Government of the day and at that time of course we only had Mr Bossano representing us here but nevertheless at party level we were beginning to see that Government were in fact planning ahead. And indeed, in that meeting, in the 1981 Budget, the Government informed the House of the plan for the next Development Programme, for the five-year period 1981/86, in fact all they said was that the plan had been completed. But the broad objectives were, and this is where we have to begin to measure, what the broad objectives were then and how it has reflected itself on the estimates today and what is the likely outcome in the next four years. Because the Government were saying then that the broad objectives of their Development Aid Programme were to maintain an improved standard of living of the people of Gibraltar, to secure infrastructural self dependence, to diversify the economy and to promote more equitable distribution of income and wealth. And at the same time the Minister for Economic Development also informed the House in the 1981 Budget of the main recommendations of the Port Feasibility Study and explained to the House that the specific recommendations were that there should be a 10-year economic development plan for

the Port. And very, very important too, because certainly this side of the House associates itself with the reference made by the Minister for Economic Development when he said that there was need to be strong financially and that Gibraltar had to be strong economically if Gibraltar, which is very important, was going to be strong politically because everything there is inter-related and I couldn't agree more with the Minister opposite on that. The role of the Chief Minister was that he acknowledged the way that the British Government had honoured its pledge to support and sustain Gibraltar for as long as restrictions were imposed. So, therefore, whatever could be said now or could be said at the time, whether the general buoyancy of the economy was due to the sustain and support policy of the British Government or as we maintained all along, it was the effect of the settlement of parity, the fact was that for the first time in many years we were beginning to see a light in the distance which was very important for Gibraltar's future. But where I think the Government failed is that they failed to anticipate a subtle change in attitude by the British Government towards Gibraltar. I think that change in attitude was no doubt influenced by the thinking of the Foreign Office with regard to the future of Gibraltar and I think that I am entitled to say that the Government failed in its ability to stand against it with some determination because we are on record as saying at the time that the 1981/86 Development Programme was vital to keep the Gibraltar economy going and to maintain the standard of living of our people. I think it was rumoured, and it is fair to say that the proposed development by Government in that region was that they were thinking about £40m and would be seeking something in the region of about £20m in aid. However, in 1981 it was revealed in the House that, in fact, Government were facing difficulties in getting the Development Programme under way because of the lack of response from the British Government. And of course on the Port Development, which is also very important, there were two obvious limitations to carry out the recommendations and that was that one depended on the development aid because part of it was going to be met by development aid and, secondly, that the Port Study Report was carried out before the Defence Review and the question of the Dockyard cutback. And so it was clear to everybody in 1981 that there were major battles ahead in the fight for our survival. I think that from then on, Mr Speaker, there were bombs exploding all around, for a lack of a better word. There were literally bombshells exploding all around, there was a blitz. There began to unfold, really, a policy in my view towards Gibraltar which was and in my opinion it is still highly questionable. In May, 1982, in this House it was revealed how the British economy was being pressured on the question of aid. There could be umpteen analysis of why this was happening but in our view it was a direct attempt to undermine Gibraltar's position in the current discussions with Spain. And so, in December, 1982, Mr Speaker, we learned that only £13m was being given and this, of course, was a mere pittance, Mr Speaker. It was also revealed then that none of the projects submitted by Government since January, 1982, had yet been approved, and ODA

indicated, much to the shock of everybody in Gibraltar, that the £4m grant for 1982/83 had strings attached and could not be used for housing, education or social development. I think that the Minister for Economic Development was correct in describing the aid as being too little, too late. But what I cannot understand, in fact, was the contrast between that approach and that description and what the approach of the Chief Minister was who was supporting the British Government and, in fact, he was virtually sticking out his neck for the British Government. And, of course, what happened as far as the labour force was concerned? The unemployment figure for September, 1982, showed an increase since April, 1982, of 295, which represented an increase of 100%, Mr Speaker. And in March, 1983, the figure showed an increase of 120% over the March, 1982, figure. And what did this reflect and has continued to reflect and reflects again today in the estimates, in fact, it reflected the decline since October, 1981, of the construction industry and the virtual ending of the UK development aid, Mr Speaker. And it was clear to most, and I say most, that the treatment of Gibraltar's needs by the British Government was tantamount to the non-fulfilment of the sustain and support policy. And, in fact, Mr Speaker, despite the controversy that has taken place during the elections, the acceptance of the commercialisation of the Dockyard without a broad viable alternative and the time to re-adapt and the time to call upon the sacrifices of the people of Gibraltar, literally left Gibraltar without an economic base. And, again, despite the controversies of whether the private sector or some sectors of the private sector have complied or not complied with their duty towards Gibraltar or otherwise, the fact is, Mr Speaker, that the private sector was geared towards a Defence economy. And without an opportunity to adapt and without the development aid that was expected so that we could readjust, as the Minister for Economic Development has said, we need to readjust and we need time, and we need the aid. The British Government cannot have the bread buttered on both sides at our expense all the time, Mr Speaker. The private sector was, in fact, pushed deeper and deeper into economic desperation. That is what has happened to the private sector, and it created a complete lack of confidence and I would welcome the Financial and Development Secretary explaining when he talks about "that the conventional wisdom has it that a substantial amount of Gibraltar's private capital is invested overseas and, as I have a very high regard for the financial acumen of Gibraltarians I should imagine it is in very liquid form rather than in British industry or St Petersburg Tramways. My point is this; the capacity for investment exists". There are 7,000 households in Gibraltar and perhaps the Hon Financial Secretary could tell us whether he could pinpoint who has this capital invested overseas and whether they are the same people who owe Government the money that is owed by the private sector. I don't know but perhaps he could tell us. To some extent I believe that to be a myth and I say this as a socialist but, anyway, I just wanted to make that point. The situation today, Mr Speaker, and it is reflected in the statement by the Chief Minister and the Hon Financial and Development Secretary is a far cry from the confident ones that were being expressed by

Ministers opposite in 1981. It is a complete reversal because the situation today, Mr Speaker, is far worse financially, it is far, far worse economically and, obviously, it must be far, far worse politically and is a complete reversal of the aim of policy of the last term of office of the Government. Having made that analysis, Mr Speaker, of the situation since then which is reflected in the estimates, how can we then on this side of the House attack the British Government for the situation we find ourselves in? How can we possibly do that when the Chief Minister went to a General Election on a package which he said was sufficient and generous enough to meet the needs of Gibraltar? Mr Speaker, how do we attack the British Government from this side of the House when in fact, Mr Speaker, the Government has taken the responsibility for the present state of the economy? That was why, and it has been perhaps not totally understood by people at large, that we recognised that it was futile to go back to the British Government and to try to re-negotiate the package because it had already been agreed by the Chief Minister and therefore what we tried to do in the election was to present the people of Gibraltar with an alternative plan, an alternative package for the £28m because we realised that the manipulation that had taken place with Gibraltar by the British Government required drastic and forceful action and it required the Gibraltar Government taking the bull by the horns and instead of accepting the British Government telling us what to do and how we should spend the money, we had to take the lead and put the money into areas of the economy

MR SPEAKER:

Yes, Mr Feetham, but I am afraid I will have to call your attention. We are not talking about how you are going to spend the £28m that you are going to get from Appledone, we are talking about the Appropriation and Finance Bill. I have given you a fair amount of latitude up to now.

HON M A FEETHAM:

Thank you, Mr Speaker. Looking at the estimates, Mr Speaker, the Government has to show how they intend to expand and diversify the economy. I would accept in moments of great sacrifice and in moments when we have to rally the people, I would accept that sometimes it may not necessarily mean an improvement in the standard of living of the people of Gibraltar, it may not necessarily mean that because if we have to make sacrifices it may not necessarily mean that we expect an increase in the standard of living. But what the Government has to show and it does not show it at all in the estimates is how it intends to stop the decline. At least that the Government must illustrate to us. What they also have to show and it is not emerging from the statements made up to now is where there is anything for trade or for that matter for the depleted construction industry. Mr Speaker, before moving on to the Improvement and Development Fund and to expenditure in certain

areas of the estimates, I just want to make one point and one point alone for the future and that is that the estimates today reflect a situation which I consider to be highly dangerous and that is that we are becoming more and more economically dependent in the future on Spain or what happens or does not happen if the frontier opens or otherwise. That, in fact, Mr Speaker, is losing the responsibility which there is on one hand by the British Government, passing the responsibility to us, and us becoming economically dependent on the other side of the frontier. Not that I have got anything against Spain, neither should I be accused of being anti-Spanish, but it is because we have got a colonial situation in Gibraltar which we still have to overcome. That role and that part reflected in the estimates is perhaps precisely what the Foreign Office wants us to have in relation to the future of Gibraltar. The lifting of the restrictions, Mr Speaker, in the near future as we believe may happen or, indeed, will happen when Spain enters the EEC, is to bank on that as the possibility for regeneration of the economy in the future is in fact banking on something which is wrong because I cannot see anything in the estimates today or the thinking of the Government during the last four years and what is likely to emerge in the next four years that I think is going to distort the decline in our economy, Mr Speaker.

MR SPEAKER:

I imagine that you are going to take a little while on expenditure.

HON M A FEETHAM:

Yes, I will, Mr Speaker.

MR SPEAKER:

Perhaps this might be an appropriate time to recess until this afternoon at 3.15 when you can continue with your contribution.

The House recessed at 12.55 pm.

The House resumed at 3.20 pm.

HON M A FEETHAM:

Mr Speaker, before going into the Improvement and Development Fund, I would like to refer to Head 11 - Labour and Social Security which is on page 44 of the estimates, and in doing so draw the attention of Members opposite to the Employment Survey Report which has just been published, and equate certain aspects of the Employment Survey to the expenditure of the Labour Department. What the figures of the Employment Survey indicate, if they are in fact accurate, is that part of the situation has been up to now, which nobody can deny, the drop in employment,

in fact, has been relatively small and I would explain exactly what I mean by this. That there has been an increase in unemployment is obvious to everybody but what has been happening is that the economy has been stagnating and there are two reasons why the level of unemployment in Gibraltar has been limited. First of all, the number of immigrant workers has been declining and rather than going on the dole they have been leaving Gibraltar and, secondly, that the number of locals actually working has remained relatively unchanged. If we look at the figures, the situation could get much worse than what we have known up to now but experience shows us, as reflected in the Employment Survey, that it has not been hitting the Gibraltarians but it has been hitting in the main the immigrant workers who in turn have been leaving Gibraltar. So if the big drop in unemployment had been on local workers rather than on immigrant workers obviously we would have had a much larger unemployment queue. But the point I wish to make is that this process of the immigrant workers leaving Gibraltar is going to come to an end sometime and then, of course, Government is going to be faced with a more serious problem. I have started off reflecting on the expenditure for the Labour Department by saying this because the figures relating to the Construction Industry Training Centre do not in any way show any commitment to manpower planning at all because to plan manpower you have got to plan the skills that are required and there isn't any amount of money that we believe is necessary in the £46,000 which Government has laid aside for this year earmarked for that to produce the skills that are going to be required and make sure that the training facilities are there. £46,000 for the Construction Industry Training Centre in the context of the whole budget is, in fact, negligible.

HON CHIEF MINISTER:

Where is the Hon Member reading from?

HON M A FEETHAM:

I am reading from 44, Construction Industry Training Centre, Government estimates £144,000 and if we look under the Construction Industry Training Centre in fact we are estimating £98,700, so the difference is in the region of £46,000.

HON CHIEF MINISTER:

Thank you.

HON M A FEETHAM:

So in the context of the Budget and the impetus that is required and reflected by the Minister for Labour's statements recently, the impetus requires a much bigger sum of money to do what Government intends to do. I say this because, in effect, if this is where the money is going to come from to

meet the scheme that the Minister has made public recently for the payments to youths for up to six months and so on, then of course we welcome that the money is there because we have seen it but as far as this side of the House is concerned, we do not believe that that amount of money is going to meet the requirements neither the philosophy behind the Minister for Labour's recent statement. I wish to make that point because we believe it needs a bigger effort on a much bigger scale. If I could now move on to the Improvement and Development Fund and I note that Government had a surplus as at the 31st March, 1984, we note that there was £703,972 surplus in the Improvement and Development Fund and the surplus this year is estimated at £786,963. I am sorry, I have got something wrong somewhere, but in effect, the total surplus acquired would be in the region of £1½m. I have seen that there and, in fact, Mr Speaker, I wonder why Government isn't proposing to spend that money because by spending that money you are in effect creating employment and Government would be accruing revenue through taxation because people would rather be working and not being on the dole and at the same time I would think that Government would be creating economic activity. So by not spending this surplus they are depriving themselves of income, people from employment, and Gibraltar of much needed economic activity. If we, Mr Speaker, proceed to look at Head 103 of the Improvement and Development Fund, Tourist Development, page 95. I have already made the point that there is clearly no provision being made to have skilled and trained manpower available. And in the Improvement and Development Fund which is the Government's investment programme, there is no indication that had the training been there and would have produced skilled manpower, that in fact it would have been used because Government is taking away staff and not adding on to it. Therefore, I am not surprised that Government are not providing for training because they themselves are not providing the work that would be required. If we look closely at the Improvement and Development Fund, what is happening this year comparing it with last year is that Government have given up a number of projects that they said they intended to do, projects which they defended a year ago, as an indication of Government's commitment to attract tourism. I refer to urban improvements as being one of the points. Last year they had an estimated cost of a project of £500,000 of which £50,000 was going to be spent in the year that has just ended. If we look at urban improvements in this year's Budget we find that the Government instead of spending £½m on urban improvements is only spending £12,500 and instead of spending this year £450,000 they are going to spend £2,000. I pose the question whether some magic formula has come about and Government has found a way of achieving with £2,000 what they in fact originally estimated....

HON A J CANEPA:

If the Hon Member will give way. I think we are in danger of getting into too much detail and some of these are questions that should be asked in Committee later on. I only wish we had a magic formula. The answer is that the £½m earmarked as

being the total cost of the project was money that was going to come from ODA, and ODA so far have not given any indication that they are prepared to make that kind of contribution to schemes for urban improvement which are chiefly to do with pedestrianisation so the money was not going to be provided by the Government, it was going to be provided by the United Kingdom Government. But it is not a project that they are seriously prepared to consider and therefore we have had to fall back on our own resources and see whether we can make the small kind of contribution that is earmarked for 1984/85. But, as I say, these are details which more properly should be pursued in Committee. We are in a position that we cannot be getting up on this side of the House and asking Hon Members to give way in answering all these little details. The only thing that one can do is either to wait for somebody else to participate from this side in the debate or really, more properly, to wait for Committee and then in Committee we can get up twenty times and answer twenty similar questions.

HON M A FEETHAM:

Mr Speaker, the Minister can answer whenever he wishes either now or at the Committee Stage. We, on this side of the House, do not intend to pursue a process whereby we are going to be standing up every five minutes and debating matters. We want to bring it to the attention of the House and the Minister can answer when he wishes.

HON A J CANEPA:

The point, with due respect to the Hon Member, is that he is asking questions on matters of detail, Mr Speaker, and we are now in the Second Reading of the Bill where we are discussing general principles and not details, details are for Committee.

MR SPEAKER:

I think the Hon Member wishes to bring to the notice of Government matters on which he might require an answer so that the information is available at the Committee Stage.

HON CHIEF MINISTER:

The difficulty about that, Mr Speaker, with respect, is that if he develops an argument on the wrong basis because he has not had the matter explained then, of course, he might come to the wrong conclusions.

MR SPEAKER:

In any event, go ahead with your contribution.

HON M A FEETHAM:

Mr Speaker, I do not think it is a question of arriving at the wrong conclusions because the Government went to an election with a campaign that they were going to put a tremendous impetus in Tourist Development and this urban improvement comes under Tourist Development - Head 103, and here is an indication that they were going to devote £2m to this. I am not interested whether they have got the money or have not got the money or who is going to foot the bill and who isn't, it reflects on the situation which exists in Gibraltar today. They were going to devote £2m last year and it has gone down to £20,000 this year. This is the point I was trying to bring to the notice of the Government. If I may be allowed, with respect to the Minister for Economic Development, to continue to make two or three other points on the line of thinking that I have already made up my mind to pursue at this stage, Mr Speaker. If we look under Miscellaneous Projects - Head 104, last year you had under Miscellaneous Projects the Military Museum for which they provided an estimated cost of £387,000 of which they planned to spend £100,000 last year and £237,000 this year and, of course, this project has disappeared entirely. I don't know whether it was a good idea or not a good idea to have a Military Museum, it is a matter for debate, or whether it was a good idea and now they have not got the money to do it. If they have not got the money or if they have got the money, I just pose the question, when is this development going to proceed? This is what I am trying to say because it is important because they are not only not announcing new projects this year but they are taking away what they announced last year. These two areas of urban development and the Military Museum represented close on £1m of work for which the construction industry when these projects were announced were planning ahead and were planning their labour force, and were considering the tenders that were going to come out, were doing so on the assumption, Mr Speaker, that these things were going to happen. What the Government has to tell them is that there is no work for them because that is the message of the Budget this year, there is no work for the construction industry, Mr Speaker. If we move to Head 107 - Port Development, and of course the Minister up to a point had already pre-empted what I am going to say on the matter of the Causeway for which they were going to spend in the year which has ended a total of £2m and in fact the revised estimate is now £126,000. I remember a stage when there was a hold-up in spending money on construction because it was said that the construction industry had too much work and could not cope and there was bound to be slippage. Having gone through a period in the construction industry, perhaps the worst in its history and the lowest ever, is there a good enough excuse for anybody, whoever is to blame for this development not getting off the ground at this stage, for allowing it to be delayed to the extent that it has? That is the point I wanted to make because this was a major move in the redevelopment of the Port. Mr Speaker, having said these things in respect of the areas on which I have been asked to address the House by the Leader of the Opposition, it shows that we are facing a very bleak next twelve months and at least the next three years in Gibraltar, there is no doubt about it at all, Mr Speaker.

HON CHIEF MINISTER:

In the absence of the Leader of the Opposition perhaps the Hon Mr Pilcher will give us some idea whether there are going to be other, I mean not necessarily now, interventions in the general debate.

HON J E PILCHER:

Mr Speaker, I think this was made clear when the Hon Leader of the Opposition spoke on the Finance Bill. He was going to be the only one to speak from the Opposition on the Finance Bill but each individual Member of the Opposition will speak on the Appropriation Bill.

HON CHIEF MINISTER:

In the general debate.

HON J E PILCHER:

In the general debate, yes. We will all be speaking on our different shadow responsibilities on the general principles of the Appropriation Bill.

MR SPEAKER:

The answer is, do you wish to have Members speaking alternately?

HON A J CANEPA:

No, Mr Speaker, I do not mind trying to answer some of the points that the Hon Mr Feetham has brought up in the course of his intervention. The only problem is that I am not sure whether other Hon Members opposite are going to bring up matters later on which I am not going to be able to deal with because I will have lost my right to speak in the debate unless they were to give way or if they are matters of detail which can be pursued at the Committee Stage. I find, Mr Speaker, that I do not quarrel to any great extent, in fact, I agree with much of the analysis which the Hon Mr Feetham was making this morning, and I will mention precisely to what extent I agree and what in fact was happening from 1979 onwards which is relevant to the situation that we have today. He spoke about there being a certain degree of buoyancy in the economy in 1981, I think he said. I think we have to go back a couple of years earlier. We have to go back to 1979 and the 1979 Budget revealed a very serious financial situation for the Government. A situation when the former Leader of the Opposition enjoyed himself hugely, not that it has done him much good since then, but he was enjoying himself hugely because I think that the estimated balance in the Consolidated Fund was a paltry £89,000. The Government had a few days of working capital. It was a serious situation and some measures were

adopted to correct that. Let me say that part of the underlying reason for that situation was the fact that parity had not yet worked its way through the economy, the Government was having to meet very high increases in wages and salaries, it was having to meet a great deal of retrospection, a number of years retrospection, and increases one year of the order of some 50% in the process of moving towards 100% with the United Kingdom and then in 1979, the first year of the Conservative Government, the increases in wages and salaries in the United Kingdom averaged at around 30%. So again, we had to pick up that bill and the Government was finding that its financial resources were being very badly depleted though that did not mean that in Gibraltar generally that was the situation. We were saying the private sector is well off, it is being deriving the benefit of a great deal of spending because the purchasing power of those employed in the public sector had increased enormously, but this had not worked its way through yet so that the Government's coffers should begin to recoup the benefit of that expenditure. That was part of the underlying reason and we adopted a number of measures. We had large increases in taxation, very large increases, I think intended to raise something like £4m, I think it was, that year and we are talking of £1.2m this year and already the Tenants' Associations and the ACTSS and the TGWU are all up in arms. But in 1979 the situation was more serious because £4m then represented about one-tenth of expenditure. Expenditure today is over £50m and we are talking of £1m which is 2%. We set up an Expenditure Committee under my Chairmanship and between 1979 and 1980 very small supplementary funds were approved by the Government of the order of about £300,000 only for the whole of the year. The revenue raising measures and taxation measures that had been implemented in the event yielded somewhat more and by March, 1980, a combination of these factors, we found that in fact having budgetted for a surplus of about £4m, we had £5. something million. And then between 1980 and 1981 the situation continued to improve and by 1981 I think the Government reserves in the Consolidated Fund were at around £8m and 1982/83, the figure which you do see at the top of page 5 of this year's estimates, £11.9m, a very healthy financial situation for the Government. Another factor that was contributing and it is relevant to the point that Mr Feetham has been making this afternoon, was the performance on the Development Programme. We were meeting the targets that we had set ourselves, we had worked up a great deal of momentum. For some years the British Government had been saying: "Well, you cannot gear yourselves up in Gibraltar, you do not have the resources to spend all this money". Well, we had geared ourselves up and in 1980/81, 1981/82, we were spending over £10m a year so the target that we had set ourselves we had met. Some of the projects were labour intensive, there were good housing projects going on, St Jago's, St Joseph's, we were building over those two years, on average, about 100 units a year and the building industry was benefitting from that. And in turn that meant that the Government was recouping through taxation part of the capital investment that was going into the Improvement and Development Fund. In 1981 we were able to

carry out what at the time we thought was stage 1 of a massive restructuring exercise on income tax and we gave people back a great deal of money. It was not a mere - what was it the Chief Minister referred to yesterday - 70p a week, no, it was something really tangible. As I say, it was only the beginning of what we thought was going to be a process whereby the imbalance which existed at the time and which today has been aggravated further by increases in personal allowances in the United Kingdom, the imbalance as between the level of taxation for what I would call people in the middle income groups, let us say people up to £15,000 or £16,000 per annum, we were intending to eradicate that somewhat and pitch our threshold at a very much higher figure. That was the position in the Budget of 1981 and we in Government were very confident that we were in a position to meet any future relatively minor difficulties, that we could gear ourselves up to sort out the distortions in the economy which had become evident during the years of the closure of the frontier in order to be able to benefit two or three years later from the anticipated opening of the frontier having regard to the fact of the Lisbon Agreement had been signed in 1980. And in 1981 it was in cold storage, later on during the course of that year it became evident that the frontier was going to open and it would have done in April, 1982, but for the Falklands crisis. There was this dramatic improvement in the reserves, and what happened then? Lisbon did not come off and the frontier did not open in April, 1982. Before that, in November, 1981, we had been told that the Dockyard was going to close without any consultation and a year before that, in December, 1980, officials of Overseas Development were telling us: "You do not need another Development Programme". The Hon Member is quite right about the forward planning. Of course we were geared up for a massive Development Programme from 1981 to 1986. We had all the resources in the Public Works Department to cope with the implementation of that and we had made a very good case, a submission had gone to London in February, 1980, immediately that we came into office after that election we sent that along - no reply - the Hon Mr Isola having a whale of a time, enjoying themselves hugely at our discomfiture and in December, 1980, top ODA officials indicating: "You are too well off in Gibraltar, the frontier is going to open, the economy is going to boom and you have got so many television sets and so many cars per household". It is no wonder that in November, 1981, when without being given any notice Hon Members opposite should have seen how the Hon Major Dellipiani, Minister for Labour, reacted when the officials from the Foreign and Commonwealth Office, from ODA, and from the Ministry of Defence arrived in Gibraltar one evening and when we met them that first evening how the Hon Major Dellipiani reacted. We could hardly be blamed, and we told them that the message that they had to take back to the British Government was that Gibraltar could not cope with the situation in which the frontier was going to open, and in the event it opened under much worse circumstances than had ever been envisaged, and the Dockyard was going to close at the same time and we were getting no ODA development aid. And they were also saying "you cannot borrow", they were

not approving that the Government should borrow money commercially in order to be able to keep an Improvement and Development Programme going. Those have been the reasons, those have been the causes for the dramatic turnabout in the Government's financial situation which mirrors what is happening in the economy, generally. Therefore, if the Hon Member opposite talks about the Government putting more money into a youth training programme and putting money into urban improvements so that the building industry will have £2m of work, I ask the Hon Member where do we get the money? The fact is that we have not got it today. The fact is that for the first time since 1979 and in 1979 it only happened for a year for the reasons that I have explained and the underlying economic situation was good because parity was working. And we have been wrong up to a point and I say up to a point because perhaps the British Government may have been conditioned in its attitude to the Dockyard not just by, to date, yes, apparently they had defence considerations, in 1978 they were saying they wanted to close the Dockyard, the then Labour Government, for reasons of economy, and economy must have been linked to parity. But, anyhow, perhaps one should not go down that particular avenue. You now have this reversal and for the first time what is happening is that recurrent revenue no longer exceeds recurrent expenditure. Where recurrent revenue as in the last few years has been in excess of recurrent expenditure by £3m, £4m or £5m, not only has the balance in the Consolidated Fund improved dramatically from year to year, but we have been able to subsidise electricity, water and housing to a much greater extent than what we are able to do now. We have had increases, yes, but we have been able to cushion the effects of those increases by massive subsidies and we have now reached the situation that we have not got that. It is projected that in 1984/85, revenue is going to be £2m below expenditure before the measures that were announced yesterday. After those measures it should be £1m only. But if over the next twelve months there is a deterioration in the finances of the Government similar to what has happened in the last twelve months, at this time next year we are in trouble. I agree with the Hon Member opposite, we are in serious trouble, and that is the message that must get outside to people. And we have to increase rents and we do not like it. And we have to increase electricity and we do not like it because the alternative is to sack people and I am not prepared to have 1,000 or 1,500 people walking our streets without a job, I am not prepared to do that and I am prepared to tax people and face the consequences of taxation but we are going to keep those people in employment because taxation means that people have less disposable incomes but massive unemployment means the economic, the social, the political and the constitutional ruin of Gibraltar and I am not prepared to be involved in a Government which presides over that situation. Those are the reasons which lead the Government to have to take the measures that we do. Maybe our analysis is not correct, maybe we do not have all the answers, maybe we do not have any answer. We certainly do not have a magic economic plan, we do not. And it is a holding operation, of course,

and we may have to go to London for more. We may have to go to London for assistance to develop the tourist industry because I do not know where the Government is going to find the money to put into the tourist industry. What, introduce charges at the Victoria Stadium for us poor people who play badminton or squash like the Hon Lady opposite? What is that going to raise in revenue, £20,000? Where do we go with £20,000? We need a massive injection of funds into the private sector either on a grand basis, ideally, -or at very low rates of interest, not more than 5%. And, perhaps, we can make a case to the British Government and certainly we have to tell them that they must not think that the £28m that we are getting is the answer to everything, that it is the end of the story because it isn't. And part of those £28m is for their benefit, to keep a commercial yard going which is to the ultimate benefit in a certain situation of the defence policy of the British Government and the defence of the West. I hope that the Hon Mr Feetham has got the message. We cannot find another £50,000 for youth training, we have not got £2m for pedestrianisation of Main Street and they are things that need to be done. And on the Causeway, I was only hinting at, this morning, what the problem was. As to the multi-storey car park, it is not ours, the land is not ours, they have not handed it over. There is provision in the estimates of the Port Department for £30,000 of rents to be paid to the MOD in spite of the fact that there has been a Treasury Minute in Parliament where North Mole is being transferred to the Gibraltar Government but by the time the Treasury, in the fullness of time, the Treasury in London, all things being equal, may eventually approve the actual transfer. But in the meantime we have got to continue to pay rent. In the meantime the Viaduct Causeway is theirs and we cannot spend £1. something million which the ODA has approved for that project. Those are the reasons for the delay. And we are having serious delays in bigger areas. There is a constant battle with the Ministry of Defence and no doubt they may have their own difficulties with the Treasury in London, I can accept that. And in spite of the fact that we have political support in London, the reality of the situation is that the Government machinery, Whitehall, does not move as fast as we would like them to. We are getting a certain amount of cooperation from Heads of Services locally. Perhaps not as much as one would like but we must be grateful, I think, for a considerable amount of cooperation. They are also frustrated by the delays because they cannot take decisions here in Gibraltar as quickly as they would like and that is all adding to our frustration, that is bedevilling and compounding the problems that we have and what must be understood by the Ministry of Defence in particular, by the Treasury, I hope that the first Lord or the first Lady of the Treasury were to be able to do something about it, what the Treasury in London must realise is that Gibraltar is fighting for its economic survival, this is what we are talking about and we are not being given the tools to be able to stand on our own two feet. We do not want hand-outs, and we do not want to be grant-aided because we would not be here in the House if we are grant-aided. But the message has, somehow, got to be got across that

decisions have got to come on stream quickly. There has to be a release of the sites that are committed, there has to be a release of other sites, notably, the land to the west of the Nuffield Pool. That has got to be developed because that is a suitable site, not a site in which you have got a tug next to it. We want sites which are of a real touristic nature and we cannot have a few Services families four or five months of the year enjoying for their benefit land which we need for our economic survival. That is the message that has to be put across.

HON J C PEREZ:

Mr Speaker, the position of the GSLP with regard to the presentation of Government accounts and the distribution of expenditure is that this should be altered so as to give a more accurate picture of the way money is spent in providing different services. Being the Opposition's spokesman on Government Services, I will be dealing with Departments such as Water, Electricity, Telephones, Postal Services and Public Works, and in doing so what one is effectively dealing with is the relationship between the Government and the consumer in the provision of these services. In looking at the services the consumer is being provided with, one needs to look at the cost of these services and one needs to decide, in a given level of economic activity, in what way the resources are to be distributed. For example, Mr Speaker, the amount of money that goes into Education or Medical Services, departments for which I have no responsibility, should be judged on contrasting it with how much money we are spending on other things and on how much money there is to spend overall on the economy of Gibraltar. What I am in fact questioning is whether one can do a thorough job of this with the way in which the accounts have been presented. Taking one particular point where the money comes under Public Works, the position of the GSLP is that in the presentation of accounts as at present, each department shows an item of electricity, water and telephone cost in that particular department. This we fully support. However, we are being asked to vote £700,000 as part of the Public Works Department expenditure on maintenance of Government property other than Housing. We believe that although this may be in keeping with the law as far as the Constitution is concerned, it certainly does not meet the spirit of the law which is Section 65 of the Constitution, where it states that it is not permitted to spend money other than for what the House of Assembly allocates it to. Therefore, Mr Speaker, by having a £700,000 vote for maintenance of Government property, we are giving complete freedom on how that money should be spent in respect of what properties should be maintained in this particular financial year. This is too big a vote to be allocated in this way. The money should be broken down and the House should vote whatever money it considers necessary for the maintenance of our hospitals, schools, etc and each of these costs should be allocated to that area. For example, in the same way as the Public Works Department is charged by the Telephone Department for the service it provides it with, the

Telephone Department should be charged by the Public Works Department for the maintenance of the buildings occupied by them. Ideally, we would like all maintenance costs to be charged to each department, leaving only the cost of maintenance of buildings occupied by the Public Works, such as stores and offices, to be covered by this particular vote. We think that if one is to reflect accurately the financial position of each department, this is something that is required. We would have preferred that this should have been done in this year's Budget, but if in fact it cannot be done because it represents a major reform, we certainly expect next year's estimates to be presented in this way. Similarly, we have a situation in the Post Office where that department is charged by the Funded Services for water, electricity and telephones whilst Government departments are given free postal services. In the last House, the Minister for Postal Services announced increased rates of postage on the grounds that each section within the department had to pay for itself. To be able to know whether or not there would have been a deficit in that particular section if postal charges had not been increased, the Post Office would have needed to charge Government departments for postage and this should have been reflected in the accounts. We would like to see this reflected in the accounts in the future. In keeping with the Government announced policy of trying to get each section within the Post Office to pay for itself it would be preferable if instead of having a vote for the Post Office and Savings Bank, these two areas were divorced completely so that one could have a better picture of the costs and profits of each section. Under this Head, that is, the Post Office, there is a discrepancy which I would like the Minister to clarify if possible. If we look at the Auditor's Report, Mr Speaker, on page 95 of the Auditor's Report, Statement 19, there is expenditure for the year 1982/83 which is for services rendered by sundry departments in respect of salaries and pension liabilities of £29,250. Following that, there is one for rent, rates and maintenance of £350, lighting and heating £250, and passage and travelling expenses £150. All these total £30,000 and this figure appears as revenue to Government in the final figure for 1982/83 as reimbursements on page 13 of the estimates under Subhead 4. However, I can only suppose that this is the same amount of money that we are talking about, and I stand to be corrected by the Minister if it is not. But if this is the case, there was an expenditure in 1982/83 on the same page of the Auditor's Report of £3,357.39 of overtime payments which I assume forms part of the expenditure shown as personal emoluments in the final figure for 1982/83 shown in this year's estimates. If my analysis is correct, it means that overtime worked for the operation of the Savings Bank does not form part of the reimbursement to Government and therefore by being allocated to the cost of running the Postal Services, it incorrectly shows these services as having lost more than they actually did. I shall now deal, Mr Speaker, with the accounts of the Telephone Department where it is my view that the fact that the Financial Secretary announced in answer to a question from me, that equipment from the IDD was to be charged to the

Funded Account over a 15-year period, represents a hidden subsidy to the said account. The Funded Account for the Telephone Service operates in a different manner to the other Funded Accounts in that it does not receive a contribution from the Consolidated Fund every year in the same way as Electricity, Water and Housing. This is because the Government took a decision several years ago to make the Telephone Service self-financing and since then the deficit has been carried forward from one year to the next. It must obviously follow from this that in any particular year the size of the deficit is determined by the amount that is charged to that account in order to recover the cost of the IDD equipment. I note from the Improvement and Development Fund and the Debt Servicing Costs in the Consolidated Fund part of the estimates that this equipment was installed on credit from the suppliers which bears interest on repayment phased over five years. This means that the general Budget bears the cost in five years and will presumably recover it over fifteen years when it will show up as revenue payments. However, this implies two things. Either extra charges in the ten years after the equipment has been paid to show the true cost of the equipment or, alternatively, hidden subsidies of which I was speaking about earlier. Additionally, in an area such as this where there are constant technological advances, it pre-supposes a fifteen-year life for the equipment which may prove in the future to have been unjustified. Should the Telephone Department be faced with the need to re-equip in the future it would then be faced with a serious financial problem in having to bring into its accounts the outstanding costs of what would then be obsolete equipment. I would welcome any clarification from the Minister on the points that I have made. If I can just briefly return to the Public Works Department, I think that this department which is in the estimates the largest single vote, has been in previous House of Assemblies the target of criticism at Budget time, precisely because it is shown as the biggest money spender. Firstly, there is little sense in having two Public Works votes, one dealing essentially with personal emoluments and the other with a whole range of services covering, on the one hand, what used to be the old side of the City Council and on the other hand, services to other Government Departments. In assessing the value for money and the utilisation of the Public Works vote, I have to return to the theme that I and other Members of the Opposition will develop on the allocation of costs to present a truer picture. In many respects it can be said that the PWD has a semi-contractual relationship with other Government Departments in that it is providing a service, not to the public, but to other Government Departments who in turn deal with the public. A move in the direction of making the presentation of the accounts more accurately reflect this relationship and would enable us to make better use of the resources of that department and also demonstrate where criticism of its performance is unjustified. In this respect we have the model of the relationship between the PSA and the MOD which has a similar client/supplier relationship. I hope that the ideas that I am putting forward on GSLP thinking will enable Government to bring about necessary changes in this area

the need for which has been recognised by Government itself in the move they made a few years ago in setting up a Committee of Inquiry, which in practice has changed nothing at all. Still on the Public Works vote, Mr Speaker, I think this side of the House would also like to see a better breakdown by departments within the Public Works Department vote because as I said before, when there is criticism levelled at the department, the department is so big that one cannot judge whether that criticism is justified because one cannot actually pinpoint in the estimates which are the real big spenders within the department and I would warn the Minister that in the cuts that he is expecting to implement in the department, that some of this could prove counter productive in that I have heard that some of these cuts involve materials and that if the materials is cut there are instances where, because the material is not available, workers have to do patch-up jobs and these patch-up jobs come back to the department and need to be repaired again and if the material is not there the job is not well done and the expenses incurred might be higher than what they might be if the right material is there to repair a given section of the department. Still on the Public Works vote, Mr Speaker, I have noticed that although the House is being asked to approve expenditure in the nature of personal emoluments for the MOT Vehicle Testing Centre and although the Minister said in the last House that the Centre would become operational at the beginning of April, there is no revenue whatsoever in the estimates in relation to this. I would have thought that if it is still intended that the Centre becomes operational this month, that the revenue from that area should have been approved as part of this Budget and not be brought to the House as separate legislation in the future. If the Government is estimating revenue in that field, then we should know about it and I would like the Minister to clarify whether this is the case. Mr Speaker, there is nothing in the Water Account to show that it is being charged with the cost of the equipment for the new distillers. I am not saying that the cost should be passed to the consumer but if we want to establish what the real cost of water is, this should be done. Another point I have noticed is that the personal emoluments for the water production shown in the special fund have gone down compared to the figure for 1982/83. If this is also reflected for industrial workers then it is hard to believe what the Minister for Public Works told me in answer to a question in the last meeting of the House and in fact repeated this morning, that one of the distillers will be operational in August and the other possibly, in November. I would therefore ask the Minister to clarify whether the cost of manning the new distillers is reflected in the estimates if it is in fact still intended that they should become operational this year. On the question of the measures announced yesterday in relation to water, as my Colleague, the Hon Leader of the Opposition said yesterday, this will produce more revenue in fact for the Government rather than less and cannot be considered as a decrease in water charged but rather an increase in most cases if consumption continues at its present rate. The Minister said this morning that two-thirds of consumers would be expected to benefit by the measure and at

the same time he said that even without taking into account the excess heat of the Power Station for the new distillers and having calculated the cost of the new distiller with fuel oil, the account reflects the lowest deficit budgetted for many years of £45,000. How can one explain that the accounts should reflect the lowest deficit for many years and at the same time be a measure that will help or that will in fact decrease the bill for two-thirds of the consumers unless the other third is going to bear not only a large amount of the increase but is going to very heavily subsidise the other two-thirds that according to the Minister are in fact, taking advantage of the measures. Perhaps the two-thirds are well known to the Minister because of all the people that we know on this side of the House, all these people are affected the other way, not the way the Minister says. I now come to the Electricity Undertaking where I am glad to see that no provision has been made for further payments to the Chairman of the Steering Committee. Although the Minister for Municipal Services in the last meeting of the House said that his work had not finalised and he was expected to return to sign the final agreement the details of which are now being dealt with departmentally, it is obvious that in making no provision for extra payments, the Hon Member opposite or whoever is responsible, has finally come to his sense and taken the advice offered by the GSIIP representative in the last House of Assembly and in fact by myself in the last meeting of the House, that agreement through the normal negotiating machinery could have been arrived at without the help of the appointed Chairman and possibly much sooner. It is for this reason that we on this side of the House will be voting against the extra provision being included in the estimates for the manning of the Waterport Station by Hawker Siddeley. I would, nevertheless, ask the Minister to inform the House whether the £110,000 provided for in this year's estimates for Hawker Siddeley are free of tax and, if so, whether the Minister has now taken account of the criticisms made by the Auditor about the payments and what is he going to do about the 1982/83, the 1983/84 and now the 1984/85 payments? I will remind the House that the Auditor says that there is no legal authority for the waiver of income tax. I would also ask the Minister what is the purpose of acquiring the new generator as shown in the provision of the Improvement and Development Fund and whether if the ODA does not authorise the purchase, it is intended to borrow money for this purpose. Another important omission, which perhaps partly explains the acquiring of the new generator, is the effect in the estimates in providing water, telephones and electricity to the Gibraltar Shiprepair Company on commencement of operations. It is logical to assume that since the owner of the company is the Gibraltar Government, that the services to the company will be supplied by the Government and not by the MOD. In services of this nature, Mr Speaker, the higher the level of utilisation of installed capacity the cheaper the unit cost. Therefore, I would have expected extra provision for revenue to have been made in these three Funded Accounts unless, of course, I am wrong in thinking that the Government will be providing these services.

I invite the Minister to clarify this matter. Mr Speaker, my Colleague, the Leader of the Opposition yesterday referred to the Coopers and Lybrand report on water and electricity in relation to the announced increases in these two areas. He in fact questioned whether the way in which the increases in electricity charges are intended to be effected had been recommended by the Report and also questioned the cost of the Report. In the last House of Assembly the Government committed itself to making this Report available to the previous Opposition and one would have expected to have seen the Report before the revenue raising measures were announced unless, of course, the Government has completely disregarded the Report and would now like to keep it secret as has been the case with so many other Reports some of which have cost the taxpayer a substantial amount of money. Again I invite the Minister to comment on this. Finally, Mr Speaker, if I may, I would like to comment, generally, on the Budget as a whole which, as my Colleague said yesterday, will have the effect of placing the burden on those who regularly pay their bills, will most probably result in an increase in the amount of unpaid bills next year because there are clearly certain sectors of the community to which the substantial increases in housing and services will represent a large chunk of their household budget. If, Mr Speaker, we were being told in this Budget that the announced revenue raising measures have specific targets to meet which next year or the following year will be producing extra wealth for the economy, then even such a harsh Budget as this one might have made sense in that context. But no, Mr Speaker, we are not being told that the Government has planned the economy in such a way that there is a guarantee that we will not be subjected to a similar balancing exercise next year, all the indications are that the opposite is true. This is not a Budget that will stimulate the private sector or create employment and none of the measures announced reflect the impetus on tourism or the Dockyard which the Government said were the two pillars of the economy for the future but this will be expanded on by others of my Colleagues. Nor is it a Budget, Mr Speaker, to change the trend of spending vis-a-vis Spain. On the contrary, if the household budget decreases through increases in charges etc, the most probable result is that those who now buy in Spain will find it even more necessary to buy there because it is cheaper and they have less money to spend. Unless the Government realises that it must plan long term and that it must explore avenues to attract wealth into the economy, then all we are in fact doing is reducing the amount of cash that is circulating in the economy and there is a limit to how far along this road we can go because there is a limit, Mr Speaker, on how much people can carry on paying.

HON M K FEATHERSTONE:

Mr Speaker, I noticed that the last Hon Member comments that this is a harsh Budget. I feel to be a little constrained like the Red Queen in Alice through the looking glass who would have said: "If this is harsh, I have seen harsh Budgets which make this one almost a soft Budget". I don't think that it is

really a harsh Budget. It is not a soft Budget, it is a Budget which regrettably but necessarily has to put up certain increases but as my Hon Colleague Mr Canepa said, we are asking for about £1m this year which is 2% of the expected expenditure or revenue and in 1979 we asked for £4m which was 10%. So if this is a harsh Budget, well, then I don't know what the one in 1979 was. Now, Sir, the Hon last speaker has made a number of points concerning the department for which I am responsible, the Public Works Department. I will try and talk about our plans for the Public Works Department for this coming year and at the same time try and answer to some extent to the best of my ability, the questions he has raised. This year, as far as the Public Works Department is concerned, is in consonance with the rest of the Budget, a holding year, a year in which the expenditure has been kept to the same figure allowing for inflation as last year. It does not intend to drop in services to any great extent. In some areas we have cut out certain measures, in other areas we have increased the amount of money available and I shall mention those specifically as I go along. But it is mainly a holding Budget, it is intended to keep the services up to the same standard as last year. The Hon Mr J C Perez mentioned the question of the Maintenance vote in which we put some £700,000 for the maintenance of offices and buildings, and he comments - "would it not be better if we were to say the Education Department is going to get £35,000 that should appear in their vote, the Port Department is going to get £20,000 that should appear in their vote, etc". Yes, Sir, this is quite a possibility but it would have one disadvantage. It would have the disadvantage of removing flexibility because throughout the year, although we have a planned scheme of what we would like to do in all the different departments, certain things do come up which necessitate money from this vote and it is often obtained by doing a little less in one area than was originally envisaged and doing a little more in the other. I will give a very simple example. I think it was two years ago we had a rather disastrous fire in the Deputy Governor's Office. Well, the result of that was that the Public Works Department had to go in and had to put the office back into decent order and that cost something around £10,000 to £15,000. If we had put a specific vote for the Deputy Governor's Office as such in the year's estimates, he would have had to have come to Council of Ministers for a supplementary to do that vote, it would have been time consuming, it would have meant a lot of complications financially, we were able to do it straightaway out of the general blanket office and buildings vote and all that was done was some other area had a little bit less work done. It might have some practical use although I cannot really see it, to departmentalise down to the last penny where every amount of this £700,000 is going to be spent, but I do think it would remove flexibility and I cannot see that it would be basically the best answer. Flexibility is also needed to a reasonable extent because when you get a request from a department to do a certain job, it is costed to the best of our ability but until you start actually doing the work, your costings cannot be accurately obtained. I will give you a simple example. If somebody says: "We have a tap in this place which is getting a bit scruffy, could you please change

it", and we go and we look at it, it would be costed for a very simple measure a £25 job. But when you go there you find that the tap is not only so rusted in that when you take it off it breaks the whole of the pipe, you then need to renew a reasonable length of pipe, put the new tap on etc, and instead of costing you £25 it costs you £75. There you would have a £50 overshoot which had not been allowed for in the estimates. Where are you going to find the money? Are you going to come to Council of Ministers? Are you going to come to this House for supplementaries for each and every time you get something costing more than you would expect? And that is why it is put under a blanket vote to allow a measure of flexibility - I am willing to give way in a moment, Sir - to allow a measure of flexibility although we do have in our original intentions a certain amount of money allocated to each and every department which we try to keep to within the limits specified.

HON J C PEREZ:

Mr Speaker, the idea precisely is to get rid of the flexibility so that if a political decision is taken by that side of the House to paint the hospital one year, that we are sure that the hospital is painted with the money that we have voted here and not that something different happens. If, as you say, the Deputy Governor is unfortunate in that his office is burnt down, then that can certainly be brought to this House as a supplementary expenditure in the same way as we have done in the last year with hundreds of other votes and water, electricity and everything else. But the idea is not to inhibit the department in their work as in the example that you gave but to actually inhibit the flexibility on how that money is spent because I think there is a political responsibility how that is spent and that should be decided in the House at Budget time.

HON M K FEATHERSTONE:

I cannot agree with the Hon Member, Sir, because then if you remove that flexibility from my department and give it to the House, the House is almost going to become the Director of Public Works or the Maintenance Engineer of the Public Works Department, they would be asked to decide on each and every item that has to be done. And, of course, although the programme that we set at the beginning of the year is set, priorities do come up in the year, we even get priorities from certain departments who have said: "You told me you were going to paint this wing of the hospital but I need that wing painted instead, will you please change it over, etc". I do not think that is the sort of detail which should really come to the House of Assembly. Sir, as I mentioned earlier, I would comment on the strategy of the department as I went along and the first strategy would appear under Head 19, in which we deal basically with the non-industrial side of the Public Works Department and there the main strategy is very similar to last year. The expenses have basically been the same, there is one small area but it can be an area in which

it will annoy certain people. We have cut out this year all furniture for residences and if some Government Officer feels that if he wants a piece of furniture changed this year, whereas in previous years he has been able to apply to the Public Works Department to get a new refrigerator or what have you, he is not going to be able to get it with such ease as he has in the past. Otherwise, basically, it is the same as last year. We are putting in for ten apprentices. I would make the comment, as I have done on previous years, that apprentices is a public service that we do but which causes us a certain amount of discomfort when the apprentice finishes his indentures because he automatically assumes that he has a job with the department as a craftsman. And this, if we do take on these apprentices as we have done in the past, without dismissing some other craftsmen and allowing for natural wastage has tended to make the number of craftsmen that we have grow greater and greater, especially compared with the number of labourers who service them and this means that we are getting an increasing imbalance of labourers to craftsmen. I would issue the warning that although Government sees it is part of its duty to help train youngsters and give them the benefit of an apprenticeship, it may one day in the future not automatically mean after the end of their indentures that they become a craftsman in the department as an automatic right, they may have to apply the same as anybody else. Sir, on the Public Works Annually Recurrent Section, the expenditure on housing on maintenance does include one specific item that I feel I ought to mention and that is the replacement of the balconies at Tankerville. These are balconies which have been in a very bad state for a considerable period of time, they are going to be replaced, they are going to be replaced with an enclosed balcony, and this will give a new lease of life to those buildings and will, I think, remove a lot of apprehension from the persons who are living in that area where they are seeing the balconies getting into a rather bad state of repair. This will be a specific contract job. It is something that the Public Works Department themselves cannot undertake and it will go out to contract. The areas where we have recued expenditure are areas where it is not an absolute essential to have the expenditure such as rock safety measures and coastal protection. We are taking a calculated risk. We know that the sea makes encroachments into our coastline every year, and we normally spend a certain measure of money in creating protection for it but we are reducing it this year by some £10,000. We will hope to bring it back next year to the full amount and we hope that we do not get too many easterly storms which create a great amount of difficulty for us. Another item where we are removing an amount of money is the subsidy to shipping and as I said this morning we are reducing the cost of water to shipping and therefore there is no need in these estimates for the subsidy to shipping. A third area where we are making a considerable reduction is by the provision of no car parks for this year. We have over the past years provided a reasonable number of car parks. Some of them are heavily used, some of them are not so heavily used and for one year, as we need to show economy in our Budget, we are cutting out car parks as such. One area where we are

increasing considerably the expenditure is the disposal of refuse. This, I think, was mentioned by the Hon Leader of the Opposition when he made his speech yesterday and we are putting in a full two-shift system at the refuse destructor which should be able to allow the section there to cope with all the refuse we are getting. I have heard it said that the quantity of refuse produced by any community is a measure of its wealth. Well, I must say that as far as I can see, Gibraltar is a very wealthy community because we do produce a very considerable amount of refuse. I cannot really understand how such gigantic quantities, especially of metal refuse, are actually produced by so small an area as Gibraltar but we seem to obtain old washing machines, old refrigerators, bedsteads, what have you, with alarming regularity and we have up to now had certain difficulties in getting rid of them. We hope with the new two-shift system on a full basis we will be able to clear that up completely. The Hon Mr J C Perez asked why don't we charge other departments for the work that we do for them. Well, once again, I think this would create a lot of administrative difficulties. Are we to charge the Education Department for the removal of their refuse? Are we to levy a specific rate on them? I do not think Government rates itself for its own buildings and its own offices.

HON J BOSSANO:

Government does rate itself for its own buildings, it is shown as a Head of Revenue.

HON M K FEATHERSTONE:

Yes, I think that is for the housing etc, but I do not think it is for the offices.

HON J BOSSANO:

No, apart from Government housing, Government buildings are rated. They pay a general rate. The thing is that the general rate is not shown, for example, by Head of Expenditure but there is a global sum of rates shown in the estimates.

HON M K FEATHERSTONE:

Well, then I stand corrected. If that is so, then it would be incorrect to charge these people for these services that we give them because they are paying it in their rates as such.

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. What we are talking about is something that the Minister, in fact, did several years ago in respect of housing, where the Housing vote was charged with Housing Maintenance and then the vote was moved back to Public Works. What we are talking about is

that if we are saying Public Works costs so much, that is, in fact, a misrepresentation of the facts because if it costs £X to maintain schools, that is part of the cost of providing education in Gibraltar, not part of the cost of providing a Public Works Department. That is what we are talking about.

HON M K FEATHERSTONE:

That, I think, is something that could be looked into but it is, again, as I say, perhaps a difficulty in the accountancy system. If you are going to split each and every building that the Government owns into its own little entity and have it as its own almost ledger page as such, I think you will find that you will probably have an army of clerks working out the accounts as such whereas under a global figure in the Public Works Department you do save that to a great extent. The question of the distillers, we are not charging the cost of the distillers to the Water Account. The cost of the distillers has been given to us by the ODA and it has not been considered the correct method to put their cost into the Water Account as such. The Water Account would charge interest on any loans or any capital expenses that they have paid for themselves but if we were to charge the cost, £7m-odd, of the distillers themselves on to the Water Fund, then I think you would find that water would go up very considerably indeed.

HON J C PEREZ:

I said that I was not talking about passing the cost on to the consumer. I was talking about doing this exercise to be able to find out exactly what water would cost us, not to pass the amount on to the consumer.

HON M K FEATHERSTONE:

We do know what water would cost thus allowing for the basic cost of the distillers and that is in the marginal cost of water that we have had calculated by Messrs Coopers and Lybrand. Regarding the Vehicle Testing Shed, as I said, I think, in the meeting in March, we are still recruiting staff for this and it will start work in due course. That is why it has not been put in at the moment as any specific item but I can tell the House that they will start testing lorries and public service vehicles as from April. The other question that was mentioned was the cost of distillation. The present cost of distillation with the very expensive distillers that we have at the moment, especially the VTR, which works at an efficiency of something like 40% to 45%, does give a marginal cost of water very considerably in excess of what we hope the marginal cost will be with the new distillers and that is why we have been able to budget this year as we hope for a reduction in the price of water based on new distillers working on a 90% to 95% efficiency factor. We have, of course, in the Public Works Department estimates put in an importation of water element but this is basically an importation of water

from local sources, Morocco, with only one tanker from the United Kingdom. But, as I said, should it be necessary to keep the water supply going as we have done always up to now to bring tankers from England, we may have to consider some type of surcharge to cover any such tanker. I think that is basically the rundown of the Public Works Annually Recurrent Expenditure that I would like to talk about at the moment but, of course, when the time comes I shall answer any questions that are required. To turn to the I&D Fund, the situation again this year is to do as much as we possibly can within our own resources because as my Colleague Mr Canepa has said, the ODA has cut very considerably the amounts of money that they were willing to allow to us for housing, for schools and for social amenities and as the Hon Mr Michael Feetham mentioned earlier, he talked about the Military Museum which was put in last year and has been taken out this year, it was put in last year because ODA when they did comment that they were willing to give us a certain measure of money, some £13m for the latest development schemes, they commented that this money should be spent on infrastructure and revenue producing measures and we considered that the infrastructure to tourism by a Military Museum which would have an entrance fee and would produce revenue was a good opportunity to submit to ODA to obtain funds to get it off the ground. However, ODA did not seem to be very receptive to the idea and since it appeared that they were not going to countenance the scheme and we did not have the money ourselves to do it, that is the reason why it has been removed this year. As far as we are doing this year, we have the on-going housing projects, the final stage, Stage III of Rosia Dale, which is due to finish some time in July or August this year. We have the schemes which were started very early in this actual calendar year at Castle Ramp and Tank Ramp and we have a new small scheme in which the voids which were used at the Boys' Comprehensive School will no longer be needed for the Education Department and we will turn them into small flats or bedsitters. Another scheme which we have had sitting in the wings for the last two years is the actual work on recladding the Tower Blocks and the first Tower Block, Constitution House, will be recladded starting about June this year. The education side of the I&D is basically to refurbish St Margaret's School as a Junior School or a Primary School so that St Mary's First School can move there and there will be the finishing off of the Bayside School which is due to finish within a couple of months. I also take the point of the Hon Mr Feetham about the £2m for urban improvements, this was as has already been said one more of the tourist infrastructure schemes that we did put to the ODA and which apparently has not fallen on receptive ears and therefore the only amount that we have available to finance ourselves for urban improvements is some £12,500 to put the fountain in the Piazza. We have not lost sight of the need for urban improvements as such and it is our intention to continue with the pedestrianisation scheme even though the spending of money on such a scheme will not be possible. The spending of money, of course, was to repave Main Street and to put in street furniture to make it look prettier, that is something that we shall have to wait and see if we have money next

year or the year after. It is a scheme that we had thought ODA would take up but unfortunately they did not seem to want to do so. On Miscellaneous Projects in the I&D Fund there are three projects that I think are worthy of mention. The first is, as the House will probably know, we had a rather disastrous fall of rock in the Quarry area at Catalan Bay and there are signs that further falls of rock are possible and we are going to build a bund wall actually made of some of the larger rocks that have actually fallen, to contain any further falls so that there is no danger of a rock rolling right through the Quarry area into the Catalan Bay housing area. I am sure the Catalan Bay residents will be happy to learn that this bund wall is going ahead. At the same time in that Quarry area we do have our asphalt plant. It was damaged in the actual rock fall and we are putting in a sum of money this year to move that plant from that rather dangerous area to a more safe area, safe not only for the plant itself but more important than that, safe for the workmen who have to work there. We have not been working the plant for the last three months as we feel it would not be reasonable to ask men to work in an area where such a rock fall is likely to occur at almost any time. Another feature that we have put in the Miscellaneous Projects is the building of a new furnace to burn wood, etc, at the refuse destructor site. This was something I promised the Hon Mr Joe Bossano would be looked at when he brought up the question of safety at that area in the House some time last year. The other measures in the I&D Fund are mainly measures of CDA responsibility such as salt water mains, pumping mains and the termination of the distiller contract. It is hoped that we will be able to get the Viaduct Causeway off the ground sometime this year. The cause for the delay has, as has been already stated, definitely not been in the hands of the Gibraltar Government, it is something which has been the subject of very considerable discussion between the MOD and another entity and it is hoped they will come to a final decision and that we can get going with this in due course. Sir, I have said in previous statements that the PWD is a service department, it is our job to give service to the community to the best of our ability. I think, in the main, we do this on 364 out of 365 days, perhaps, one day we do fall down. Unfortunately, it is that one day that seems to be the target of people who levy complaints against the Public Works service but if one considers carefully where in the world do you get a refuse collection service every day of the year, where in the world do you get a cleaning up service, such as we give, on a seven day a week basis? I think that basically the service that Public Works do give to the community is something worthy of comment and worthy of praise but we must not be complacent, we must try and give the best service that we possibly can, wages are not bad, we must exact from the men who gain these wages the maximum, consonant with reasonable conditions, that they can give us. I do hope, Sir, that the coming year will see Public Works once again giving good service to the community and I think I can give my pledge that as far as Government is concerned it will see that this is done.

HON J BOSSANO:

If the Hon Member will give way. Can I just ask him to confirm that in fact there is no cut in the numbers employed in Public Works in this year's estimates?

HON M K FEATHERSTONE:

There is no cut in the numbers employed, there may be a number of persons who leave by wastage who for some period of time may not be replaced.

HON DR R G VALARINO:

Mr Speaker, Sir, in their opening speeches both the Chief Minister and the Hon Financial and Development Secretary have covered in wide detail the Government's policy in the Finance Bill. Electricity tariffs were last increased in 1982 and were not affected in the last Budget. We did, however, and in fact I did so during the last Budget debate, announce that it would be necessary to review the tariff structure for electricity and that a study would be undertaken to this end by Coopers and Lybrand, who would be taking into account the effects of the construction of the new Power Station. The benefits of providing waste heat to the distillers will have a cost advantage to the Electricity Account Fund but, of course, at this stage this is not reflected in the estimates because the new distillers are not in operation. The reports were completed and the Government has adopted the policy which will be more consonant with developing Gibraltar's industrial and commercial potential. The effects of the consultant's recommendations on tariff levels and structure have already been announced.

HON J C PEREZ:

If the Hon Member will give way. Is this exactly what the consultants recommended and may I remind the Hon Member that I have asked him about the consultants report on the question of water and electricity.

HON DR R G VALARINO:

The question about the Coopers and Lybrand Study I have been informed that the Chief Minister will deal with it and will answer it in his intervention. Logically, if unfortunately, Mr Speaker, whilst Government is in the transition period of transferring generation completely to Waterport Power Station, the operating costs will be greater because the department has to operate two totally different Stations and this cannot be avoided. It is not economically possible to provide total generation in the new Station because of the very substantial capital costs involved in acquiring new engines. This will have to be done progressively over the years but it will be in the general interest to achieve this in the shortest possible

time and in keeping with the realities of our economic resources. Some of these extra costs can be absorbed by savings in fuel due to the higher efficiencies of the new plant. I would now like to explain briefly the reasons behind some minor differences in the draft estimates for the Electricity Department before the House this year which compares with the same estimates for the last financial year. The House and in particular my opposite number, will note that the presentation is the same as on the last few occasions but whereas previously it has only been possible to make token provisions for the operation of Waterport Power Station, we are now able to make a more realistic presentation of these costs - page 30 of the expenditure. The reason for this is quite simply that personal emoluments and wages have been based on the gradings and manning levels discussed and included in a draft document of agreement. Equally, experience of operation of both Power Stations over a full financial year has allowed a realistic assessment of the funds required to cover the costs of maintenance, spares and engine room consumable stores. A further point which needs special mention is, of course, the major single item of expenditure in the draft estimates for the Electricity Department, namely, fuel and lubricating oils for both Stations. As I recall, for several years now, we have lived in the expectation that the cost of heavy fuels would decrease due to expected surpluses of the oils following generally mild winters and the economic recession which inevitably depresses demand from both industry and shipping. The anticipated lowering of costs has not materialised for a number of reasons and whereas it serves us no purpose to analyse them, I would like to expand on one particular effect of this. In effect, our estimates have been based on the assumed lower fuel prices which never materialised and have proved to be unrealistic. Consequently, and in fact it has been mentioned before by the Chief Minister, it has been necessary year after year to seek supplementary provisions in this House for substantial sums of money to cover the short-falls, which at times have been augmented by levels of generation which have been in excess of that estimated and by further increases in the cost of fuels. This year the House will note that Government is intent on presenting a realistic picture and is seeking provision for some £600,000 more than was approved last year and, in fact, you can see this from King's Bastion and Waterport, Subheads 4, 5, 8 and 9.

HON J C PEREZ:

Surely, if the Hon Member will bear with me, if what is happening is that the Waterport Power Station is increasing in capacity and the King's Bastion Station is reducing in capacity, why are we asked to approve more fuel for the King's Bastion Station than for the Waterport Power Station if the City Electrical Engineer in front of you only last week when I visited the Station told me that at night King's Bastion is shut?

HON DR R G VALARINO:

Mr Speaker, Sir, I think I can answer that one. I can briefly answer this question and I may be wrong but I will check on it when we get to the Committee Stage. The figures are different because of the costs of the fuel, because the fuel costs at Waterport are cheaper than the cost of the fuel at King's Bastion whereas we use far more light marine diesel at King's Bastion than at Waterport, therefore, the difference in cost is reflected in the estimates provided. But, as I said, this year Government is intent in presenting a more realistic figure and these are figures which were reduced but we have had to come later to the House to ask for supplementary provision and that does not make sense as far as I am concerned. I think we ought to cater here for what we intend to use this year and the full amount is in those four subheads.

HON J BOSSANO:

Will the Hon Member give way? Can he explain why it is that last year the fuel in Waterport was more expensive than in King's Bastion and this year the fuel in King's Bastion is more expensive than in Waterport?

MR. SPEAKER:

I think, perhaps, you can do that in Committee.

HON J BOSSANO:

Well, perhaps, if he knows we want to know he can get the information.

HON DR R G VALARINO:

Yes, Sir, I will deal with it in Committee, it is a minor point. In other areas we are limiting expenditure, wherever possible, consistent with maintaining the level of service. There are three points that the Hon Member touched on in his contribution. One was the Chairman of the Steering Committee, the second was the third engine at Waterport and, lastly, was the question of income tax. On the question of the Chairman of the Steering Committee, he can see from the estimates that we have never made any provision in our estimates to pay the Chairman of the Steering Committee, it would have been shown as an approved 1983/84 or a revised 1983/84 estimate. He has never been paid from our vote, in fact, he was never appointed by the department and any costs incurred were not paid from funds controlled by the Electricity Department, that is why nothing appears there at all.

HON J C PEREZ:

If the Hon Member will give way. The Auditor says that this cost should be included in the Electricity Accounts. Whether that is to be done or not, I don't know, I am asking the Minister, but in any case if it does not come under the Electricity Department it must come under some vote because the Government does pay the Chairman of the Steering Committee and a lot of money at that.

HON DR R G VALARINO:

Mr Speaker, Sir, if I remember rightly, what the Auditor said is that it should form part of the Electricity Fund Account and it should be reflected in the Electricity Fund Account which is a completely different thing.

MR SPEAKER:

What you are being told is that the expenditure has to appear somewhere because it has to be authorised by the House. You are being asked where does this appear?

HON DR R G VALARINO:

It appears under Secretariat and it does not appear in our vote, Sir. But what the Auditor feels is that it should be charged to the Fund Account and in fact the Accountant-General agrees with this and we are going to do it. Let me deal now with the new generator in the Improvement and Development estimates. The new generator or the acquisition of the new generator is in the hands of the ODA of which an official was here a short time ago. We are optimistically hoping that we will get the third generator from ODA and we may know probably within a month but no other consideration has been given at this time should this not prove to be the case.

HON J C PEREZ:

If the Hon Member will give way.

MR SPEAKER:

No, with respect, this is a debate on the general principles.

HON J C PEREZ:

With due respect, Mr Speaker, the problem is I am not getting answers to the points I have raised either from the Minister for Municipal Services or from the Minister for Public Works.

MR SPEAKER:

Order, that is a matter which we all suffer from and I accept that but this is a debate. You will have occasion, most certainly, at the Committee Stage to be able to elicit information.

HON CHIEF MINISTER:

I was going to say, Mr Speaker, that in the statement of the Hon J C Perez there were quite a number of suggestions and ideas that could not be even answered in Committee Stage, I think we shall have to wait until we get Hansard because he makes proposals about changing the pattern of accounts and so on and that can hardly be the subject of a discussion in the House on matters of presentation. I think the Minister for Public Works has already explained about the bulk vote but he has made quite a number of suggested changes, I will put it that way, on which I don't think he will be able to get an answer in Committee now because he has read out a statement with quite a number of suggestions which will have to be looked at and answers given, of course.

HON J C PEREZ:

If I may, Mr Speaker, just to clarify a point to the Chief Minister. I do not expect to get an answer on the question of the presentation of accounts. I said that we would hope to see this reflected in next year's estimates. What I would like to get answers to is, for example, the MOT Testing Centre which Mr Featherstone did not answer and all these issues raised in my speech which I was asking the Ministers to answer, if they do not answer, fair enough.

MR SPEAKER:

With respect, I think due to the exigencies of debate you may not perhaps be getting at this stage the replies to the questions that you have put but I think that you will have an opportunity when we get to the Committee Stage to insist and to request an answer.

HON DR R G VALARINO:

Thank you, Mr Speaker. In fact, I do feel I have answered the question about the new generator and that we are hoping that ODA will be forthcoming in this respect. As far as the income tax problem is concerned, this is still under consideration and I do not have any further information to give to the Hon Member at this stage. Maybe the Financial and Development Secretary may do so if he does have it. Sir, in conclusion, let me state, as I did in my contribution to the Finance Bill last year, that it is Government's intention to transfer all generation to Waterport in long term and as early as economically viable. Now, Sir, I would like to deal

with the Telephone Department. The financial year 1983/84 saw the consolidation of the staffing restructure which took place on the 1st January, 1983, following the introduction of IDD in October, 1982. On the technical side, the Department now consists of External Plant, Exchange and Special Services Section each under its respective Head of Section. The administrative side is composed of the General Office and the Accounts Section which both come under the responsibility of an HEO who is assisted by an EO. The responsibility of the Accounts Section was taken over from the Accountant-General and now forms an integral part of the Telephone Department. The Operating Section was also restructured and now consists of three Telephone Supervisors and ten Telephone Trunk Operators. The arrangement is working well and any queries can now be handled on the spot. The External Plant consisting of the Lines and Cable Sections performed well throughout the year. The Lines Section which employs forty-six industrials, was responsible for the connection of 445 new telephones during the last financial year. They performed 560 advice note works and completed 789 wirings thereby taking advantage of new cable plant. Other miscellaneous work was also carried out. This Section is also responsible for the maintenance of the line plant and subscriber apparatus. The Cable Section was responsible for the laying and installation of new cables, distribution boxes and cabinets in various locations throughout Gibraltar. A large re-distribution project was completed at the Moorish Castle Estate. The average fault rate for the year was 1.25% compared with 2% the previous year, showing a substantial improvement in the number of faults. The number of faults during the month of March stood at between 32 and 40, representing roughly 0.4% of the total plant and, in fact, I did say last year and I was referring to a graph that went up as high as 1,000 faults. These came down to about 150 at the beginning of 1982 and at present in March of this year the total number of faults including cable faults and line faults are below 100 and in fact we have reduced that even further. This has been due to the extensive work carried out in replacing old cables by new cables and other new materials used in this connection. The Special Services was responsible for the connection of International Call Accounting Equipment for one of our top hotels involving the recording of call data in all rooms and also connected Stored Programme Control PABX's and Electronic PABX's to various large concerns, together with the introduction of the latest Call Digital Switching System for a local bank followed by another two large installations. The Section connected 53 Portable payphones and 32 renter type payphones including 2 public call boxes and one at the frontier and one at Casemates Square. From this short account it is obvious that all augurs well for the Telephone Department, that development is taking place in every sphere of its work and that the future of telecommunications can be faced with confidence. There was one question from the Hon Mr Perez about the payment of the crossbar. If I do remember correctly and in fact the Financial Secretary may in his speech correct me if I am wrong or add to it, if I remember correctly the extension to the crossbar equipment was bought under ECGD terms over a period of eight years but the cost itself was amortised over

fifteen years. Fifteen years is the minimum life of a plant, in fact, it is recognised that plant of this nature will last well over fifteen years and in fact, if I may say so, the previous crossbar equipment that we had at the Telephone Department was installed in 1973 and that was eleven years ago and it is still working as well as it did at the beginning. I feel that I have answered that question from the Hon Member.

HON J C PEREZ:

That was not the question but I am prepared to raise it at Committee Stage as well if the Hon Member prefers, Mr Speaker.

HON DR R G VALARINO:

This is a financial matter and I am sure the Hon Financial Secretary can probably help you more if you yourself are in a quandary about shillings and pence. As in previous years the City Fire Brigade - I think that the Hon Member has said nothing about the City Fire Brigade -

HON CHIEF MINISTER:

He is not the spokesman.

HON DR R G VALARINO:

Well, he may not be the spokesman but he is wearing a tie of the City Fire Brigade - the Brigade have continued an excellent service.

HON J C PEREZ:

If the Hon Member will give way.

HON DR R G VALARINO:

I will not give way, Sir. During 1983, the Brigade attended 769 emergency calls as well as carrying out over 1,700 inspections and visits of a fire prevention nature. The service is proud that it can provide the expertise and the professionalism required to meet a very wide variety of demands. This is possible because they are a dedicated group of men who are themselves motivated and encourage others to attain a genuine dedication towards the future of the service. This is mainly achieved through training which is meaningfully devised and cost effective. The Fire Brigade always look forward and tackles all challenges with enthusiasm and determination. Their responsibility will increase as developments within Gibraltar take place. It is these changes that create the incentives for them to work hard whilst enjoying adequate working conditions terminating in personal job satisfaction and excellent performances all for the benefit of Gibraltar and its people. Thank you, Sir.

MR SPEAKER:

We will now recess for tea.

The House recessed at 5.25 pm.

The House resumed at 6.00 pm.

HON MISS M I MONTEGRIFFO:

Mr Speaker, looking at the Medical and Health Services there is a nominal increase of £2m as compared to the amount put in last year's Budget but, of course, that amount proved to be inadequate and this has been the experience of many years in the House of Assembly that amounts provided in the votes, not just in the Medical Department but in many other departments, have been completely unrealistic and have had to be increased by supplementary estimates in the course of the year. So we feel, Mr Speaker, that in looking at the provision that the Government is making for the next twelve months, a more accurate way to judge that provision is by comparing it, not with the amount that was put in last year's Budget, but with the amount that has actually been spent during the course of the year, as shown by the latest available figures, which is the revised estimate of expenditure. If we do such a comparison then, instead of the Government providing £2m more, what we have is a situation where the Government is providing £128,000 less. The amount of money being provided is, in fact, being cut back more than this figure suggests because the total for this year includes higher electricity, water, wages and salaries, which are costs which do not indicate more resources being devoted to the Medical Services. The argument, no doubt, that the Government will produce is that the Medical Department is getting as much as the Government can provide in a very difficult economic climate and therefore it is a matter of judgement and a matter of policy, how much one thinks should be devoted to Medical Services as opposed to being devoted to something else. Mr Speaker, it is the way the Government distributes its expenditure in other areas that is particularly responsible for the limits that have to be imposed in essential areas such as in the Medical and Health Services. But one thing, Mr Speaker, that the Opposition is clear about is, that unless we move to more realistic accounting systems which allocate costs accurately, we are not going to be able to determine whether the proportion of the resources being devoted to a particular service like in this case the Medical and Health Services, compares well or badly with what is normal in other communities in Western Europe, and in this context and against the background of the policies explained by the previous GSLP speaker and the commitment in the manifesto of the GSLP in the recent election campaign, we want the Government to move in this direction and one clear area where the move is required is in showing the amount of money devoted to the maintenance of the buildings used by the Medical Department. Mr Speaker, I assume that at present the vote of £700,000 under

the Public Works for the maintenance of Government buildings, includes any money spent on maintenance within the Medical Services. But of course, Mr Speaker, it is important to tell how much of that £700,000 is used for the purpose of maintaining the buildings in the Medical Department and how much is used for maintaining other buildings. Mr Speaker, we feel that the Government should be answerable to the House of Assembly for their priorities within this £700,000 vote and that therefore the Opposition would have an opportunity to question why, for example, more money was being spent on maintenance in, say, the Chief Minister's Office than in the Operating Theatre. But, Mr Speaker, I am not saying that this is happening, what I am giving you, if you like, is an exaggerated example to illustrate the point. Another example, but this time one which is happening, is the works presently being carried out in the Hospital to provide a senior consultant with a new office. I presume, Mr Speaker, that expenditure for this is included again in the £700,000 vote for maintenance under the Public Works Head as it is not shown under the Medical one. Mr Speaker, we would want the Government to give effect to these proposals within the current financial year. It would have been preferable if it could have been done for the provisions of the approved estimates of expenditure but it may not be possible to do this if, in fact, the House is voting the money under the Head of the Public Works and not under the Head of the Medical Services but, Mr Speaker, I would still ask the Minister responsible to keep me informed of how much money is being devoted to maintenance within his Department from that overall sum and I hope that he will agree with me that if it cannot be done sooner, then certainly for the next Estimates of Expenditure the change should be introduced. One way it could be done, Mr Speaker, would be to reduce the vote in the Public Works and increase the vote under minor works, for example, which is Subhead 22 - Medical Services, and for which at present there is a sum of £2,000 and that can be a move straightaway in the direction that I am proposing. Mr Speaker, when we come to Committee Stage I will be asking for some clarification on certain items of expenditure where the reasoning behind the item is not apparent. Turning now to my other responsibilities, Sport and Culture, I notice that in Recreation and Sport there is a reduction of £3,000 in contributions to sporting societies, that is, from £13,000 in the last Budget to £10,000 in the new one. Mr Speaker, I see this as a very mean economic measure where we are talking about £3,000 against the background of a Budget of £52½m. There has also been a cut with regard to financial assistance to Youth and Cultural Activities, here the cut is £7,000. The Government admits but they must remember that we must try to encourage people to stay in Gibraltar rather than spend their money across the border and by improving the facilities for recreation, sports and culture in Gibraltar, not only do we improve the product for visiting tourists but for our own residents giving them less of an incentive to look outside Gibraltar for leisure activities. We believe, Mr Speaker, that more money spent in these two areas would have been money well spent. Mr Speaker, to a question I put in the last meeting of the House of Assembly to

the Minister for Sport on the GASA swimming pool, he replied that whether work on its structure is to be commenced in the 1984/85 financial year will depend on the presentation of the annual estimates. Well, Mr Speaker, I have looked at the estimates and I cannot find provision for this and I would therefore like the Minister, later on in his contribution, to confirm whether or not I am correct in my assumption. Finally, Mr Speaker, I hope that the Government will take positive action on something which they gave tremendous importance to during their election campaign and which, incidentally, was mentioned in their manifesto, and that is the question of restoring Gibraltar's historical assets and for which, so far, very little is reflected in this year's estimates. Moreover, Mr Speaker, any delay on their part is inconsistent with the impetus they now wish to give to tourism.

HON G MASCARENHAS:

Mr Speaker, the Hon Member, Mr Perez, spokesman for Government Services, touched several points on the Postal Services, very good points which I am entirely in agreement with. Of course, the situation is a bit more complicated than that. The question of electricity bills, water accounts, income tax, of course, we do not charge the other departments for delivering these. Perhaps it might be a good idea to do so but what he must remember is that I have inherited the system and whilst I might not agree with it I quite understand that at the end of the day it might be a pointless exercise to do that. When I did say that I do not consider that the main Post Office should lose money, it was within the context of the present expenditure and not taking into account whether the electricity bills, the water bills or the income tax returns should have to be charged. I noticed that there was a discrepancy of about £55,000 - to be exact £54,500 - in this coming year, 1984/85, in the main Post Office and the 17p increase to 20p would, hopefully, cover that in the coming year. I do not agree with the question of the Philatelic Bureau being merged into the whole structure of the Post Office because

HON J C PEREZ:

If the Hon Member will give way. We have not suggested that at all. I was talking about separating the Savings Bank from the Post Office vote so that each of the two would be separate and one could reflect the profits and the costs of the Savings Bank separately from the Postal one.

HON G MASCARENHAS:

They do, it is quite clear.

HON J C PEREZ:

Not in the estimates.

HON G MASCARENHAS:

Yes, it is. If you care to look at them I will tell you which page.

MR SPEAKER:

We must not talk across the floor of the House.

HON G MASCARENHAS:

The main Post Office produces a revenue of £478,000 whereas the loss this year would have been £54,500 whereas if we include the Philatelic the profit would have been £89,000 overall. I think that it is better to keep the Philatelic as a unit on its own and present it in the estimates separately because it is separate and the profit shown there which is quite substantial, it is, I can assure you

MR SPEAKER:

You will speak to me and not to any individual Member.

HON G MASCARENHAS:

I am sorry, Mr Speaker. It is quite substantial, the profit of the Philatelic Bureau, which if merged into the main Post Office Accounts might create a situation where you have a highly motivated staff producing a lot of revenue for the Government and I would not consider appropriate to do that in the future, I think they should be kept separate in the estimates. Mr Speaker, many of my Hon Friends who have already spoken have mentioned the question of expenditure and cuts in expenditure and the Post Office has also suffered cuts. The way we are going to tackle these cuts, hopefully, will not affect any of the existing services. I am glad to report that the Director has managed to work out arrangements to the satisfaction of the men in order that the existing services are maintained. The question of sport, Mr Speaker. The reduction in the cultural contributions to the Associations, we had to make some cuts again in this department. At one stage it looked as if we had to cut opening hours or close on Sundays. As it was, we managed to salvage these without affecting any of the existing services at the Stadium but cuts have to be made elsewhere and it is my considered opinion that most of the £13,000 made to Associations is a waste of money, I would have cut it even further. The £3,000 that we have cut is not very meaningful from within £13,000 and I am reviewing the policy when the applications from the Associations come in, which will be very soon, to see how we can distribute the £10,000 now available. I consider it to be a waste of money and my new policy will take into account who should receive that money, on what merits and whether the same procedure as has hitherto been carried out will be continued. The £7,000 on

culture that you mentioned is not under my vote so I will let the Minister for Education answer that for you. The question of the GASA swimming pool, you will not find anything in the estimates, of course, because the Public Works Department will be taking it out of their vote and I can tell you that we have earmarked £5,000 this year.

HON MISS M I MONTEGRIFFO:

If the Hon Member will give way. Could you tell me what they intend to do with the figure of £5,000?

HON G MASCARENHAS:

Well, I am certainly not going to keep them, Mr Speaker.

MR SPEAKER:

What you are being asked is what particular works within the construction of the pool are going to be carried out.

HON G MASCARENHAS:

I can tell the Hon Member that the Minister for Public Works and myself went to GASA swimming pool last Thursday to see what the progress was. We were quite satisfied with the progress in the question of reclaiming of the land. We have got to the stage where we have to legalise all the arrangements going on down there because on the one side you have Calpe Rowing Club who are complaining that we are eating away into the entrance to their slipway and on the other hand GASA are claiming that the slipway is theirs and they ceded it many years ago to the Calpe Rowing Club, so we have a situation where we have to legalise the whole matter and the Minister for Public Works considered that we should meet with GASA and the Calpe Rowing Club and we had that meeting last week and I think we have solved the matter satisfactorily up to now. What actually we are going to do with the £5,000 I cannot tell you. What I can certainly tell you is that apart from the money being made available to GASA it is also receiving a lot of assistance from the Public Works on the question of materials and the use of machinery and facilities generally, which you cannot quantify and I know that for a fact, and I am sure that GASA - I cannot speak for them - but I am sure they can tell you that they are grateful for that. I cannot, however, tell you exactly what is going to be done this year with the £5,000.

HON MISS M I MONTEGRIFFO:

Mr Speaker, will the Hon Member give way? Can I give him notice that in the Committee Stage I would like to be informed what is going to happen to those £5,000?

HON G MASCARENHAS:

I do not think anybody knows, Mr Speaker, that is what I have been trying to explain at the moment, we do not know what the next step will be. We are trying to legalise the situation at the moment.

HON R MOR:

Mr Speaker, I am very much in the same state of perplexity as my Hon Friend the leader of the Opposition as regards the Government's economic policy. But, Mr Speaker, after having heard what the Hon Minister for Economic Development had to say, I am glad that he also shares our perplexity. Mr Speaker, if I may comment, generally, on the Government's policy, to my mind I would say that the correct way of doing things would be to study any particular policy first and then decide whether to follow it or not but it seems the Government has an inclination to do exactly the opposite. For example, they first tell us that one of the pillars of our economy will be tourism and now, six months later, they decide to study the tourist industry. Mr Speaker, I have never studied Latin but I know that "quo vadis" means "Where art thou going?" and I think at this point in time it would be most appropriate to ask Government this: "Where art thou going? Quo vadis?" I would suggest, Mr Speaker, that if they wish to reply in Latin that they first find out what the Latin word for "disaster" is because I am quite sure that that is where we are heading for. Mr Speaker, I have been familiarising myself with the Department of Education and I have no doubt whatsoever that education in Gibraltar is of a high standard and this is reflected by the examination results obtained by our schools. In fact, when I asked how we compared with education in the United Kingdom, I was assured that if a list were to be drawn up in order of merit, that we would rank quite highly on this list and probably only after places such as Oxford and Cambridge which, as we all know, are world renowned for their education system. In this respect, Mr Speaker, in line with the policy of this Opposition, we are quite prepared to give credit where credit is due and I would congratulate the Hon and Learned Brian Perez and the Director of Education and all under him, for having such an efficient department. However, Mr Speaker, as the jewellers said recently "All that glitters is not gold", and if we look at the estimates as regards the Education Department you will soon see what I mean. Mr Speaker, I submit to this House that the proposed estimates for 1984/85 with regard to the Education Department are not what these appear to be and that the efficiency and standard of our education system is being put at risk because of the irresponsible manner in which these estimates have been prepared. Mr Speaker, I am not simply saying this for the sake of saying it, I have analysed the expenditure and I have prepared a comparability exercise with last year and the year before and with your permission, Mr Speaker, I have arranged for copies of this exercise to be distributed to all Members so that they may be able to follow exactly what is being said. In the meantime, Mr Speaker, if we

look at the Estimates of Expenditure for Education on pages 27 and 28 of the Draft Estimates, you will find that these can be classified under two different headings, namely, related expenditure and direct expenditure. By related expenditure, Mr Speaker, I mean that expenditure which is related to education services but which does not have an influence or effect on the performance of our schools or of the Education Department in general. These expenditures, Mr Speaker, can be identified as scholarships, financial assistance to youth and cultural activities, education of children outside Government schools and rent of accommodation for teachers. I have also added to this list personal emoluments because as Government is committed to parity, then I cannot consider that increases in personal emoluments is a matter for debate since Government will just have to pay whatever is agreed in the United Kingdom. In any case, Mr Speaker, it is also questionable whether this item necessarily has to be charged directly to education since it could equally come under a central vote covering all personal emoluments. So we are now left, Mr Speaker, with what I consider to be all direct expenditure, which is the other heading I mentioned. This heading covers books and equipment, examination expenses, school furniture, educational field trips and all other items which are important to the running of the schools and the Education Department and which if reduced, could bring about an erosion of the standard and efficiency generally. So, Mr Speaker, if we look at the comparability exercise - I have three different headings which correspond to 1982/83, 1983/84, and 1984/85 with their corresponding total expenditure. From this total, Mr Speaker, I have extracted the related expenditure which, as I mentioned before, scholarships, financial assistance to youth and cultural activities, etc, so that the end product, Mr Speaker, is the direct expenditure on education and if you notice the direct expenditure on education you will see that the balances are declining, there is a decrease in expenditure, there is a definite decrease on direct expenditure on education. The two bottom lines, Mr Speaker, show the balance in pounds and what percentage this represents on the previous years. Of course, to this you would have to add inflation as well, which I am quite sure that the Financial and Development Secretary will agree with me, is running at about 6%. So if we look at the bottom line, Mr Speaker, you can see that the projected expenditure for 1984/85 will eventually be about a 10% decrease in expenditure. Also, Mr Speaker, if we look at the Estimates of Expenditure

MR SPEAKER:

You are adding the 6% to the 3.9%.

HON R MOR:

Which gives you 9.9%. Mr Speaker, as is clearly demonstrated in the comparability exercise, whereas there is a clear attempt to paint a rosy picture by showing global yearly increases, that is, just over £4m in 1982/83; over £4.3m in 1983/84; and

nearly £4.5m in 1984/85, the fact is, Mr Speaker, that if we look at what is really being spent directly on education, we find that we are actually spending less and less money every year. This means, Mr Speaker, that if we spend less money on books and equipment, if we spend less money on educational field trips, if teachers cannot have the proper tools and equipment to perform their work effectively, then, Mr Speaker, I submit that our children will suffer, our education system will lose its credibility and we will lose the high standard we have achieved throughout the years. Mr Speaker, this is totally unacceptable to this Opposition and I am quite sure it is also totally unacceptable to the rest of the people in Gibraltar. Mr Speaker, I have two more points to raise on education. Firstly, I would like to refer to the College of Further Education. The Government has indicated, Mr Speaker, that once agreement is reached as regards the handing over of the Dockyard and Technical College, that they will be coming back to this House to ask for money. Mr Speaker, this would seem immediately contrary to what we were told in this House earlier on. In any case, Mr Speaker, I think we need to draw attention to the fact that now is the time to make provision for the expenditure and not at any other time because otherwise how are we going to raise whatever money is needed? Are we going to raise rents, rates, electricity, water and everything else yet again when the Government decides to take over the College? Or perhaps are we going to introduce an entrance fee for our schoolchildren when they go to school and a parking fee for their bicycles? No, Mr Speaker, if the Government is negotiating a price for the College then now is the time to make provision for this and details of the estimated cost should have already been made available to this House. The second point I wish to raise, Mr Speaker, is as regards the awards of scholarships. This Opposition feels that the awards of scholarships locally should be comparable to local authorities in the United Kingdom and consequently we consider the pointage system should be amended accordingly. In this way, Mr Speaker, at a time when there is a surplus of manpower and at a time when there is fierce competition for jobs, we feel more opportunities should be given to our students to become as highly qualified as possible and that the opportunity to achieve this should not be any less than what it is in the United Kingdom. We therefore feel that more money should be made available in this respect. Mr Speaker, if I may now move on to briefly comment on Social Services. First of all, this Opposition welcomes the move from Government to grant credits to unemployed persons over the age of 60 as regards social insurance contributions and that we will be hearing a statement at the next meeting of the House. However, Mr Speaker, this issue now dates back to December last year when the Government agreed to implement this following a motion which was moved by my Hon Friend the Leader of the Opposition. I therefore feel, Mr Speaker, that whenever the Government decides to implement this, that credits for social insurance contributions should be back-dated to at least the 1st January, 1984. During our election campaign we committed ourselves to bringing down the Elderly Persons Pension from 65 to 60 and I

understand that the governing party also did say during their election campaign that they would also do this but that it was a long term policy for them. Mr Speaker, I think we all understand what the problem is in this area. In most cases you find that a person could be retired at 60 and, if lucky, he could have an employer's pension which at the most could be half of what he was earning before retirement. This means, Mr Speaker, that he would then have to survive during the following five years under tremendous financial pressures and considerable hardship before he receives his Elderly Persons Pension. Since it is Government's policy now to retire everyone at the age of 60 in order to curb unemployment, I would submit that it is intolerable that the Government should not bring down the Elderly Persons Pension to 60 as a matter of urgency. I will be very interested to hear why the Government has not taken any steps in this direction. Lastly, Mr Speaker, those unemployed persons who are in receipt of supplementary benefits are being paid less than what is being paid in similar cases in the United Kingdom. You therefore have the situation here in Gibraltar that Government employees who deal with these persons are deriving the benefits of parity whereas an unemployed person is in an inferior condition. This Opposition, Mr Speaker, considers this is immoral and totally unacceptable.

HON J B PEREZ:

I would like to begin my contribution to the general debate by first of all congratulating the Hon Mari Montegriffo on her maiden speech in the House. I think she has given it a lot of thought and I think there are quite a number of points which will be of benefit to me in my capacity as Minister for Health and I would like to thank her for bringing these points to my attention. Although I must say that I have to take her up on a number of matters which she has in fact raised, I think most of them will be by way of clarification. The first point she made, I think, was that the estimates in her opinion appeared to be in the past, that is, looking at the estimates for 1984/85 comparing them with the revised and the actual approved estimates for 1983/84, she said they appeared to be unrealistic. Let me assure the Hon Member and the House, Mr Speaker, that in fact many, many hours are spent by members of the Medical Department in preparing estimates for the next financial year but the Medical Department is one in which it is very, very difficult to actually estimate the exact amount of money one is going to require for the year in particular areas which are really the ones that have forced me to come to the House in the last year for supplementaries and the first one, of course, is the Group Practice Medical Scheme. We can only go more or less on previous years' estimates but we cannot really say how many prescriptions doctors are going to give throughout the year, what the cost of drugs is going to be, what the number of items prescribed are going to be and in fact in the medical field there are new drugs coming into the market virtually every single day. Most of these drugs are sometimes very expensive, Mr Speaker, and it is something that the administration side of the department really cannot control because that

is left to the discretion of the doctors at the Health Centre or the doctors at St Bernard's or at KGV to prescribe what they think is the best treatment to give to a particular patient. It is in fact a very difficult exercise that one has to carry out. Not only that, not only are we talking about the question of prices of drugs but also it is very difficult to estimate the number of Gibraltarians who are going to make use of the Centre as well. We can only make a guesstimate of what is going to happen, so it is very difficult on that side for the Medical Department to plan ahead for the year. The other question also as far as estimates are concerned is a question of sponsored patients. How can the Department estimate the number of people we will have to sponsor throughout the year? Again it is very difficult so what we have done this year and in previous years is that we have put in a token provision for sponsored patients under Subhead 23 - Specialised Treatment of Patients outside Government Hospitals - estimate 1984/85 is £15,000. That is only a token provision because if you look at your revised for last year that was £50,000 but I am pretty certain that there are still a number of bills that we still have not received from last year from the sponsored patients that we sent to the United Kingdom and in time I will have to come for supplementaries for that amount because we still have not got the bills from the NHS so therefore we cannot quantify. It is very difficult to estimate and I think I have highlighted some of the areas. Therefore I think it is not a valid comment to say that the Medical Department's estimates are unrealistic for the reasons that I am giving. The next point she made was that this year we appear to be spending less than last year. That is not so. I think Members on this side of the House will confirm that possibly the Medical Department is the one that has come out better than any other Government Department in this year's estimates. For example, we had increases in staff, a substantial increase in staff from 420 to 432 in senior nursing staff and I will come back to the other increases later on. Medical equipment; we are going to spend this year £62,000 last year we only spent £40,000. So we have a substantial increase in staff and a substantial increase in expenditure on medical equipment. We are keeping more or less the same amount of money for visiting consultants which again is difficult to estimate because we do not know how often we will need them to come over to Gibraltar. The standard is being kept but I am going to explain why I think the estimates have misled the Hon Member and the reason is very simple, by looking at the revised figures. If you take, first of all, the personal emoluments, page 52. The estimated expenditure for this year is £3.3m and don't forget that this year we have an increase in staff of twelve people. But then you say: "Look at the revised, you spent £3.4m last year so you are showing you are going to spend less". But the answer to that is very simple - I must confess I had problems as well when I saw the estimates but it was clarified by Mr Yeats - the answer is that when we paid retrospection as of last year, the retrospection was for more than one year and the amount of money that was paid by way of back money, the increase in wages, went into my revised so that is why you find that £3.4m last year now becomes £3.3m but

nevertheless that £3.3m is much higher, more people employed and more wages and you can see that by looking at the establishment of the Medical Department with an extra twelve bodies. We have more resources and we are putting more money into medical equipment, we are keeping the same amount of money for visiting consultants, the sponsorship scheme we have just put in a token vote, there is no restriction at all, and later on I will come to deal with the criteria and the policy behind the question of sponsored patients. On the contrary, Mr Speaker, if anything, now that I think I have explained, the estimates of the Medical Department clearly show the high priority that this Government gives to this department and it is something that not only are we maintaining the same level but in fact we are increasing and we are improving all the time and I am sure that this is the policy that will be carried out throughout the term of office of this Government as it has done in the past. The other question that was raised by the Hon Mari Montegriffo was where is the money for the new office of the senior consultant? Let me explain how the new office came about, first of all. We are talking about the office for Dr Maskill. His predecessor was, as you probably know, Dr Giraldi. Dr Giraldi had an office in the Hospital and when he left that office we got some money given by Barclays Bank and his office was converted into a library and common room for all the consultants. The money was in fact from last year, it is not shown in this year's estimates because we voted the money last year to convert a room for an office for Dr Giraldi's successor because in fact Dr Maskill has been working at the Hospital without an office and the money came from last year that is why it is not shown here. The final point that the Hon Member queried was the question of maintenance. Let me say that as far as my experience goes as Minister for Medical and Health for five years, I have really no complaints about the service that I get from the Public Works Department as far as maintenance is concerned. Admittedly, I do not get the work done as quickly as I would like it to be done but nevertheless as far as this particular department is concerned, I congratulate the Public Works Department, I think they do the work. For example, this year we have just painted the Napier, Godley and Lady Begg Wards, the kitchen and the operating theatre, that has only been done recently but, as I say, we have a painting programme and, unfortunately, due to the fact that Public Works may have to do other works which are of a more urgent nature, the Medical Department has to wait but I think in all we get extremely good service from the Public Works Department as far as maintenance is concerned. I was asked what figure have we put in this year's estimates. I can give you the exact amount at Committee Stage but I think it is in the region of £60,000 to £70,000 that has been allocated to the Medical Department in the Public Works vote but I will give the exact figure in Committee Stage. The procedure for that is very simple, what we do is we get all the senior nursing staff of each particular ward to put in bids of what is needed, the Hospital Administrator and the Director will go round, obviously, they know what is needed, the Matron goes round and then we look at the list, it is given to Public Works to cost and then at the end when they cost the bids made by all

Government Departments and they may be cut down, then they will distribute the money accordingly. I am quite happy with the service that I get from Public Works Department, in fact, I cannot say anything else otherwise I won't get the repairs done but, seriously, I think the Medical Department cannot grumble with Public Works on that. I think, Mr Speaker, I have covered most of the points that were raised. I wish to highlight a number of points.

MR SPEAKER:

Could I ask out of curiosity because I have just noticed it and I am rather foxed and I hate to be foxed. How does the department lose public funds? There is an item under Other Charges headed - Losses of Public Funds.

HON J B PEREZ:

I will tell you what happened in the Medical Department. That was revised estimate for 1983/84, £50. When any person goes to the Hospital and makes an appointment to go privately to see a consultant I think they have to pay £2 and that is in fact collected by Records and then apart from that people who go to the Hospital, in fact, have to pay when they go to the private corridor but mainly the sum of money here is a question of payments made for appointments. There is a fee for appointments.

MR SPEAKER:

I was wondering, thank you.

HON J B PEREZ:

Not at all, Mr Speaker. The points I wanted to highlight in my estimates are these. First of all, let me say that as far as I am concerned to work with the Medical Department for me is a privilege and a pleasure because the Department, in fact I wouldn't exclude anybody of that Department, are very conscientious and hard working. I think they are very dedicated people, they in fact put the patients before themselves and that is very good. Do we get complaints about the service? Of course there are complaints. If you realise that at least 300 people are seen daily, as much as that, 300 people are seen through the Health Centre, through KGV and through St Bernard's. I always tell my staff when they say: "We do our utmost and yet we get complaints". Even if I got ten complaints a day I would still say that we are doing extremely well but I do not even get that, we get even less than ten complaints a day so that shows that the efficiency of the Department is there and it is a department which works extremely well. I now come to the question of staff. I have already said that the extra staff was twelve extra bodies for this year. These are as follows; they are mainly senior nursing staff and, of course, junior nursing staff. Apart from that we have, in fact, one MacMillan

Nurse who will cater for cancer relief patients who require domiciliary help, that is, people who are dying of cancer, and that is a new addition to the Department, that is an improvement and an extension to the service that we provide and we are in fact sending another nurse to recruit to become a MacMillan Nurse, an example of improvement. Also if you see the Health Centre, you will see that we are sub-dividing part of it in the front entrance; that will be used for the MacMillan Nurses and also to extend the District Service, so again the service has not been cut this year, on the contrary I reiterate it has been improved upon. The GPMS; I am sorry I have to announce that we have no choice but to increase prescription charges and they will be going up on the 7th May from 70p to £1. This is due to the fact that the cost of that keeps on escalating and it is something that, as I explained before, it is indeed a very difficult thing to control, it is something that I do not particularly like to do but it is something that I am of the firm opinion that we just have to do that. Drug abuse, yes, I think people in general tend to when they go to see a doctor they tend to insist that they get particular tablets and sometimes I can appreciate that it is very difficult for the doctor not to give the tablets that are being requested and people who go in and say: "Whilst I am here can we have some panadol", and although the doctors are not supposed to give them the panadol, I suspect that panadol is freely being given. By putting it up to £1 per item I think it is going to discourage some people to ask for panadol because they can probably go to the chemist and buy it for 70p.

HON MISS M I MONTEGRIFFO:

If the Hon Member will give way. Perhaps if you want to discourage people on the question of drug abuse the Government should actually bring up the POM list to discourage people.

HON J B PEREZ:

I am coming to that now. I am grateful for that, I had that down. Perhaps I can explain a bit the delay, the delay of the prescriptions only is really that we have to try and itemise all the different drugs that are available and the exercise is quite an extensive one and here I would like to thank the new Attorney-General, the Hon Mr Thistlethwaite, because the list is now in fact ready and should be published within the next month. It has taken a long time but the compilation of that in itself necessitates hours, months and in cases even two years because you have to keep on adding new drugs that come into the market but let me say one thing, Mr Speaker, the question of the prescriptions only list was not the idea of the Gibraltar Women's Association, it was the idea of the present Minister for Health and perhaps it was my fault for coming out in public saying I was going to do it without realising the time that was required to actually bring this out but nevertheless I am pleased to say that now

it is ready. But once the list comes into force it will have two beneficial effects. The first one is that it will prevent chemists from giving out medicines without a prescription, that is the fundamental idea of that Regulation and that is the point that the Women's Association came out in their Annual Report, they are really concerned with that because I remember on one occasion that I asked them to try and bring me some evidence as to that and in fact there are two members of the Association who came to see me with the medicines and gave me the names of the chemists who had prescribed. We then referred the matter to the Attorney-General's Chambers and due to the law those chemists could not be prosecuted but they were warned. The second beneficial effect of the prescriptions only is this, that it will stop or it will enable doctors when they see particular patients who want a hair tonic or I will say something more popular, vitamins, they will say: "You do not require a prescription for vitamins, I will give you a prescription but you go and pay for it yourself". I think that is the point that the Hon Mari Montegriffo has raised and I am grateful for that because that is the next step once we publish the prescriptions only and I am grateful because I was not sure whether I would get the support from the Opposition on that but I can see that the support is there and, of course, as soon as the Regulations are put forward the prescriptions only will be introduced in Gibraltar and I think for those two reasons that explains the deduction in my subhead of the Group Practice Medical Scheme because I am taking into account the increase from 70p per item to £1 and I am also taking into account what I intended doing which is the question of the prescriptions only and in fact if things work as one anticipates, I think that I will not need to come for any supplementaries under the Group Practice Medical Scheme, subhead 9, so I am quite hopeful that £545,000 - that is why the revised estimate was \$633,000 from the approved \$490,000 and my estimated expenditure for 1984/85 is £545,000. On the question of the increase of prescription charges let me say straightaway that those people who are exempted whose means are below the level of the Old Age Pension on application to the Minister are exempted and they do not pay so they are not affected, neither of course are people who are on the district service, that is, people in receipt of supplementary benefits. And, of course, as I said in the past, cases of hardship, if there is a particular patient who just cannot because he needs a regular supply of particular drugs, these patients I have said so before, should be brought to my attention and we will see how we can help because the general policy is that the doctors should only give two weeks supply. I know that some of them are giving up to a month's supply but the policy is that it should be two weeks supply for obvious reasons. There are ways and means of helping people who may suffer hardship as a result of the prescription charges but let me say that two years ago, I think, when we increased prescription charges from 45p to 70p, there was only one case that was brought to my notice of hardship and that is in the last three years, just one case, and that case was because the person concerned didn't know that if they applied and declared their earnings

that he or she would have been exempted from paying and, of course, when that case was brought to my notice the person was exempted and no hardship was suffered. Mr Speaker, I would like to say a few words about the question of visiting consultants and the sponsorship scheme. These are two areas which complement our present medical services, they work hand in hand with the service that can be offered locally. As far as visiting consultants are concerned we in fact have two new consultants who are coming over to Gibraltar who didn't come before covering two different fields. Again another example of this Government's policy of improving our medical services. We have one who is coming for plastic surgery. Of course, not for plastic surgery to make one look prettier but for people who require treatment arising out of accidents who require plastic surgery. So we have that service which is being given this year and will continue to be given. We also have a brain specialist who is coming out to Gibraltar. All the time we really are trying to increase, perhaps one must take into account that there is a great deal of specialisation in the medical world nowadays. I would say that perhaps in years to come you may have a specialist for the common cold, perhaps it is a good idea because a cure has not yet been found but the medical world is really moving to specialisation to a very, very large extent and as a word of warning let me say that the day our main surgeon retires we are going to have tremendous problems to recruit one person to take his place because I do not think we will ever be able to find a replacement for our present surgeon. I think the recruitment would have to be of two specialists because nowadays those people do no longer exist unless we want to try and find somebody retired from the Royal Navy, if that is what we want we can recruit but that is not the way that we have been working in the last couple of years. We feel that the amount of money that is being paid which is the same level as in the United Kingdom, the salaries of consultants are over £22,000 or £23,000 per annum and it is felt that with that amount of money every time we try and recruit there are ample people of experience and of the necessary calibre that Gibraltar requires and I think Gibraltar deserves. That we are continuing and again, as I say, it is a very, very difficult item to control because it may well be that you may require, let us take Mr Shaw, the ENT specialist, he may be required to come every two months, we don't know until the need arises and the need is established. The question of the sponsorship scheme, again let me say straight-away that the Minister does not decide whether a person is sponsored or not, in fact, the Minister does not intervene at all and let me dispel certain rumours that have been going round to the effect that due to the Government's financial constraints we are not sending people to UK. That is not so, that is not being applied because, as I say, it is not a question of financial constraints, the token is there and if somebody needs to be sent to the United Kingdom that patient will be sent. What is the criteria? The criteria is very simple. What we cannot do is send somebody for treatment to the United Kingdom when that treatment can be given locally because otherwise why pay the consultants the amount of money we are

paying them so it would be stupid to do that. They must be recommended by the consultant concerned and countersigned by the Director of Medical and Health Services, that is the procedure, it is very simple. You may say, and I do not dispute this because I have had people coming to see me and they have been saying: "My daughter needs to be sponsored", and when you listen to people you feel sorry

MR SPEAKER:

Let us not get bogged down in details. You have explained what the policy is.

HON J B PEREZ:

It is just a very small point, Mr Speaker, if you will allow me. One sympathises with the people who come to see you and who complain because they want to be sponsored and they say: "Well, because in UK they may get better treatment", and my answer to that is: "Well, why ask to go to Harley Street, why not ask to go to the best clinic in Paris?" The criteria is quite simple, if the treatment can be given here it is right that that person should not be sponsored but my experience has been that the Department has been quite liberal on the question of sponsorship of patients and the new agreement which we arrived at with the National Health Service only this year provides us with a quota of forty patients free of charge and any other patients over the quota of forty this year we agreed that we would only pay at the National Health Service rate. In the past we have been having to pay at the full private patient basis. Now that has changed so I am quite satisfied with that and in fact I think we try and renegotiate every year on this but I am quite happy with the agreement that we have and the service that is being given by the National Health Service. Mr Speaker, I now come to the question of equipment which I already pointed out. Under sub-head 18, we are now going to spend £62,000 for medical equipment as compared to £40,000 last year and the previous year. That, I think, is a substantial improvement on the question of medical equipment. And speaking of medical equipment, Mr Speaker, I wish to take the opportunity of thanking all those Associations and bodies and individuals who have helped to donate so much equipment and so many things to the department, their generosity is really tremendous, but I wish to take the opportunity and I sincerely hope that this is reported in the press and that is - because I cannot say this during presentations - I urge all Associations and all bodies who wish to set up a Fund and to buy particular equipment for the Hospital for God's sake liaise with the Department because we have a list of priorities, we know what is needed, we have all the items priced so any Association should not just go on the whims of particular senior nursing staff or doctors because there are many things which are given to us which I am sorry to say are not really used all that much by the department. It may be used once a year and it may be a very expensive item of

equipment but I urge organisations to please contact the department and ask us what we want, not to go to individual people and, as I say, during presentations although I say: "Thank you very much", Mr Speaker, as you can well imagine I cannot tell them I do not need this particular item when I know so many people have given generously but I think this is an appropriate time for me to mention this. The question of the Royal Naval Hospital I think I ought to mention. As far as the Royal Naval Hospital is concerned we are in fact looking at the possibility not of a merger that I think has been announced and I have said on previous years, we have now gone away from that and we are now looking at the possibility of moving the whole of St Bernard's to the Royal Naval Hospital or to part of the Royal Naval Hospital which is completely underutilised and which we feel we could make extremely good use of that but that really, Mr Speaker, is at a very, very preliminary stage and I will undertake, of course, to keep the House informed of anything that were to transpire. Mr Speaker, I think that is all I have to say on the Medical and Health Services. I now come, Mr Speaker, to deal with Education, the other department for which I am responsible, and on this occasion I would like to begin by thanking my Hon Colleague, Mr Mor, for the compliment that he paid both myself and my Director for the high standard that Gibraltar has achieved and I am very grateful to the Hon Member for those comments.

MR SPEAKER:

And the staff, too, I think he said.

HON J B PEREZ:

Yes, certainly, and I am very grateful for that. But then he said that things were very good but he felt that by a close scrutiny of the estimates of the Education Department for 1984/85 he felt that the efficiency of the department was being put at risk by the sums of money that we were budgetting for for the next year. He has circulated a comparability exercise. I think we all know, Mr Speaker, that with statistics we can play whichever way one wants. Let me say one thing straightaway which I cannot agree with, one assumption that is made in this particular comparability exercise in the sheet I have in front of me. The first one is, Mr Speaker, how can you say that personal emoluments totalling £2.6m is only related expenditure to the Education Department, I am afraid, Mr Speaker, I just

HON R MOR:

Mr Speaker, if the Hon Member will give way. The reason why that is a related expenditure is because the personal emoluments is purely for the benefit of the teachers and not necessarily directly involved to the advantage of the pupils.

HON J B PEREZ:

Mr Speaker, I think I am going to convince the Hon Member with my answer as to how wrong he is in saying that because of course it is not concerned with the teachers, it is concerned with the whole question of teacher/pupil ratio which is one of the fundamental things of education. Surely, personal emoluments are not just related expenditure, in fact, I would say it is the most fundamental thing in education and that is the ratio between teachers and students and let me say that here in Gibraltar we have a much higher average ratio than in the United Kingdom. Anyway, let us say it is much better than the average ratio in the United Kingdom so therefore on that assumption alone, even on that alone, I would say that I cannot agree with the comparability exercise that has been put forward but nevertheless I will proceed with further arguments. We are also leaving out the question of wages of industrialists, that has been left out also entirely. The other point is scholarships, Mr Speaker. How on earth can you say that scholarships are related expenditure for education? I would have thought that that is a direct expenditure on education.

HON R MOR:

If the Hon Member will give way. Scholarships is not a direct expense involved with the running and efficiency of the Education Department with respect to the children who are being taught at present.

HON J B PEREZ:

Mr Speaker, that is a matter of judgement. In my view I think that in the same way as personal emoluments are totally directly geared to the education so is scholarships, to my way of thinking that is fundamental so based on that I do not think, really, with respect to my Hon Colleague, that his argument holds much water. I think what he has done quite cleverly is that the ones in which there have been substantial increases he has put in under related and not under direct expenditure. I just cannot accept the assessment that is being made and I can assure the Hon Member opposite that in the same way that the Government gives high priority to the Medical Services this Government also gives high priority to Education and although I am not going to say that I am happy with the money I have got for education because I could have done with double what I got, I am quite satisfied that taking into account the present financial constraints I think the Education Department has not come out quite badly as you will see from going item by item during Committee Stage. In fact, as I say, I hope that the efficiency of the department is not put at risk, it will definitely not be put at risk by the estimates that are being presented for 1984/85, that I can assure my Hon Colleague. The other point that has been made is that it gives the impression that we have presented a rosy picture in the estimates. On this point, Mr Speaker, let me

assure my Hon Colleague that as far as this side of the House is concerned we do not present estimates to put forward a rosy picture at all. The estimates are prepared after many, many hours of consideration and of study and of meetings and then we present what we consider to be, first of all, the money that is available and according to our policy to subdivide. He also mentioned that educational field trips are being reduced and that we are not giving enough money to enable children to go on these trips.

HON R MOR:

If the Hon Member will give way. I did, actually in fact, mention educational field trips in conjunction with books and equipment, examination expenses, etc.

HON J B PEREZ:

Yes, I am coming to that now, that was the first one that I had down which is educational field trips. With respect to my Hon Colleague I can see quite clearly that he has only been Shadow Minister for Education for a very short period of time but let me correct him and put him right straightaway. Educational field trips in the estimates are only for those 'A' level students who require, as part of the 'A' level course, to go on a field trip. In other words, it is part of the examination so the estimates that we put in depends on the number of 'A' level students that we have at the time. In other words, they are part and parcel of the 'A' level syllabus, educational field trips.

MR SPEAKER:

I am assuming that you have not long to go yet. If you have then, perhaps, we should recess now until tomorrow morning at 10.30.

The House recessed at 7.10 pm.

THURSDAY THE 12TH APRIL, 1984

The House resumed at 10.40 am.

HON J B PEREZ:

Mr Speaker, yesterday prior to the adjournment, the last thing I dealt with, the point that had been raised by the Hon Robert Mor, was the question of educational field trips in which I explained that this particular vote only corresponds to those children who require to take this field trip in connection with examinations in two areas, namely, geography and in biology. The next item that I would like to comment on which has been raised by the previous speaker is the question of

books and equipment. I think the Hon Robert Mor said that in his view the amount put in the estimates this year could well put the efficiency of the department at risk and I think I will now show that that is not the case. There are two primary reasons why there is no depletion in that vote even though you may take inflation into account. The first one is this, that one must understand, Mr Speaker, that when you buy books for a particular year you do not throw those books away at the end of that school term, in fact, books tend to last for quite some time and of course the money that is voted is really by way of replacement of books. That is the first point, in other words, it is not an annual burning of books and purchasing of new ones neither does that apply to stationery. The other point I think which is of fundamental importance is that surprisingly it is in the field of books as far as educational books are concerned and also as far as stationery is concerned, that we are dealing in a very competitive market in the United Kingdom. I think the Hon Robert Mor will recall when he visited my department only a month ago he saw the number of new publications which he saw in the Teachers' Centre which were by way of samples. Prices have in fact remained stable and even in some cases we find that prices of books have come down from one year to the other so these are two points which must be considered. How is this vote estimated? Is it just that Government comes up with a figure and says: "Well, we think we are only going to need £170,000 for the year 1984/85"? The answer is, no, Mr Speaker, because it is all based on what is called a capitation grant, that is how we arrive at the figure put in the estimates and the capitation grant is as follows. It is really based on the actual number of pupils on the roll in September and we provide for primary schools, you take the First Schools we gave them £20 per pupil; for the Middle Schools we gave £27 and for the Secondary Schools we gave £35 per student for the first and second years and £50 for third and fourth years and £50 for sixth formers. St Martin's and St Bernadette's children, in fact, are given a capitation grant of £70 per student. In fact, this year we are increasing by 2½% the capitation grant to First Schools. Clearly, the estimates for 1984/85 do not show a reduction of previous years but is based on the capitation grant which provides, in my view, sufficient funds not to hinder the education system. Again, as I said yesterday, of course if that amount was trebled I would be much happier and so would the Headmasters or Headmistresses but that is a realistic assessment of what is needed and is based on a capitation grant which is a similar system that is used in the United Kingdom except that, of course, our capitation grant in Gibraltar is even higher than in the UK for one simple reason and that is freight and insurance charges, we have to take that into account so our capitation grant is higher than those of local authorities in the United Kingdom. The next point that I would like to deal with which was mentioned by Mr Mor is the question of scholarships. I think he said that his policy was that our system should be - he used the word 'comparable' - to local authorities in England. I was not quite sure what he meant by using the word 'comparable' but I will take it to mean, Mr Speaker, that it should

be exactly the same, on an identical basis as local authorities. I think the Hon Mr Mor is falling into the same trap, being a newcomer to the House and to the education side, the same trap that Mr Loddo fell into and many other people in Gibraltar do so because they say: "Well, in the United Kingdom any student who is able to obtain a place at University is entitled to a scholarship". But the position in the United Kingdom is not as simple as that because the central government exercises a great amount of control because they will tell the Universities the quota of UK students that they can take and the quota of non-UK students. In other words, if you take a University which may have, for the sake of argument, 200 places or 1,000 places, although the local authority will tell the student: "If you find a place you go", nevertheless the central government will tell the University: "Out of your 1,000 students that you can enrol you can only have, for example, 500 UK residents and the remaining balance of 500 will be overseas students", and that, therefore, is the fallacy in the argument in saying that the UK system is much better than our own and that is without taking into account, of course, Gibraltar's financial constraints. I do not think it is fair to say: "Do the same as the United Kingdom", because the control undoubtedly is exercised by the central government to a very, very large extent and if one reads The Times Educational Supplement you will see that this crops up every year and people in fact say: "It is all very well to have this policy but on the other side you are curtailing the number of entrants".

HON J BOSSANO:

If the Hon Member will give way. I am sure that he will recognise that that policy is one that I have defended here for twelve years so one does not have to be either a newly elected Member like the Hon Mr Mor or a recently elected Member like Mr Loddo because I have been here many years before he was and I have been putting the same argument. The philosophy is that if a school leaver in a local authority in the UK can get a place in a University he then gets a statutory grant if he meets the minimum entrance requirements. If that same school leaver with the same limitation on places placed by the British Government whether they are for UK residents or for residents from overseas, is born in Gibraltar and cannot get a grant because he needs a point then in fact he is getting less opportunity and we have had examples in this House. I remember very well one many years ago where that particular child was able to get a place, was told he could not get a grant, his father had to go through a great deal of hardship in the first year to pay for it and then the Government relented and gave him the grant in the second year and then the child did so well even with the minimum entrance requirements that he finished up getting a doctorate. That is the point that we have been making for twelve years in this House.

HON J B PEREZ:

The point is, Mr Speaker, I was referring to the comments of the Hon Robert Mor who spoke and not to the comments of the Hon Mr Bossano.

HON J BOSSANO:

The same philosophy.

HON J B PEREZ:

Yes, I accept, Mr Speaker, the philosophy but what I am saying is that the UK system is not as favourable to the student as one would tend to think because of the control of the central government. That is the point and I think the point is clear. As far as the example given by the Hon Mr Bossano I can also tell him of examples in which I know of students in UK who have been unable to get places with high grades, so there are two sides to that. The other point that he did say was that, yes, we have to give more opportunities to local students and that, Mr Speaker, is precisely why I announced earlier on the Government's policy in the previous House of Assembly of starting a College of Further Education and that is part of the Government's policy of giving more opportunities to students who would want to qualify in other subjects but need not necessarily wish to go to University and that is the statement I made in the last House of Assembly. That is one avenue which the Government is pursuing and I will come to that later on. Mr Speaker, I think I have dealt with most of the points that were raised by the Hon Robert Mor and I would now like to take the opportunity of highlighting some points as far as my estimates are concerned for Education for this coming year. The first one which I have already touched upon and that is the question of the teacher/pupil ratio and I said that in Gibraltar we have a very reasonable ratio, in fact, the ratio is 1 to 15, there is one teacher for every fifteen students in Gibraltar and that is well above the UK average on teacher/pupil ratio. The second point I wish to make is that in the department we have got a new post which has already been filled in of the General Education Adviser and I think he will provide a better liaison between all the schools, in particular as far as curriculum development is concerned. This year we are also embarking on giving a special allowance mainly to the Secondary Schools so that they can have computer studies and in fact, Mr Manasco, a local teacher, was sent last year to a University for a special course on computer studies and he is due to return to Gibraltar in July of this year, so I therefore think that at least in Bayside with the money that we are giving them this year to buy better computer hardware, I see no reason why students should not have the opportunity of taking 'O' levels in computer studies.

HON R MOR:

If the Hon Minister will give way, Mr Speaker. How does he propose to buy all this equipment if he is not allowing any provision for that?

HON J B PEREZ:

Mr Speaker, I am allowing that provision in my estimates. This is what I was trying to explain before under the books and equipment side because the books and equipment vote is not just merely books, it includes the schools psychological services, it includes photocopy, but this is perhaps a matter that can be raised at Committee Stage and I can give a full breakdown of the vote. I take the point that sometimes for Members opposite when they come to look at the estimates it tends sometimes to be slightly misleading but on the other hand that is precisely the function of Committee Stage, one cannot itemise for every particular subhead all the things that you are buying.

MR SPEAKER:

Then, perhaps, you will explain at Committee Stage.

HON J B PEREZ:

But the point is that provision has already been made, in fact, both Bayside and Westside already have computer hardware which was purchased but it is felt that the ones that were purchased two year's ago are not to the standard of 'O' levels or 'A' levels, in fact, the sum which is needed is only £2,000 per school and that allowance is already included in the estimates for this year so when Mr Manasco returns, as I say, I am hopeful that students will have the opportunity at least for this year, at least Bayside pupils will have the opportunity to take 'O' levels in computer studies. My policy on the matter is that I am hopeful that within the next two years or at least for next year we will be increasing computer studies as far as the curriculum development is concerned to the Middle Schools as well. I think really it wouldn't be adequate for Infants but that is the intention within two years because when the Secondary Schools buy the more sophisticated hardware which is necessary for 'O' levels then, of course, the previous hardware can quite easily, I think, be passed on to the Middle Schools and that is further curriculum development. As far as the scholarships are concerned, you can see from the estimates, Mr Speaker, that we are maintaining the same level, we are continuing with the mandatory and non-mandatory system which I think gives an equal opportunity to all able students irrespective of their parents means. In fact, a word of warning I think I ought to sound and that is that this year as far as the non-mandatory awards are concerned, these are going to be strictly confined to areas in which there is a need in Gibraltar and the idea

is that at least the student obtaining a non-mandatory award will have a very strong possibility of being able to return to Gibraltar and find employment. In the past we have been rather relaxed on non-mandatory and the criteria which has been used is similar to mandatory and that is if a student obtains the necessary points then if he wants to be an astronaut or study for something like that then he is entitled to go and of course Gibraltar as a community derives no benefit, the benefit is derived by the pupil but the criteria for non-mandatory has been to some extent on that line not perhaps to the extreme of the example that I gave but this year I can tell you quite clearly that that is going to be changed and on non-mandatory awards we will identify areas of need in the community and the advertisements which will appear will in fact state non-mandatory awards will be considered in A, B, C, D and E areas. The other side of policy which I wish to highlight is that we are now embarking on a total replacement of contract teachers. This is another area in which we want to give and lend our full weight on that but let me say straightaway that it will be impossible to do away completely with contract teachers, that is quite obvious, but the policy is there and we are really going to make an effort in the next few years to try and recruit local people. In particular what we are doing is keeping in touch with the number of students who are in the UK with scholarships and we are trying to identify, in fact, we will try and encourage six-formers this year to look at areas, we will tell them: "These are the areas in which we have contract teachers", and at least try and encourage them to go into those particular areas so that when they finish their courses in the UK they can come to Gibraltar and take over from the contract teachers but that can only be done by encouragement and in certain cases persuasion of students concerned. Another point that I feel I have to highlight, Mr Speaker, is the question of school transport. To be perfectly honest, Mr Speaker, I do not really know the reason really for having introduced school transport in the first place and I am being very honest with that but we are stopping school transport this year except for those children of Catalan Bay and children of North Gorge until better arrangements can be found as far as children of these two areas as far as the bus service is concerned but I must also say that we are excluding the school transport subsidy which we are paying to those children who are attending Service schools, that is being stopped as well as from September of this year. As far as the schools themselves are concerned, Mr Speaker, and this again shows that the Government is ploughing money into education as far as school projects are concerned. I am very pleased to inform the House that it is expected that the extension of Bayside will be completed in May of this year and therefore should be ready for the beginning of the term in September. I think the extension will be of great value to both the teachers and to the pupils at Bayside School and I sincerely hope, Mr Speaker, that they will look after the extension in a better way than the school in general.

HON R MOR:

Mr Speaker, if the Hon Member will give way. How does he propose to furnish this new extension if he hasn't allowed any increase in school furniture?

HON J B PEREZ:

Because the money required for school furniture is included at the time when we put in the money to build the extension, that has already been catered for, it does not appear this year. I would refer the Hon Member to Head 102, page 94 in the estimates which is the Improvement and Development Fund and he will see there the cost of the Bayside School extension, the estimated cost of the project was £2m and as I say that will be completed in May. The other aspect of capital being put into the schools as far as building is concerned, he will see also on page 94, subhead 2, St Mary's First School, the total project is £371,000. That, in fact, was included in my party's manifesto at the elections and the idea is that we will be vacating St Mary's School in Hospital Ramp and also the Annexe in Line Wall Road and both these schools will move into the remodernised old school. All the plans are ready and estimates have been done and we are very nearly going out to tender on this particular project. The other point that I wish to highlight is the question, Mr Speaker, of the Technical College. The Hon Robert Mor said that he found that we had inserted monies in our estimates which he found to be inconsistent with what I had said in the previous House. The position is this that - well, if he didn't then I withdraw that - but the point is that we have to make provision at least for this year in the same way as the Ministry of Defence has made provision to continue the Gibraltar Dockyard and Technical College. The position is that the Gibraltar Government pays for 50% of the running expenses of that particular school. When final agreement is reached, and I am hopeful that by the next meeting of this House, Mr Speaker, that the negotiations will have been finally completed, I think they are very nearly coming to an end, but the provision must necessarily be made in this year's estimates because although we may agree to take over, we may agree on the sum, we will then decide when we wish to take it over, you just cannot take it over overnight because you require to start recruiting teachers as far as the College is concerned. That point must be borne in mind and that is that we must make provision even if at least the College continues as it is today for the whole of the year.

HON R MOR:

If the Hon Member would give way, Mr Speaker. The point I raised was that the Hon Minister had said that once the negotiations had finished as regards the College that he would come back to the House and ask for more money. The point I made yesterday was that that was inconsistent with what the Hon and Learned Chief Minister had said and the Hon Adolfo Canepa.

HON J B PEREZ:

The point is, Mr Speaker, I do not think it is right to say it is inconsistent because how can we put a sum for the taking over of the College when the sum has not yet been agreed so what we thought was that the best way of going about it is put it under the estimates of the Education Department for the whole year and that is what we have done. If we knew the sum, if final agreement had been reached by the time of the estimates or by today, I would today be proposing an amendment to that particular vote but we will have to come to the House to seek the supplementaries for that vote, that is absolutely essential otherwise we cannot take it over. Even if we did take it over and there was not a penny paid to the Ministry of Defence for the Technical College I would still have to come for a supplementary because the estimates in my vote only corresponds to 50% of recurrent expenditure, the other 50% is met by the Ministry of Defence and let me tell the House that the Ministry of Defence have already estimated for the full year on the 50% share so it may well be that even if we agree on a price today I would still be advising my colleagues on the Government side that we should not take it over until the end of the year for obvious reasons, recruitment of teachers, plus recurrent expenses of this year. I do not think, with respect, Mr Speaker, that it is fair to say that it is inconsistent. The point raised by the Hon and Learned Chief Minister and the Hon Financial and Development Secretary is that in presenting the estimates this year we have tried to be realistic, it is no good for presentation purposes to put in estimates and then having to come later for more money but, surely, this is an area in which supplementary funds would not only be justified but obviously essential. Finally, Mr Speaker, let me again assure Hon Members opposite that the efficiency of the Education Department is definitely not put at risk by the estimates presented this year.

HON J I BALDACHINO:

Mr Speaker, in speaking on behalf of the Opposition on Housing, I am talking about what is, without a doubt, the most important area in the whole of the Government expenditure from the point of view of what is the most difficult problem to resolve and what has proved to be the most controversial subject of debate in the past years. Mr Speaker, the GSLP has been advocating a comprehensive policy for private and public dwellings for a considerable time. It featured in our manifesto in the recent elections and it was brought to the House of Assembly in the Budget of 1981 by the now Leader of the Opposition following a motion moved in the Assembly of the Gibraltar Socialist Labour Party of that year. Mr Speaker, the Government today is not only failing to provide a comprehensive approach covering both, but in fact does not even have a policy on either of the two. Let us take what has been happening to the private sector housing. In 1979 the Chief Minister announced in the Budget that measures would be introduced to control rents of post-war dwellings in the private sector. I will not take up the time,

Mr Speaker, of the House in going over all the details of what this policy announcement was but only that it was never converted into a reality. I will simply say that five years later the Government pushed through the House of Assembly, before its dissolution, a Landlord and Tenant Ordinance which we are committed ourselves to repeal if we get into Government. Now, four months later, the Landlord and Tenant Ordinance is still a dead duck. Mr Speaker, we don't know whether this means that the Government became convinced of the folly of their policy by listening to our arguments during the election campaign and that therefore they intended to pursue our policy and repeal the Ordinance. That, Sir, may appear a rash conclusion but what other conclusion, Mr Speaker, am I to draw from the fact that the Landlord and Tenant Ordinance will not be put into effect until there is a Rent Assessor and that the Government is not providing for the employment of a Rent Assessor in 1984/85? There has been no indication of what the Government's policy in this is so far and I am insisting that the Government should make a policy statement on this matter. They should say, Mr Speaker, whether they intend to proceed with the implementation of the new Landlord and Tenant Ordinance or whether they intend to repeal it and keep the old one. Mr Speaker, as we say in our manifesto, we disagree with the provisions of the new Ordinance, however, the creation of a Rent Assessor was a positive element and so was the requirement for a proportion of the rent to be devoted to maintenance and repairs. The situation today is the worst one possible, Mr Speaker. Landlords are unwilling to rent their properties without knowing whether they will be caught by the old law or protected by the new one. Tenants, at present, illegally being charged more than the old controlled rents, are afraid to complain to the Rent Tribunal under the old Ordinance in case they find themselves unprotected by the new one. And, maybe, Mr Speaker, that will answer one of the questions asked last night in television on the programme 'Highlight' and the question was: "Why are there empty houses in the private sector?" Mr Speaker, this state of uncertainty created by the Government's delays is one which can only make the housing situation worse than it is. Let me now diverge slightly from this point to draw the attention of the House to the information contained in the Abstract of Statistics. Here we see a welcome increase in the number of owner-occupiers but clearly the proportion - and it is in Table 30, Mr Speaker, lucky for some unlucky for those tenants. There, Mr Speaker, clearly the proportion of the housing stock in the Government's hands is even higher in 1983 than what it was in 1970. And here again, Mr Speaker, we see the complete failure of the Government's declared intention to make home ownership an attractive proposition in the past and I trust that the recent announced measures on home ownership will prove more successful. Mr Speaker, may I comment on the speeches made by the Hon Financial Secretary and the Hon and Learned Chief Minister. If I take first the speech on page 15, paragraph 14, Mr Speaker, of the Hon Financial Secretary. We have a reserved welcome, Mr Speaker, to the proposals of the Government even though we think that the Government at least is going in the right direction not only to

solve but at least alleviate the problem of housing that we have in Gibraltar. I see two proposals and intentions and if we require administrative action, I hope, Mr Speaker, that when we vote we, in the Opposition, will support at least this part of the Bill and we support it, Mr Speaker, because it has been the GSLP policy and it was stated or reflected in our manifesto in the recent election that home ownership could go a long way to solve the housing problem. I hope, Mr Speaker, and I can only go by past records of the Government, that proposals and intentions which are to the Government as 'ifs' and 'buts' goes further than that and it is implemented. I hope so, Mr Speaker, because housing is one of the worst domestic problems that we have in Gibraltar. I do not measure like the statistics mentioned by the Hon Financial Secretary in his speech on the percentage of what one has but on what one hasn't and if we are rich or wealthy in videos and televisions we have poverty in housing and if the Hon Member does not believe me then I will be willing to take him round some of the houses in Gibraltar. Mr Speaker, as I said, we support this because we are not an obstructive Opposition and I think that the Hon Leader of the Opposition said so in his speech at the Opening of the new House. We are a progressive and a pushy Opposition without any doubt but not an obstructive Opposition, we will not obstruct the Government, we will go with the Government if we think that it is right for the people of Gibraltar. Mr Speaker, if I move now to what the Hon and Learned Chief Minister said in his Budget speech - before I go on to that, still on the Hon Financial Secretary's speech, page 15, paragraph 14, I wish the Hon Financial Secretary the best of British luck in his exploratory expeditions with the banks because I think that will go a long way to solving the lower income people in Gibraltar. Page 6 of the Hon and Learned Chief Minister's speech, paragraph 13. Mr Speaker, the introduction of that paragraph is in line with what the Financial Secretary said but with less detail. The next sub-paragraph of that paragraph - the Government increases house rents - Mr Speaker, I predicted that before it was announced and inclusive even to the last penny, not because I had an equal clairvoyance to that of the last Deputy Governor, but looking at the financial situation that the Government find themselves in, that had to come. I may also say that I agree with the Hon Minister for Public Works that the Government has done a holding Budget but that does not mean that my Hon Friend J C Perez is wrong when he says it is a harsh one. It depends, Mr Speaker, on what side or on what scale of income you are in Gibraltar and maybe it is the situation that we find ourselves financially is what the Hon Mr Canepa said which might be true and I agree with him entirely, I thought he was a GSLP member when he was speaking, Mr Speaker. But, anyway, I agree entirely and the Government has made a political decision on this one and therefore they will have to take a political responsibility. Mr Speaker, going on to the last sub-paragraph of paragraph 13 of the Chief Minister's speech and may I quote, Sir: "A major scheme for development of the old Gasworks site for home ownership by Gibraltarians at a reasonable cost will shortly be announced".

Mr Speaker, I would like clarification from the Hon and Learned Chief Minister when the interpretation that he gives - I am willing to give way now or he can do it when he sums up for the Government - because I am not worried, Mr Speaker, on the paragraph as such, I am worried on one word only and that word is, Mr Speaker, on the interpretation that he gives to the word 'shortly' because if the interpretation he gives to the word 'shortly' is the same interpretation that the Hon Minister for Housing gives to 'temporary' then we have got to be here twenty years and people will be waiting for the houses. I hope, Mr Speaker, that 'shortly' here means in this financial year because there are a lot of people, Mr Speaker, who pin high hopes on this policy of the Government because there are a lot of people living badly in Gibraltar, Mr Speaker, there are people living badly and this is an in-road at least not to solve the problems of housing we have but at least to alleviate the problem that we have.

HON CHIEF MINISTER:

The Hon Member asked me he would give way if I replied. I wanted to answer, generally, but when he is generous enough to think that he hopes it is within this financial year I think it would be an insult to the intelligence of the House if 'shortly' did not mean within this financial year, whether it is at the beginning or at the end.

HON J L BALDACHINO:

I agree entirely with the Chief Minister, Mr Speaker. I have not been long in this House and I hope that the Hon and Learned Chief Minister will forgive me if on occasion I am not as ethical in this House as one should be.

HON CHIEF MINISTER:

You are very efficient.

HON J L BALDACHINO:

I can only go by past records of the Government and, Mr Speaker, this Government sometimes plays with words. I am only giving the example, Mr Speaker, I am not trying to insult or trying to question the intelligence of the Hon Chief Minister which is well established in Gibraltar but the Government sometimes plays with words, Mr Speaker, we have had it, 'temporary Glacis Estate'.

HON CHIEF MINISTER:

We all play with words.

HON J L BALDACHINO:

We all do, Mr Speaker, but the difference is from this side of the House and that side of the House, Mr Speaker, that if they play with words it affects more people than if we play with words. Mr Speaker, I hope the Chief Minister accepts that I did not try to insult him in any way which I have no intention of doing now or at any other time in this House but words must be clarified, Mr Speaker, and especially with the Government because they have played with them before, in my opinion. Anyway, Mr Speaker, I hope from the bottom of my heart that they are successful in this, at least in this, because it will solve many people's problems and I hope they are just and fair and if I may comment on the justice and fairness I am not in any way saying that the Government acted maliciously when they awarded the last tenders. If you look at it from the outside as a layman you cannot blame anybody for thinking there is a mix-up, you cannot blame anybody for thinking there is a mix-up and I am not referring to any tender awards, you cannot blame anybody, Mr Speaker, because the Government has not got a clear policy to whom or how those tenders are awarded and I hope, Mr Speaker, that in this project which I think is intended by the Government to alleviate or reduce the housing waiting list, they have a crystal clear policy so that people can judge and can say that it was done in good faith. I am not saying they haven't been done in good faith, Mr Speaker, but if you are a layman then you have doubts. I hope, Mr Speaker, that in this as well as when the Government awards tenders, they should have a clear policy to whom they are willing to award it or how they are going to award it.

HON A J CANEPA:

Mr Speaker, if the Hon Member would at a convenient moment whenever he wants to in his intervention give way because I have not got an opportunity to intervene in the debate again and if he will give way I think I might be able to provide an answer.

HON J L BALDACHINO:

I am willing to give way to the Hon Member.

HON A J CANEPA:

The policy on the redevelopment of Crown Properties was clearly stated by me in a statement which I made here in the House and I think copies of that statement could be made available to the new Members of the Opposition, I think the date was October, 1981. Anyhow, I made a clear Ministerial statement and it is on the record and the criteria on which we would base our awards of tenders were laid down in that statement. Subsequently, in questions by Hon Members of the Opposition on clarification arising from the report that I

made, it was the present Leader of the Opposition himself who was the first person who intervened, I was checking on this the other day because I knew that Action for Housing had asked to see me and I wanted to be clear of my facts - it was Mr Bossano himself who suggested to the Government whether the question of people handing in accommodation which the Government could then use to reallocate should not be a factor that should be taken into account and we in the Government discussed the matter and in the Land Board and we thought it was a very good suggestion. What has happened in the intervening period is that we have never been able to put many properties out for tender that have attracted people who have been willing to offer accommodation in exchange so the issue has not arisen because if you have been putting out to tender a pre-war small and semi-derelict property in Devil's Gap Steps or in Lower Castle Road or what have you, people who live in Humphreys Estate or Varyl Begg are hardly likely to offer a four room or a five room flat in order to acquire that property. But when you put up a quarter such as Gowland's Ramp, then another issue arises altogether because Gowland's Ramp is a very large quarter, a very good quarter, it didn't require, relatively speaking, very huge sums of money to be spent in putting it into a good condition. So two things have happened in the intervening two years. First of all, we are for the first time putting out a quarter, what was a Government quarter and that has attracted forty-something tenders. How can you not expect the other forty-one people who were unsuccessful not to have a grievance? The other point that has slightly changed the situation and has made it even more important for the Government to try to recoup housing is that two years ago we were building St Jago's, we were building St Joseph's and the Government was itself therefore able to provide housing but today we have come to the end of the road. There is Tank Ramp, Castle Road/Road to the Lines, Rosia Dale, after that, nothing, so that we should acquire a three and a four roomed flat worth £80,000 - because that is what it would cost to build - is significant. That we should acquire a five roomed flat in exchange for a property which has been empty in Engineer Lane for years is also significant. These are the factors but I can assure the Hon Member opposite, if he will read the statement that I made, and I do not mind having a meeting with him and giving him a rundown and explaining to him what the allocations have been over the years, that the criteria are well laid down and that they are clearcut. Well, clearcut in the sense that we in the Land Board know what they are. What is not the same is to go to the Housing Department and look at the housing list and see that so and so has got 900 points and so and so has got 300, the person that has got 900 has a better chance but when you are weighing up a tender sum, the housing situation of that family, what they are handing in, the plans that they are submitting as to how they wish to redevelop that property, when you have got four or five factors to take into account in awarding a tender, someone who just examines barely the tenders that have been received finds it difficult to understand how it has been done. We are, I think, in the advantageous position that we have been building

up cases over the years and criteria which, by and large, have worked. There has never been criticism until now of any particular awards but if you have seventy-seven tenders for seven properties, people are bound to be aggrieved. But, anyhow, I know that Action for Housing have asked for a meeting, if they come along to the meeting with a constructive and positive attitude which this young man showed on the television discussion that night, I think, if anything, we can arrive at even better arrangements for the future. - But I can assure the Hon Member that the most meticulous care is taken and I hope that he will understand what are the new factors, new up to a point and not so new because, as I say, the Hon Mr Bossano first suggested, and it is a very valid point, that the Government should be able to acquire a flat to reallocate to other people on the housing list. Thank you.

HON J L BALDACHINO:

Mr Speaker, I welcome the Hon Minister for Economic Development's intervention and his explanations. Nevertheless, Mr Speaker, I was not putting in any way any doubt on the good faith of the Government.

HON A J CANEPA:

May I say, Mr Speaker, that not for one moment did I take it that there was doubt, I just thought that it was an excellent opportunity to explain publicly here this morning what has been happening and I am very grateful to the Hon Member for giving way and I can assure him that not for one moment did I think that there was any indication of a lack of good faith. I think, without being patronising, if there is anything about the manner in which this House is conducting its affairs, I think that there is a basis of good personal relationships which are being built and I know that other extraneous factors are not coming into our deliberations.

HON J L BALDACHINO:

Mr Speaker, and so it should be as the Hon Member has stated because we are here, the Government and the Opposition are here, to look after the welfare of the people of Gibraltar. I know, Mr Speaker, there are people who think I shouldn't be here because I am a fireman but anyway it is

HON CHIEF MINISTER:

Very important.

MR SPEAKER:

We might have to call on you to put a few fires out.

HON J L BALDACHINO:

Would the Hon Member put the honourable fire out? Anyway, Mr Speaker, it is an honest profession as any other profession.

HON A J CANEPA:

We had a garage mechanic here for many years.

HON J L BALDACHINO:

Yes, but not everybody thinks the same. Anyway, Mr Speaker, as I told the Hon Minister responsible for the Fire Brigade that he should be proud of the Fire Brigade we have today not because we say it or because the Government says it but because somebody has said it and I gave the reason to the Hon Minister for Municipal Services in the Ante Room why he should be so proud. I do not mind saying it in the House but I think it is irrelevant to my responsibility to this House in the Opposition and I most probably will have clarified to the Hon and Learned Chief Minister that I am not the spokesman for the Fire Brigade.

HON CHIEF MINISTER:

I made a mistake.

HON J L BALDACHINO:

My Hon Colleague Juan Carlos Perez is the spokesman for the Brigade; I would be very proud to be the Opposition spokesman for the Fire Brigade. Mr Speaker, going back to my original speech, there is one other interesting statistic in the Abstract of Statistics and this is that the number of privately owned rented houses is lower in 1983 than it was in 1970 thus contradicting completely the argument used in the last House of Assembly that to introduce controls for post-war properties would kill the private sector rented market. Where is that private sector rented market when there have been no controls for post-war dwellings and yet the numbers are lower in 1983 than they were in 1970? Mr Speaker, turning now to the question of public housing, it is obvious that very little has been done to build more houses since the end of the 1981 Development Programme and the end of the provision of British Government money for building houses. In 1981, the then - I had better stress this, Mr Speaker - the then Financial Secretary announced that in a situation where local houses would in fact have to be financed from commercial borrowing in the future, the cost of the houses would be passed on to the Housing Fund by a charge which reflected not the actual interest of repayment of the loan but the depreciation of the new buildings over a 60-year period and for this purpose a charge of 3% of the value of the house was considered adequate. Mr Speaker, in line with the GSLP policy of improving the accuracy of accounting methods so

as to give a more realistic picture of true economic costs on which to base policy decisions, I must question the validity of applying this thinking of 1981 to such things as the Varyl Begg roofs, the repairs to the external walls of the Tower Blocks and the modernisation of old properties, none of which can seriously be considered to be capable of a 60-year life over which the expenditure can be reflected. Mr Speaker, I would ask for confirmation from the Minister for Housing that in fact these costs from the Improvement and Development Fund are being treated the same as expenditure on new houses and that he agrees with me that in order to give a more accurate picture of the financial implications for the Housing Fund of the expenditure in the Improvement and Development Fund, the charge to the Housing Fund should be on a different basis for the new houses and for the other areas of expenditure such as the ones that I have listed. I would point out, Mr Speaker, that in fact very little of the money is going into new housing. I accept fully that this will not alter the overall financial position of the Government but in fact will give a truer picture of the real costs being borne by the Housing Fund which at the moment are masked by the much longer period over which the costs are spread. Mr Speaker, the Budget of 1984/85 makes very little provision for resolving Gibraltar's chronic housing shortage and, in fact, what is worse still, it is clear that the Government has now virtually exhausted its authority to borrow money and that the borrowing is nearly all committed, anyway, so that not only do we see a very limited attempt at improving the housing situation, but an attempt that is due to end in a very short space of time. Against such a background, Mr Speaker, the problems that the Government faces with the deterioration of the housing stock, with people living in substandard accommodation and condemned dwellings which if owned by a private landlord would lead to prosecutions, puts the Government in an exposed position of having difficulty in exerting pressure on private landlords to improve the quality of the houses they provide when the worst landlord in Gibraltar in this context, Mr Speaker, is the Government itself. Mr Speaker, the Government has got no answers for this problem as it has no answers for any other areas of the economy for which this Budget is a fiasco as we predicted in the election campaign that it would be.

HON MAJOR F J DELLIPIANI:

Mr Speaker, may I congratulate the Hon Mr Baldachino on a very well balanced maiden speech. I have enjoyed his analysis, his tone and the obvious desire that he has to work with Government even though they might not agree with us on some things, for the good of Gibraltar. Mr Baldachino made a remark that the Government plays with words, I think all politicians play with words, but there is no more able politician who plays with numbers than Mr Bossano. Mr Speaker, I am not only going to touch on my own Ministries but at the risk of the wrath of my Colleagues because I think it involves my own Ministries indirectly, I am going to touch on some of the Ministries of my Colleagues and I hope that I

will not be lynched afterwards. One of my favourite programmes is 'Yes, Minister' and one likes to think that does not happen in Gibraltar, maybe it does happen in my departments and my Directors are even cleverer than Sir Humphrey and I do not even notice but I do not think so. But I certainly get the impression that it happens with the UK Government in respect of policies which affect Gibraltar. I remember when Mr Ian Stewart was here, when we had some very tough bargaining on the question of land, how impressed I was by this gentleman and I came away from the negotiations quite satisfied in respect of the deal we had made on land. Unfortunately - and I say so in my private capacity if I am allowed to - I have not been impressed by the enthusiasm that Mr Stewart showed in the handing over that land by the expatriate mandarins in Gibraltar and some of them wear uniforms. Unfortunately, or maybe, fortunately, I did not have the privilege of meeting Mr Lee, maybe my Colleagues decided because of the way I say things it would be best for me not to meet him but I am not impressed with the way the local UK administration are cooperating with Gibraltar, no matter how sincere the Ministers in UK are. Unfortunately, they still want to maintain the same standard of living that they have enjoyed in the colonial past and they have not realised that the wind of change has also come to Gibraltar, not only to Africa. We cannot have a situation where the Admiral - and he is a lovely guy, he really is, he is probably one of the best of the lot - has an area which is double the size of the area of Humphreys, of all the buildings in Humphreys, I am not quite sure but almost double. It is certainly double the area we have at the Gasworks so you can imagine how many flats we could build there and, as I say, the Admiral is a lovely guy but he probably wants to keep it for the next Admiral. The other thing that I am rather disappointed is a statement that was made recently, I don't know who but certainly not on our part, was that the Coaling Island was not negotiable, they wanted it for themselves and that's it. It is a very comfortable situation to take: "We want this bit of land because it is essential, but we will give you this little bit in between, it doesn't matter that if you develop this into a lovely tourist scheme, you are going to have a dirty looking submarine sticking out or a destroyer, it doesn't matter, we need it", it is a very comfortable situation to be in. It still serves because we need their defence but when they don't need the defence requirement of Gibraltar I wonder what their attitude will be because they might say how valuable Gibraltar is as a Naval Base but things change. They send us a guardship and the next day because it was more viable for their NATO commitment, probably in the North Atlantic or in the Baltic Sea, whatever it is, they have taken away the guardship. They didn't consult us, they just took it away so the time will come when they won't consult us and take away the Naval Base and then all the tourist development will be absolutely haphazard because we haven't had a planned tourist development because of all the little bits and pieces that they are still leaving behind. I am sorry if I have dwelt on this problem for long and I have taken it

from my Hon Colleague's Ministry but it is something that I feel very strongly about. The next question that I am touching, because the Hon Mr Feetham brought it in his intervention, is the question of job creation. I am touching the question of education and the College of Further Education. The College of Further Education is becoming more and more essential to Gibraltar for the development of the manpower requirements of Gibraltar and I say this because at the moment in one particular respect where I can see a gradual increase in the economy of Gibraltar is in the Finance Centre groups and offshore banking, etc, etc. But we are not producing the right type of personal assistance that these people require because unfortunately the trend now, and certainly it applies to the Girls' Comprehensive School, the trend now is that the people who go for the secretarial type of work and they only end up learning how to type and copy-typing at that, is that the lower academically inclined people go for this type of occupation and the brighter ones aim rather higher to go to the UK or end up as Clerical Officers, when there is a real, I think, need for Gibraltar and a very remunerative profession if you can produce a really good personal assistant and by personal assistant I mean a secretary who can audiotape, who will know how to deal with computers, with word processors, telex, etc, etc. And there is this need because everybody who comes from UK either poaches from existing people or bring their own. There is a growth area but that can only happen when we have the Business Studies of the College of Further Education on its proper footing and we can encourage the young people of Gibraltar that if they want to stay in Gibraltar they have to realise that they have to gear their occupation or profession to what the needs of Gibraltar are. If they do not want to stay in Gibraltar they can carry on being nuclear physicists and astronomers but if they want to stay in Gibraltar they have to set their sights on what will become available in Gibraltar in the future. I think we should develop this because we must become as self-sufficient in labour as possible and this area of self-sufficiency must cover the whole spectrum of our economy because if we look at the hotel and catering trades the proportion of local labour, and some of the jobs are very remunerative, there is hardly anybody there. A good chef will get a lot of money there are no local chefs, nobody is interested. What I have said before I will say again, we need to change attitudes. If they do not want to stay in Gibraltar by all means they can choose the occupation they want and leave Gibraltar but if they want to have jobs in Gibraltar they have to gear their occupation to the requirements of Gibraltar. I asked for the young people to give me what their requirements were, what their likes and dislikes were, and I ended up with about forty or fifty electrical fitters. What the hell do we do in Gibraltar with an extra forty or fifty electrical fitters? There is no job for them; twenty or thirty beauticians; forty hairdressers; there just isn't that market for it. The attitudes must change if they want to stay in Gibraltar, that is all I am saying, and I hope that it should be certainly our own attitude in the House that we must encourage our young people to stay in

Gibraltar because otherwise in the long run we will lose the fight to keep our identity as Gibraltarians. I hope Hon Members will agree with me that it is not just a question of educating for the sake of educating so that they can go away from Gibraltar. There must be an element of career orientation towards the needs of Gibraltar if they want to stay in Gibraltar and if we want to keep Gibraltar for the Gibraltarians because it is quite ridiculous that we have occasion to bring expatriates in because people have not trained in the particular field that we want them to. I also extend a welcome to the Hon Mr Feetham. I didn't hear his radio broadcast but without having any knowledge of what I said to the young people of my schemes - that still have not been approved by Council of Ministers - that they are, in my own words and with due respect and modesty, quite sensible and I would welcome Mr Feetham to come to my office if he has any other ideas to produce to give to me, I will incorporate them in the schemes that I have and I will share and I will discuss the schemes in proper detail with him and if he comes up with a better scheme or he comes up with good suggestions I will announce it in the House that it was Mr Feetham who gave me the idea. I have done it before, I will not take credit where the credit is not mine because I know we are both working for the good of Gibraltar. May I now come to the question of the contribution by the Hon Mr Mor. I will be announcing in May or at the next House of Assembly, I hope it is in May, that the credit system that we introduced through the motion by the Hon Leader of the Opposition for the people from 60 to 65 will come into force as from January, that was the decision that the Government took. May I also say that even though the motion was brought by the Hon Leader of the Opposition it was something that we had discussed in the Manpower Planning Committee at earlier stages. It was something that I, in fact, felt like him that there was a need to bring in the question of credits to a realistic manner because of the problems that we had which did not exist before, it only came about because people were being forcibly retired and when we became aware of the problem we discussed it and I kept telling him: "This is one of my biggest problems" and he brought the motion which helped me to convince the Government to bring the credit question into it. Yes, it will be backdated to January, to the first paying week of January. The question which is a hot potato for everybody of the retirement or old age pension from 65 to 60. Yes, it is still my aim of policy but if I brought it now we would probably be paying £10 a week in contributions. It really is an aim of policy, it is something that the left side of me, the socialist part of my heart wants to introduce but the centre part of me stops me because I am realistic, I do not think we are in a position where we can afford to at this moment. The same applies to the supplementary benefits. Of course, I would like to increase supplementary benefits but unfortunately I am not like Mrs Thatcher, I haven't got the oilfields that she has where she can afford to have over three million people unemployed indefinitely. I would love to increase supplementary benefits, we do increase them on a

yearly basis based on the formula that we have for the old age pension. On the question of home ownership I think the Government has made a start and I would agree with Members opposite that if we have enjoyed having television sets and videos and all the rest, it has been because the people of Gibraltar have never had the opportunity to be able to buy houses because there has never been the land to buy those houses, the land has always been owned by the colonial power. I think the Financial Secretary mentioned that videos have gone up by 50%, maybe when it goes up to 100% then the people of Gibraltar will start thinking: "We cannot buy anything else, we will go now into buying our own houses", but, unfortunately, I think the computer stage is coming in now and they are buying computers. I hope that the attitude of people and certainly young couples are changing. They are realising that the most important thing that they must have is a roof over their heads and not an expensive car and the latest computer or the latest video. If there is one thing, and I am not as much as a socialist as Members opposite, that I have always been tempted in doing is to nationalise one of the banks in Gibraltar. I think it is disgusting that on two occasions that the Gibraltar Government has gone out to borrow money, two outside banks have given us better terms than the local bank. I think it is absolutely disgusting with the money they have made in Gibraltar over the years. And if there is one bank that should make a real effort in helping young people to acquire their own homes it is this bank and I wish the Financial and Development Secretary the best of luck. The question of - gosh, I am talking so much, I have never talked so much in my life but I have three Shadows, Sir. The Government will be going ahead with the Landlord and Tenant Act, we hope, sometime in July. The delay has been because of the Rent Assessor which we have now agreed to, not only a Rent Assessor but because of the impact that the Ordinance will have we have also allowed for a temporary Assistant Rent Assessor so that the process can be hurried and done more properly under a shorter term and also in this bureaucracy we had to print a lot more forms now, lots of forms have to be printed with regard to the Ordinance and this has not been done but we hope that it is done and it will be introduced in July.

HON J BOSSANO:

If the Hon Member would give way. Can I ask him one thing? In the implementation of the thing will in fact the Rent Assessor on his own initiative be assessing rents or will he only do it if he gets a complaint from either the landlord or the tenant?

HON CHIEF MINISTER:

He has a statutory duty to do it the first time, then after that on request.

HON MAJOR F J DELLIPIANI:

I think I have covered most of the points raised by my Shadows on the opposite side. I would like to end with a question for the opposite side because they have closer contacts with certain trade unionists who like to use the words 'working class' and he mentioned it in reference to the increases in rents that the Government has announced, that it was an onslaught on the 'working class' of Gibraltar. I really do not know what 'working class' means because I know of somebody who maybe qualifies as 'working class' who works in the Generating Station who earns more than all of us, he earns £16,000 a year and he wears an overall and he is 'working class'. Certainly he earns more than I do so maybe Members opposite who have more contact with him can clarify what 'working class' means because in this day and age, certainly in Gibraltar, I do not know what 'working class' means.

HON J L BALDACHINO:

If the Hon Member would give way. I am quite in agreement with what he has said about working class but the clarification I give is not on working class but on what scale of pay one is. You can be a working class and be in the highest paid scale or you can be a lower paid working class. I will try not to refer to working class but if I ever do all I am referring to is the scale of pay you are in but I think nearly all of us are working class.

HON MAJOR F J DELLIPIANI:

I am grateful to the Hon Mr Baldachino. I can assure him that I know the way he thinks but it is just that some people who live in the past and use the language of the trade unions of fifty years ago still use this language because it sounds marvellous but it doesn't mean a thing. Fifty years ago it was necessary to talk about working class and bang on the table. In conclusion, may I apologise to the House for speaking too much, it is usually not my way.

HON J E PILCHER:

Mr Speaker, I would like to concentrate my contribution not on specific issues although I will be making specific references to actual expenditure and pointing out to the Minister and giving notice to him of things that I will be asking in Committee Stage, specifically about tourism which is one of the departments that I shadow, but I will be referring to the wider implications of the Budget and how it reflects on the matters which are affecting Gibraltar at this time. The Budget, Mr Speaker, is all about coordinated planning behind how the Government taxes and borrows and how it spends and invests thereby helping to generate employment and redistribute wealth. These words, Mr Speaker, must

undoubtedly be familiar to the Government benches. It is, in fact, a direct quote from the Hon Mr Canepa's intervention of last year which he repeated in much the same terms this year. It is as untrue this year, Mr Speaker, as it was, indeed, last year. There is no coordinated planning, no coordinated expenditure or investment. It is, in fact, the same kind of Budget that we have had since I, at least, can remember - what I have always called a shopping list Budget, Mr Speaker, similarly to that used by a housewife in her approach to her every week shopping - balancing expenditure to income. The Government does this in reverse - balances income to expenditure - but the principle is the same although I would add that if the housewives balanced their weekly budget like the Government has balanced this Budget, the arrears of the Government would certainly be much higher as the husbands do not have enough money to pay their bills, expenditure being £52,519,100 and income being £50,339,500, £2m difference, £1m if we take into account the measures of revenue advocated by the Government. This is obviously draining our limited reserves and I say limited advisedly because we have already stated when we discussed the Auditor's motion and in fact the Hon Leader of the Opposition has stated it in his contribution in the Finance Bill, the actual state of the reserves do not reflect the exorbitant amounts owed to Government. Mr Speaker, having said this, I will refer to the Hon Mr Canepa's intervention who said that this kind of Budget - a 'holding Budget' he called it, and I do not know what we are holding and how long we are holding it for and when we are going to start moving, Mr Speaker - was a direct result of the extreme financial difficulties which if unchanged would result in economic chaos by this time next year. Mr Speaker, the Hon Mr Canepa, with all due respect, seems to be getting senile. He put the blame on the British Government and he said that the £28m is not enough and that anyway part of that money is going back to the UK and that the land question is not moving quickly enough with the underlying suggestion that projects like the Causeway are meeting so many obstacles as to being pushed back and the timetable suffering consequently. Mr Speaker, we welcome this speech although I do not think that the same is true of his own Colleagues sitting beside him as I was studying their faces as the Hon Mr Canepa was delivering his speech. But I say that the Hon Mr Canepa is getting senile in that he is mistaking the arguments of one side of the House with the arguments of the other, Mr Speaker. I could understand this, Mr Speaker, if this speech had come in 1986, 1987, but it is only two months ago that the election campaign was fought and that the GSLP was saying this and that he was defending the opposite by saying that the package was the best that Gibraltar could get and that this was due to the statesmanship, qualities which we all accept, of Sir Joshua, in fact, we accepted that the £28m is all we were getting. Is he now echoing the DPBG policy during their election campaign who said that they could get more and that after all he would have to go back to the UK Government which is exactly what he said when he was referring to the economic programme as regards tourism and he said that we will have to go back to the UK to get more money for tourism?

MR SPEAKER:

But I think, in fairness to Mr Canepa, he distinguished the aid being given insofar as the Dockyard was concerned, the £28m, to the ODA element which he has failed to obtain but I do not think he equated one with the other in any manner or form.

HON J E PILCHER:

I realise that, Mr Speaker, but he was speaking of the financial difficulties as regards the estimates this year and the picture has not changed at all for the past two months, there is no great change between two months ago, in January when we were fighting the election, and today, the financial picture is exactly the same and what I am referring to is the fact that this financial picture was not painted to the electorate in this way. Be that as it may, Mr Speaker, I take your point and I will not go into that again, the fact is that we are at this stage discussing the Budget which reflects a very gloomy economic picture and yet, Mr Speaker, the Government is over-borrowing and I will explain this, Mr Speaker. If we go to page 92 we will find that the total expenditure in the I&D Fund is £8,703,344, that is the total expenditure. If we take out of that the total ODA received which is £4,972,000 we find that the Government is using £3,730,000 of its own money and yet it is borrowing £4½m which leaves a surplus of over-borrowing of £769,163, Mr Speaker. We find that we are having to pay interest on money which the Gibraltar Government is not intending to spend in this financial year and thus compounding their own plight. There is no logic to their madness especially if we take into account that the I&D Fund has already got a surplus of £703,000 brought over from the last financial year. Is this synonymous of coordinated planning? At least in my mind it is not synonymous of coordinated borrowing. I think that this is a good moment to answer the point made by the Hon and Learned Chief Minister when he said that we in the Opposition and more specifically the Hon and Numerate - and this is I think how the Hon and Numerate, obviously suggesting that we should call him the same - Leader of the Opposition should reveal or at least help the Government in letting them know what our economic plan is or at least what direction we should give the economy. Firstly, let me say that certainly that is not the aim of an Opposition, Mr Speaker, the aim of an Opposition is to replace the Government and, secondly, Mr Speaker, the Government know what we mean by this and are capable of producing their own economic plan and I will prove it. In the Tourist Report - I know we are not discussing the Tourist Report, Mr Speaker, but in the Tourist Report, just beside page 71, Appendix A, the Government have briefed the writer of the Report, Mr Pitaluga, have given him a realistic brief 'To examining the past and current tourist industry of Gibraltar against the background of the European and (particularly) UK holiday markets with a view to recommending long term policies that will positively affect the economic

and social life of Gibraltar'. This is, Mr Speaker, what we mean by an economic plan, this is the philosophy behind the GSLP, in using Government revenue to aim it and to direct it at a specific policy whether it is tourism, I won't say that the GSLP would do the same, but if it is tourism then we agree that that is the Government plan and this is the way when the Opposition talk of an economic plan this is exactly what we mean, we do not have a readymade economic plan, it is using the philosophy behind where you want to gear your economy and using it accordingly. I think it is the Government's responsibility to do this because they have the resources and they have the expertise and perhaps if the Hon and Learned Chief Minister could convince the Hon Financial Secretary that instead of giving us literary debates and talk of Shakespeare and Orwell and Dickens he concentrated in preparing an economic plan for the Government perhaps we would not have this situation. I refer to page 70 of the same Report which says - and I know this is referring to PA Consultants in January, 1971, but I think the argument is the same: "Many previous reports have suggested improvements in the tourist product and many of these improvements have not been implemented". This is the history of the Government. They have the reports, they have the resources and the expertise but they just will not bother to gear their economy towards any specific point. And it seems to me, Mr Speaker, that it will not be the tombstone of the Hon Leader of the Opposition that will be the one that reads: "Here lies Joe Bossano who went to his grave without revealing his economic plan", but rather one that says: "Here lies Sir Joshua Hassan who never learned what an economic plan was". I would like to concentrate on the main problems facing Gibraltar and how these are tackled by the Government as far as expenditure is concerned, unemployment being one of our big problems, at least big in comparison to other years and certainly frightening in the proportion that it could reach if the present trend does not change. We welcome the statements made by the Hon and Learned Chief Minister and other Members opposite that Government will not curtail expenditure by cutting back on jobs and we heard the Hon Chief Minister in the Official Opening of the House give us a synopsis of the measures that are going to be implemented to curtail unemployment. We reserve our welcome to this until we see in what way and when this will be put into practice. The estimates, however, Mr Speaker, do not reflect any movement towards job creation in major projects or, indeed, and although there is a vote for the Technical College as far as lecturers is concerned this is still pending and there is no movement in educating our youth for job diversification so important in fighting unemployment. Mr Speaker, last year the Hon Mr Canepa said that the Government would be transferring money from the Improvement and Development Fund to boost the construction industry, £1.5m, in fact from the Consolidated Fund to the Improvement and Development Fund, I am sorry. Although this was not entirely correct as part of the money was passed to the I&D Fund to cover the deficit of £3.2m, notwithstanding the £1.5m were passed to the I&D Fund but this did not stop the decrease in

the industry as shown by another 100 jobs, in fact, a 20% of the industry shown in the Employment Survey 1973 but it might, Mr Speaker, have curtailed any more collapse of the construction industry and yet we find that this year we have a surplus of £1.5m roughly, the same as was passed last year from the Consolidated Fund to the I&D Fund and yet we are not spending this money to put it into projects to curtail unemployment.

HON A J CANEPA:

Mr Speaker, if the Hon Member would give way. £1.5m have financed the building of thirty-something flats at Rosia Dale, that is what that money has gone for.

HON J E PILCHER:

The money that was passed last year, £1.5m.

HON A J CANEPA:

Has gone to build Rosia Dale.

HON J E PILCHER:

I take the point, Mr Speaker, but the point I am making is that this year we have £1.5m surplus so we will have £1.5m of surplus which, as I have explained, comes from slight over-borrowing and we are not using the money for any specific purpose.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, if the Hon Member will give way. I did in fact propose to cover the points which the Hon Member and I think the Hon Mr Feetham earlier made on the balance as at 31st March, 1985, in the Improvement and Development Fund and that is the only reason why I have not intervened before now.

HON A J CANEPA:

I think, Mr Speaker, it is worth pointing out again, if the Hon Member will give way, I think Hon Members opposite other than Mr Joe Bossano seem to have a misconception as to how the I&D Fund works. They do not seem to understand how it works and I think there is a danger in developing that argument by successive speakers which I am sure that the Financial and Development Secretary will explain to them how it is working but I think that they have got a misconception, it is an on-going thing from year to year. It is a capital account.

HON J E PILCHER:

I take the point made and perhaps we will be enlightened when the Financial and Development Secretary replies. I would like the Hon Financial Secretary to put us right if we are wrong but the point still remains that there is £1.5m surplus in the I&D Fund as opposed to £3.2m deficit last year which is not being spent this year, Mr Speaker. This brings me to commercialisation and I will remind the Hon Financial Secretary that he told me in the last House that he was going to give me the terms and conditions under which the new managers, Messrs Appledore, have been contracted with the Government. This has up to now still not been forthcoming and just to remind him that I have not forgotten and perhaps it is because he does not know himself but that is beside the point. It brings me to commercialisation because it appears to me that this is the area in which the Government is pinning all its hopes, its hopes in the increase of construction, in job creation, wealth, etc, and I think that the Government is mistakenly putting all their eggs into the one basket irrespective of the fact that they said that this was not the case during the election campaign. One word of advise at this point, Mr Speaker, and I am repeating what the Hon Leader of the Opposition said in his intervention, I think, on the Finance Bill and that is that the Government is the owner of the Gibraltar Shiprepair Limited, Mr Speaker, and as such are responsible to the people of Gibraltar. It is alright giving Appledore a free hand in negotiations but when problems occur, Mr Speaker, and it seems to me that the negotiations between Appledore and the Transport and General Workers Union are getting very near to deadlock, then it is the Government's responsibility to step in and liaise in order to ensure that this free hand which they have given Appledore is not in fact working against the people of Gibraltar. The visit of Mr Lee - and I am talking about commercialisation and the package which was granted to the Government - highlighted all the obstacles in the path of the Queensway development echoing what we, in the GSIP, have always said. He was, in fact, saying that the project would need years, and I think Mr Canepa will agree with me, would need years to get off the ground if at all. I think if I may just turn to last year's Hansard, page 158, the Hon Mr Canepa was saying: "I always say, Mr Speaker, that I am a frustrated Minister for Economic Development because I keep on bringing projects on stream and because of what I would call the crisis of confidence surrounding the non-event on the one hand", and he continued to talk on the Dockyard closure. We on this side of the House, Mr Speaker, have no crisis of confidence, what we have is realism, Mr Speaker, we have our feet firmly on the ground. The Hon Mr Canepa was delirious over last year's projects like Casemates, the Command Education Centre, pedestrianisation of Main Street, which do not appear in this year's estimates, by the way, the pedestrianisation, the plot of land beside St Martin's School, etc. Not one of these projects has materialised, Mr Speaker, so he comes back this year with the same projects adding on the Queensway development and the Rosia Bay development. Quoting his own

words, Mr Speaker, he must really be frustrated if he thinks that from this side of the House we are going to believe that any of these projects, or at least very few of these projects, will materialise at all. None of these projects if they do materialise will come in time to save the impending doom which the Hon Mr Canepa was referring to yesterday in his intervention on the Budget. I must say that the development of Queensway will get off the ground, Mr Speaker, late this year or early next year but when I say this I do not refer to the Queensway development, there is a difference, Mr Speaker. The development of Queensway is what the MOD are referring to in the expansion of Coaling Island and the expansion of No. 4 Dock to meet the new Naval Base era whereas the Queensway development is what the Gibraltar Government mean by the 10% of Queensway they are getting to develop as far as tourism is concerned. The MOD are replacing all their berthing and docking facilities in Coaling Island and No. 4 Dock, as I said. I cannot see, Mr Speaker, anybody coming in to develop a site which is sandwiched between a Naval Base on the one hand and a commercial Dockyard on the other and obviously the many pre-conditions that would be put on a developer given that the area would be an operational area for frigates, submarines, etc. To develop Queensway would be an asset for tourism, Mr Speaker, given that according to Government's own statistics, the Tourist Statistics for 1982, 15% of the overall tourist expenditure was from visitors on yachts, in fact, it was £1,710,000 but I am afraid, Mr Speaker, that the Queensway development, at least for the foreseeable future is pie-in-the-sky. "It is vital that if the Dockyard closure proceeds that the alternative should provide a firm foundation for our economic future" - again the Hon Mr Canepa. The Dockyard is closing and the Hon Mr Canepa must admit that the Queensway development will not appear this year or the next financial year, it is in fact a long way off hence what does the Government have to say when their acceptance of commercialisation was hinged on the Queensway development and we all know that the Dockyard commercialisation will not substitute the MOD Dockyard? I refer to the Ceremonial Opening of the 5th House of Assembly where the Hon and Learned Chief Minister said - talking on the Report of Tourism - that the Government were in fact going to look into tourism and make it the other pillar of the economy of Gibraltar. I think the Hon Chief Minister pre-empted statements I was going to make on this, in fact, I was going to mention whether the Tourist Report was going to be kept secret but, obviously, since we have been handed it in this House I cannot say this. But it does not make any difference whatsoever, Mr Speaker, in my intervention at all because again if I can refer to the Report, in page 64, the Report says: "In formulating them" - and it is talking about the Report - "I have ignored the financial constraints on the Government. If they are approved they will have to be costed and ways and means found of providing the money". This, Mr Speaker, together with the intervention of the Hon Mr Canepa yesterday who said that the only way of funding tourism would be to go back to ODA and we all know that ODA has in fact not approved many a venture on

tourism, seems to indicate that we won't have this tourist boom, Mr Speaker. In fact, if it was anything different I would still continue with the same argument because as you rightly pointed out to the Hon Mr Feetham yesterday we are discussing this year's expenditure and in this year's expenditure there is absolutely nothing, Mr Speaker, on tourism. If I can refer to the areas of tourism as such, tourist expenditure, Head 24, page 79 - Advertising and Field Sales £250,000 as opposed to £231,000 of last year, obviously taking into account levels of rising cost of living and rising advertising and things like that are not an increase. If you go to the I&D Fund you will see that there is absolutely nothing that reflects any thrust in tourism and I think that my Hon Colleague, Mr Michael Feetham, did in fact mention the urban development which is an on-going process and not something new that is being pushed as far as tourism is concerned. I have to refer to statements made by the Hon Chief Minister, I am getting worse than the Hon Leader of the Opposition, Mr Speaker, with so many papers, the Hon and Learned Chief Minister when he was talking to the Institute of International Affairs when he said that one of the aims of the Government was to make Gibraltar one of the most popular and rewarding places to visit but he did qualify this by saying: "We are not taking into account the possible reopening of the frontier", and I think this was echoed by the Hon Mr Canepa when he said: "I have never pinned our hopes on an economic bonanza with an open frontier". So the impetus is, I take it, the impetus and thrust given to tourism without taking into account an open frontier and this, Mr Speaker, is not, as I said a moment ago, is not reflected in the estimates although I realise that perhaps the answer would be: "Well, we are studying the report to the Chief Minister on the tourist industry", but as I said before, it is very depressing to hear what the Hon Mr Canepa said as regards having to go back to ODA in order to be able to fund any thrust on tourism. On a last note, Mr Speaker, although I realise that this has not been the case in this House although this was mentioned by the Hon Financial Secretary and the Hon and Learned Chief Minister when they referred to the adverse conditions of an open frontier, we are convinced, Mr Speaker, that when we look at the statistics, the statistics do not properly reflect the state of the financial movement of capital towards Spain. We are convinced that the state of the economy is a direct result of Government's inability to give a concrete direction to the economy as shown this year reference tourism when they have been making statements and I think it was, in fact, the 14th November as regards the thrust being given to tourism, we have the report which has just come out which I will not comment on the fact that in his opening speech the Chief Minister said: "For the moment, I will simply say that the report has been written after close consultation with all sectors and I will shortly be making a statement", he said when he was referring to tourism. I will not comment on the meaning of the word 'shortly', I think this has already been described by the Hon Mr Baldachino but certainly, Mr Speaker, it appears to me that shortly in that term - and I take it that this means this financial year as was already explained.

HON CHIEF MINISTER:

If the Hon Member will give way. It is a completely different interpretation of 'shortly'. Certainly within this financial year it would be ridiculous not to mention that but, unfortunately, and this is only fair and I have kept the report at the date as at which I had the first draft. It has taken physical time and additional time to complete the report. When I spoke I had the draft report. If you see the report is dated the 17th February and it has only been made available now because it has only been finished now, in one sense. I do not want to apportion any blame but the person who is doing the report and producing the report and completing the report has got twenty other things to do and that was the Administrative Secretary. That is why at that time I didn't think that it would take so long to get the report but the word 'shortly' from now is as valid as it was when I said it.

HON J E PILCHER:

I thank the Hon and Learned Chief Minister for that. As I was saying, statistics do not reflect properly the adverse effect of the opening of the frontier because in the statistics the drop in construction industry and the fact that there has been a drop of 100 employees in the construction industry and obviously a loss of import in bricks, cement and that is not actually quantified but only mentioned and a drop in tourism as well means the figures must be considerably less, Mr Speaker. I am referring to the drop in tourism as contained in the Tourist Survey Report. Unfortunately, we only have the Tourist Survey Report of 1982 because the Tourist Survey Report of 1983 will undoubtedly not come out until May, 1984, Mr Speaker, although perhaps the Hon Minister for Tourism might have these figures already in hand and might be able to enlighten us if what I am going to expand on now is true. But taking into account the figures for 1982 we have all visitors to hotels increased by 4% but the actual tourist arrivals fell by 6% and therefore the tourist expenditure for 1981 was 10.9 and the tourist expenditure figures for 1982 was 11.4 no increase in real terms. However, Mr Speaker, this year and I am only basing myself on the Hotel Occupancy Survey which said that the decrease in tourist arrivals had been something in the region of 10.5%. If we take this into account then this is a further decrease over and above the 6% last year of at least a 4.5% or 5% which must of necessity reflect in the overall tourist expenditure by something in the region of at least 2½%. This must also be taken into account when we are looking at the adverse effects of the opening of the frontier and of the money that is staying here or going away we have to deduct all these things of money which is no longer circulating in Gibraltar. I am saying this because although I am glad to see that the Government have in no way used this as an excuse for the financial difficulties, at least they have not pointed to it directly in this House, it is not right to say that this is the case unless we quantify exactly what we mean, Mr Speaker. I think that it is a question and I take

what the Hon and Learned Chief Minister has said of giving the economy a direction, Mr Speaker, and I urge the Hon and Learned Chief Minister that if they have decided that tourism is what Gibraltar, as far as the Government is concerned, is going to look at to be the second pillar of the economy, then I suggest that a drive must be made in this area and be made soon because the figures for 1984, as far as tourists is concerned, are very, very gloomy indeed, Mr Speaker. Excuses are slowly dying, lack of airseats was the excuse used last year by the Hon Minister for Tourism and yet we find that in this year's estimates, Mr Speaker, on page 9 - Revenue - Airport Departure Tax, the Government have only estimated that the revenue in this area will be £53,000 as opposed to £67,000 was the approved estimate for 1983/84 and which came to £65,000 in the revised estimates, so there is a drop of £12,000 which the Government considers will be a drop that they will have this year in airport departure tax, obviously thinking that they will not get either the tourists, and I realise that there is an element of people in Gibraltar who will not use the airport to go on holiday as they are going across to Spain but nevertheless there is £12,000 - I was referring to the fact that the Hon Minister for Tourism cannot use the excuse this year of lack of airseats, that is what I was referring to, which he used last year in answer to an intervention by the then Hon Bob Peliza, he used this particular excuse and this excuse cannot be used this year. I think just to wrap up, I suggest that once and for all a real try is to be made if the Government in fact have decided that tourism is going to be the second pillar of the economy and let us get on with it once and for all, Mr Speaker. High falutin statements are not enough and I refer again to the Ceremonial Opening of the House where the Chief Minister said: "A particular point made in the report is that tourism, as a business, cannot be run effectively if it is to be subjected continuously to political controversy. I hope that this is one area in which the Government and the Opposition will be able to work together for the public good". Well, I take up what the Hon and Learned Chief Minister said and I am quite prepared to work with the Government in order to make if, as I say, this is the direction that the Government wants to give the Gibraltar economy to try and work together with the Government to give the economy this direction, Mr Speaker. One other minor point which I had forgotten and this is that I welcome the fact that under the Finance Bill although perhaps I should have said it then, they are omitting the expression £150,000 and substituting the ceiling at £75,000 for development aid. I think this is a welcome move, Mr Speaker, and certainly one which I have been told about when I have met people in the hotel industry and people in the tourist industry as such and although I accept that the Government has to keep control over these things and make sure that this is not abused nevertheless it is a welcome move and one which I hope will produce people with less amount of money to be able to start small businesses which will help tourism. Thank you, Mr Speaker.

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HON H J ZAMMITT:

Mr Speaker, I would like to thank the Hon Mr Pilcher for his contribution, particularly on tourism. I was expecting a much stronger attack but it has been diverted elsewhere and I say that, Mr Speaker, because under normal circumstances in considering the impetus that Government has clearly stated certainly since last July upon the return of the Chief Minister from London and the announcement of the Dockyard commercialisation, since then to date the Government has constantly been making meaningful references to the impetus and to the importance of tourism towards the economy and one has to accept that in tourism it is a business and therefore I was under the impression that Members opposite who have done their homework, and I commend them immensely for this, being the first one that they have done, that they would have looked at the tourist expenditure and said: "Well, where is the impetus that they are giving?" It is, with respect to the Reverend Mr Mor a 'status quo' - Hon and Reverend since he spoke in Latin, I think. It is, Mr Speaker, and I hope Members opposite will accept this, the Government has decided to just contain the present situation pending the outcome not just of the report that is laid before Members opposite but other very important factors, staffing matters and a greater all-round study of how we can make sure that whatever we plant into tourism we will certainly reap the benefit. Mr Speaker, I will bore the House no longer on that because I think that Members opposite will accept that certainly I, as Minister, am not happy with the present state of affairs if, in fact, the meaningfulness that we are talking about on tourism is in fact meaningful and therefore there will have to be a case and in fact I think, although it has not been clearly said here, there will be certainly in this Department if tourism is to be given the impetus there will be a need to come back to the House and ask for substantial increases in expenditure. Mr Speaker, what the Government, obviously has concluded, not only from the report which I must say I think the Administrative Secretary should be highly commended because he has looked at the tourist aspect of Gibraltar in a pretty wide sense from an entirely outside view and I say that because in my experience in tourism I have not yet found either people in the trade or people affected in tourism having a similar view, everybody has diverse views on what we are doing wrong, what we are doing right or both of them put together and therefore I consider it important that somebody of the calibre of the Administrative Secretary as an outsider without any vested interest one way or the other including, may I say, a political interest, should come out with such a clear report as he has. Some of the report, I think, requires clarification and requires questions asked but in the main it appears to be quite a comprehensive report and I commend him sincerely for that because he was in his own words in the report 'verging on ignorance' on what tourism is all about but he has done an extremely good job. Mr Speaker, it is absolutely true that the Government over a period has had a number of reports, the PA Consultants Report of 1971 that the Hon Mr Pilcher

referred to, the Input/Output Study, the PAIDA Port Study and various others coming from consultants, our own advertising and public relations. I think it would be cheating ourselves if we are not at least honest with ourselves. It is absolutely true that none, or may I say, very few of the recommendations in the reports concerning tourism have been fulfilled but let us also say and accept that they have not been fulfilled because there has not been a need to fulfil them because we have been allowed or permitted or accustomed to having a defence expenditure of 60%.

HON J E PILCHER:

Lack of foresight.

HON H J ZAMMITT:

Well, I can accuse other people of lack of foresight before certainly this Government came into power but nevertheless, Mr Speaker, there was not a need for it and therefore although one of my predecessors, Mr Abraham Serfaty, was always saying that his mission as Minister for Tourism was to articulate the 40% upon the 60% defence expenditure there were very many people then on this side of the House who should have been on that side permanently, who were saying: "No, you should not do that, stick to defence, that is everlasting". Well, that is now crying over spilt milk but the AACR did have the foresight many, many moons ago to do that. But it has been difficult, Mr Speaker, because it is not easy to understand the real value of tourism and even the Leader of the Opposition with his acumen as an economist is not totally encouraged and enthused by the value of tourism unless of course, I think he mentioned in the December meeting of the House of Assembly, the last straw on the back of the official Opposition then, he was not convinced, and I agree, unless it was cost effective, what we were ploughing in and what we were recouping. It is so difficult to be able to assess with total accuracy exactly what, where, who and why but we do know that tourism even at the low ebb that we have been over the last few years has contributed over £11m to the economy, generally, and some £2m in direct profit to the Government and there are hidden profits that we sometimes tend to ignore. The Hon Member mentioned departure tax, it comes under page 9 hidden away, absorbed by our Financial and Development Secretary very nicely, but it is revenue generated by tourists, the duty free shop, basically, the profits are generated by tourists, the income of St Michael's Cave and sites, that adds up to £200,000 that comes from tourism which people very quickly seem to overlook. I do not know if the Members opposite although they have the report if they have the other five separate papers, probably they haven't I can tell them it concerns staffing matters and other ideas which, of course, have to be looked into. The thinking is that we are not looking at tourism just to spend more money on advertising or whether we should go television or what, no, we are looking at tourism to better the product,

open up - and I say this without even smiling - the treasures of Gibraltar and let me say that sometimes we seem to overlook what we have and this was seen only last week when I attended a function of a first time ever military history tour that was brought out by Both Worlds and it is fantastic the interest and the benefit that Gibraltar would get by these organised tours in looking at Gibraltar's very rich history not only military but otherwise. It is in the context of trying to convince people of the importance of tourism, of trying to convince ODA, and I pause here and I think I should clarify, where they have been saying to us constantly that they will support projects which are revenue earning and open up job opportunities, well, invariably in every report that has been written on tourism, tourism is stipulated as being the greatest investment both to the economy and for the opening up of job opportunities, so it could well become the second pillar if not the first pillar of Gibraltar's economy with or without an open frontier. That is what we are trying to get ODA to accept that we are not able, at this stage, to fill the gap, the vacuum left by the closure of the Naval Dockyard unless they are meaningful and show determination and a will to try and put the tourist industry of Gibraltar on a proper footing.

HON J E PILCHER:

If the Hon Member will give way. The point I was referring to in the contribution of the Hon Mr Canepa and now it has been repeated by the Hon Minister for Tourism and that is the fact that if that is what the Dockyard package hinges on, the fact that we have to have money coming in from ODA to tourism, then that should have been part of the package, this is what I was trying to pinpoint.

HON H J ZAMMITT:

No, Mr Speaker, that is not part of the package.

HON J E PILCHER:

Well, you have just said it.

HON H J ZAMMITT:

No, I am saying that this is the Government's feeling.

HON J E PILCHER:

This is what I am saying, it is the Government's feeling it is not part of the package but what I am saying is if this is the Government's feeling that this should be the case, then that should have been part of the package because if not you find yourselves now that you have to go back to ODA to try and get this extra money for tourism. If it had been part of the package, if you consider, and I think the Hon Mr Canepa shares your view, that it is necessary to be able to fund tourism to be able to supplement the commercial Dockyard.

HON A J CANEPA:

If the Hon Member will give way. I know the Chief Minister was going to deal with the point because I mentioned it to him. There is a new factor which has emerged even after the election and that is that the Ministry of Defence are now saying that it will be four years before they are in a position to hand over Queensway. We do not accept that because when we went to London last July and negotiated the Dockyard package there was no question of it taking four years, we would not have signed the agreement if it was going to take four years but if they are now going to talk of it taking four years then the contribution to the economy which would be made directly through the creation of jobs associated with the development and subsequently because of the tourist orientated nature of what is to come, that is going to be on a much longer timespan and against that background we think that we now have a case to say to the British Government: "The situation has changed, we need assistance of a more short to medium term nature and the assistance has got to come in the form of ODA grants", senile as I am.

HON J E PILCHER:

Senile as he is, I welcome the words of the Hon Mr Canepa but I think, Mr Speaker, we did not know specifically that the Queensway development had been pushed back four years until this very moment.

HON CHIEF MINISTER:

No, it has not been pushed back four years, it is said that it will not be available and we do not accept that, it has been said at a lower level and the point is that the thrust of the agreement was at the highest level of the Prime Minister with the Minister who negotiated it. We still have not gone up to that level to make the thing be honoured because we are trying to do it the other way but that is the difficulty that has emanated since the election.

HON J E PILCHER:

The point has been taken, Mr Speaker.

HON H J ZAMMITT:

Sir, the idea there is not just, as I say, to improve the field sales and advertising or whatever but to have a betterment, have a more touristically orientated Gibraltar than what we have today and I would like to expand further upon what Mr Canepa has said and that is that MOD must realise that they have a part to play in opening up antiquated gun positions which no longer would be used for defence and hand them over or at least, if not hand them over not to have them

secluded as top security areas because the days of the bow and arrow are now over, nor do we pour hot tar out of holes to keep the enemy away, and I think they must have a more realistic approach to their antiquated dogmatic position of the past and help themselves because by helping themselves they do not force the Gibraltar Government to have to go back to UK and ask for further assistance. Mr Speaker, I know that you are probably looking at your watch. I am afraid that I will have to answer a few other things which may require some explanation.

MR SPEAKER:

What, another ten minutes?

HON H J ZAMMITT:

Ten minutes, well, I could speak faster and then no one will understand what I am saying. Mr Speaker, I will try and make it quick. I would like to answer a couple of the points raised by the Hon Mr Pilcher particularly on field sales and advertising, the slight increase of £19,000. It was not done with a percentage increase, it is that printing costs in particular are not index related, they do not form part of the general cost of living index and that sum has come up substantially. What we found was that if we were to have kept exactly the same amount of money for the transitional period it would have meant that we would have had much smaller spaces which is already very highly criticised because they are small enough and we thought let us keep at least during the summer period that particular break of exposure. It is frightfully expensive, I think I did explain to the Hon Mr Pilcher when he very kindly called at my office just after the elections, the cost of advertising which is frightening and I think to us Gibraltarians where we see a newspaper in Gibraltar accepting an advert for X we tend to feel that the same can be done in UK and I will give one example which I have given the Hon Member and that is astonishingly that a colour page in The Sunday Telegraph Supplement costs £22,000, that is what it costs. That is just one point and I will labour it no further, I will not go into television advertising or whatever else. Probably in Committee the Hon Member may be asking specific questions, it is frightfully expensive and to us sometimes even totally unrealistic but that is the price you have to pay if you want it. Mr Speaker, the Hon Member mentioned the question of the drop in expected income from the departure tax. He is slightly wrong and he is wrong because he was not here and one could not expect him to know this. He must remember that apart from less Gibraltarians going to London because of what he has mentioned, we also abolished the departure tax to Morocco and because of that there is a slight decrease, that we did try and help GB Airways particularly during moments of crisis. It is not that we are dropping in expectation of a greater number of tourist arrivals. Mr Speaker, it is also true that there is a slight

drop in tourists and an increased financial input. This, I am reminded, of course, is higher in real terms than in 1982. I should also say, Mr Speaker, that despite the very many words of gloom that have been spread around, I am now permitted to say that summer 1984 will be much better than summer 1983, thank God. In fact, the forward booking for summer 1984 is, I would not say exceedingly good but very good and Gibraltar, unfortunately, is way down the list for obvious reasons and the late booking pattern seems to be catching up. I think we will find for a change that there will be certainly an increase on 1982 which was exceedingly bad. Mr Speaker, when I spoke of lack of airseats, I do not think anybody will deny that. There was a lack of airseats and that is precisely why the Government of Gibraltar supported another air carrier to come on the route because there were always allegations, complaints and in fact, personal experience with whatever importance one wants to give oneself as Minister for Tourism, I could not find a seat to go to carry out trade promotions. It is because Gibraltarians were going and coming or what have you but there was an obvious lack of airseats and it was not uncommon at all to find that great difficulty was experienced by very many Gibraltarians in particular, let alone tourists, to find a seat to satisfy their convenience. It is for a week or four days or what have you. I can say, of course, that the reverse situation is now occurring, that because Gibraltarians are not going over to England with the frequency they were because they are going to Spain there is a greater avenue for tourists to find seats. Because of the Gibraltarian occupancy on aircraft the Travel Agents and Tour Operators were unable to sell Gibraltar and it is not uncommon as I have said here in this House before for Tour Operators and Travel Agents to say 'Gibraltar is full' - but the hotels were empty, I assure you. The planes were full and some Tour Operators that had interests in other countries because, of course, they could not put Mr and Mrs Brown on the Gibraltar route obviously pushed the other route. That is what we have experienced. I hope it does not occur now because we have greater competition and I think people are now somewhat more relaxed and able to find a seat which was not all that possible before. Mr Speaker, I do not want to bore the House any further. I accept totally that tourism in Gibraltar possibly has not progressed because of the political to-ing and fro-ing possibly. One of the things I will say is Government certainly wants to play and has to play its part in the fulfilment of tourism because it pays good dividends to our economy but I must urge that the private sector must also play its part. They hoteliers, restaurants, whatever, they must play their part. Finally, Mr Speaker, I think it would be timely to congratulate all those concerned with tourism over the very many difficult years that they have put up with enormous odds against them - the taxi drivers, the hotels, the restaurants, the bars and the rest - that have carried out a service with tremendous difficulties and I think it is worthy of praise. We must not forget, Mr Speaker, that despite all those difficulties, political pressure from Spain, air restrictions, all the rest, Gibraltar has been able to bring, on average,

100,000 tourists a year and I think, Sir, that the tourist industry as much as one could criticise some sectors, one can commend certain sectors for their endurance and their faith in Gibraltar in keeping things going. Thank you, Mr Speaker.

MR SPEAKER:

We will now recess until 3.15 this afternoon.

The House recessed at 1.05 pm.

The House resumed at 3.20 pm.

HON J BOSSANO:

Mr Speaker, in making a contribution on the Appropriation Bill I shall want to round up on behalf of Members on this side of the House and perhaps take up some of the points made by individual speakers on the Government side and make a general observation about the Budget. Let me just, before I do that, respond, as I have not done yet, to the announcement of the Hon and Learned Chief Minister that the Government would not be proceeding with the proposals to break the index link for Government pensions to say that we welcome this and that responding to the spirit in which the move has been made, we prefer to call it a victory for commonsense rather than a victory for the GSLP and I also think that an important result, apart from the obvious protection of those affected, is that it gives us some hope that what one says in the House of Assembly is not entirely a waste of time but it can, in fact, produce some results. Looking at the Budget as a whole we can only describe it as a disaster for the economy of Gibraltar, Mr Speaker. The estimates of revenue and expenditure, in our judgement, depict a situation which is even more serious than we claimed in the recent election campaign and certainly cannot justify the optimism expressed by the Government during the election campaign that if they were returned to office on the basis of implementing the package signed in July of last year, a package described not only as the best obtainable but a generous and a good one in its own right, that on that basis things would go reasonably well. In fact, it is difficult to believe that the Government itself can accept the validity of the figures in front of us and not be considerably more worried than they seem to be. It is possible because it is difficult for us to know how accurate are the estimates of revenue, and that is a crucial element, how accurate are the estimates of revenue it is possible that in fact they may be expecting to obtain more money than they have put in the estimates. The only area for increased revenue yield that one could possibly envisage on the assumption that we are being presented by an accurate picture, would be in a successful collection of arrears of revenue and until it is attempted one does not know what sort of results will be obtained. Let me say that on the basis of past experience,

which is all we have to go by, one cannot expect any significant results in any area that the Government undertakes, quite frankly, whether it is arrears of revenue or the impetus to tourism or any of the other things. I have the good fortune to have been given a piece of paper over the lunch break which shows that perhaps the Government is suddenly embarking on a major drive to collect arrears of revenue but if that is the case they appear to have gone from the sublime to the ridiculous, Mr Speaker, because I have got here a threat of legal action issued on the 10th April, 1984, to a particular rate payer who was in arrears ten days, that is, he should have paid his rates on the 30th March and by the 10th April he had not done so and he has had a penalty imposed of 1p on arrears of rates of 16p and been threatened with Court action. If this is the drive to collect the £3m-plus of arrears that they have we will have to see what happens to all the rest. No doubt if in fact the Minister for Postal Service had already introduced the charge for postage they would now be showing a deficit on this particular account because the postage would have taken up 33% of the collectable rates in this instance. The ideas that we have put from this side of the House, Mr Speaker, on the presentation of the accounts which have not been very well received, it seems, are not simply an attempt to find fault because if we had wanted to do that and if we did want to do that we could keep the House going for the next two days in the Committee Stage which we have no intention of doing, by trying to pick fault with every single item of expenditure, that is not our purpose. I think it is because the Government itself does not seem to be aware that they are saying one thing on the one hand which is the need for Gibraltar's affairs and I think the Financial Secretary was talking that sort of language, the need for Gibraltar's affairs to be treated in a much more rigid fashion in the sense of being perhaps more market orientated, that is, more accountability involved and this is what we have been talking about as well on this side. What we have been talking about is that in looking at Government services, the more accurate the distribution of Government expenditure to particular services the more easy it is to judge the way the people's money is being spent and the more easy it is for the Government to obtain some sort of public support for measures that they introduce because people can see where their money is going. The measures that they have announced which were described, in fact, at lunch time on the news by the Chamber of Commerce as indicating a hard Budget in spite of the fact that it is supposed to be a good one for them, will bear quite heavily on working people. I know that the Minister for Labour was saying that this business of using slogans and saying it is hitting at the working class and so on appears to use outdated language but the reality of it, Mr Speaker, is that we have been told that water charges are going to be reduced for most domestic consumers and in fact my Colleague, the Hon J C Perez, brought out the point and didn't get a satisfactory answer. He asked the Minister if two-thirds or three-quarters of consumers are going to be paying less how is it that you are going to collect £110,000

more? If the business community is going to be paying 16% less and the £110,000 yield is the net yield then, presumably, the domestic consumer will be paying more than £110,000 because that is after deducting a lower yield from the business community. The logic of that is inescapable, either it is true or it isn't true. If the total amount collected in respect of water is going to be higher in 1984/85 than in 1983/84 somebody must be paying more.

HON CHIEF MINISTER:

Unless, of course, it is that it costs less to produce.

HON J BOSSANO:

Unless it is, of course, that it costs less to produce and that we can see from the estimates of expenditure and there isn't an indication in the estimates of expenditure that it will cost less to produce. In any case, it isn't true what the Hon and Learned Chief Minister is saying, I am talking about the yield not, in fact, the balance between expenditure and income. When we are talking about the new page 5, that new page 5 shows the same level of expenditure before the measures were introduced and after the measures were introduced and it shows an

MR SPEAKER:

You have referred to new page 5, why are you referring to new page 5?

HON J BOSSANO:

New page 5 of the estimates which is the revised one.

MR SPEAKER:

I haven't been given a copy of the new page 5.

HON CHIEF MINISTER:

That was circulated immediately after my speech. Pages 5, 103, 104 and 106.

MR SPEAKER:

We have not been circulated with the new pages.

HON J BOSSANO:

They probably don't want you to find out how much more you are going to pay for your water and electricity, Mr Speaker, this is why they have kept it away from you. Again, in the

case of electricity £3m more in revenue, if it is true that businesses are going to be paying less must mean that households are going to be paying more than £3m. These are arithmetical relationships. Yes, more than £3m increase in electricity, that is what it means. If the net increase, if the net effect on the Government accounts is £3m and a proportion - and we do not know what the proportions are, there is nothing here and it is not a figure that we have obtained before but certainly it would be a useful thing to have at some stage, not necessarily in this meeting of the House, but how much of the consumption of water and how much of the consumption of electricity is going to be due to domestic consumers and how much to business consumers will give a clear indication of that. The situation, Mr Speaker, is that it is not surprising that there is in fact a reaction and a feeling that people have had their pockets hit very hard and the reason why the argument put forward by the Hon Mr Canepa that there have been bigger Budgets than this one is not entirely valid, is because we have had a situation where for the last couple of years because of the pay policy in UK, wages in Gibraltar have barely kept up with inflation as indeed has been the case in UK and therefore you have got a situation where people's real incomes are at best sticking at the level that they were two years ago so part of the way that people react to having to pay more for a particular service is determined by how much money they have got in their pocket. People become more price conscious when they have got less money so this is probably why in fact the Minister may feel that there is a lot of noise going on about the effects of the Budget when in fact other Budgets in the past have raised more in one go than this one has but I think the situation is that for the last two years, of course, the average wages in Gibraltar have simply moved in line with inflation, no better than that. I think part of the problem that Gibraltar faces is a result of that and it is paradoxical that it should be because the fears that were expressed at one stage about the implementation of parity have not only proved totally unfounded but in fact have proved that when parity has become a problem it has been not when we were getting huge wage increases, and the Abstract of Statistics provides conclusive proof of the point made by the Hon Financial and Development Secretary in this year's Budget, but which is the first time that anybody in any official capacity has recognised that fact and that is that our inflation is not domestically induced, that our inflation is imported. The proof of that is by looking at the graph in the Abstract of Statistics which shows the clear correlation, it is the first time that it has been produced in the Abstract of Statistics and it is very useful because it shows a clear correlation between inflation in Gibraltar and inflation in UK and the remarkable thing about that correlation is that it is there, if we look at page 44, Mr Speaker, we find that the UK curve which is the dotted line and the Gibraltar curve on inflation runs very closely together and if we look at 1978, paradoxically the year that parity was introduced, inflation went up in UK more than in Gibraltar. I think this is fairly conclusive proof

because in fact when we think of what was happening between 1973 and 1974 and 1975 there were periods there when our inflation rate was higher than in UK and we were getting no pay increases at all because in fact the 1977/78 settlements brought in a lot of back money. That shows that part of the problem today has not been produced by virtue of the fact that inflation has produced a cost structure impossible for Gibraltar to sustain but the very opposite, that because we have got parity with UK, because of the UK pay policy, an important element of wages in Gibraltar has been the price we charge the United Kingdom Departments for the service we provide them with and the service we provide them with is the work that our workers do for them, part of that has been paid in the last two years without any price increase, that is, for the last couple of years because of the public sector pay policy in the UK reflected in Gibraltar, the costs of the MOD as regards wages in Gibraltar have kept up with inflation but that is all. If, in fact, we had had a situation over the last couple of years where wages in UK have been going up much faster and wages in Gibraltar having gone up much faster and the ratio of employment that we still have and we will continue to have until the end of this year, the Government would have found itself with a lot of money coming in as they did in 1961 from direct taxation and they would have found disposable incomes going up, they would have found imports going up, they would have found the multiplier effect in the economy. These things have not happened since 1982 because of the UK pay policy and in the future the situation is worse because all the indications are that wage restraint is going to be the order of the day as far as the UK Government is concerned and Gibraltar's income from the UK Departments is going to be reduced by virtue of reduced employment. Which brings me back to the degree of optimism or pessimism with which one can look at the future and we have a situation, Mr Speaker, where the Government has moved from a paper reserve of £12m to a paper reserve of £7m to a paper reserve of £3.7m in a space of 24 months without the impact of the Dockyard closure. The effect on the figures of employment in the Dockyard - I was looking at them last night and the situation is that the MOD as a whole has moved from employing 1,400-odd people in June last year to employing 1,390 in December, so the loss of jobs over the last six months has been minimal and the level of employment is being maintained still because there is a full refit programme until December, due to end in November, the MOD is committed to paying people right until the end of December even if the work runs out before and, in fact, to replacing back-filling, as they call it, replacing the people who leave on voluntary redundancy in that period. So the situation is that until December this year the Government has got a secure source of income from that area of employment. 1985/86 therefore presents a much grimmer picture than 1984/85 even if everything went well. So what are the options? I don't think the Government is going to succeed in doing either of the two things that they have indicated. I think the Hon Mr Canepa said that if he had to choose between unemployment - and I think he was referring to

cutting back on Government employment levels and on Government services and taxing - then he would prefer to tax and maintain employment levels. But, of course, the problem with that is that if you have got a stagnant economy you can maintain employment levels by taxing but that is only reducing disposable incomes somewhere else and you might not be facing unemployment in your own area but it will only surface as somebody else's unemployment so the end result is still because the economy is a closed circle and the end result is still that it will show up in another area of Government revenue. It might show up in less income tax yield from the private sector, it might show up in a drop in import duty but it will show up. And on the other hand, cutting public expenditure instead of raising revenue and putting people on the dole from Government employment apart from the obvious truth that it would be resisted all the way by those employed, apart from that obvious truth, but even if they were able to do it without resistance, the economic effects would still be the same because we are talking at two sides of the same coin. When we looked at the situation before the elections and our assessment has not been altered by the results of the election, we thought the only chance Gibraltar had was to make use of the £28m of aid to do something more, a major restructuring of the economy and not simply to set up a commercial ship-repair yard which is going to provide 300 or 400 jobs and which will survive in our judgement for as long as the subsidies last. The Government cannot survive, it seems to me, even if all goes well. The Government will be in even more serious trouble next year than this year if these estimates are accurate, if all goes well, and we all know that things do not always go well. We all know that there are always unpredicted hitches that make the best laid plans go sour and they then take longer to get things done or it costs more money to get it done, things like that happen all the time in real life and it seems to me that the whole economy is on a knife edge, Mr Speaker, and I don't know how they can possibly hope to be able to go back and persuade Mrs Thatcher to produce more cash. Certainly, we didn't believe it was possible before the election, this is why we did not subscribe to that idea and we do not believe it is possible now either. If it isn't possible then the comment by Mr Pitaluga in his report, and it is almost an epitaph on the report, Mr Speaker, it is on page 70, it says: "Having read previous reports on the ways in which tourism to Gibraltar might be increased, I might well have written the following: 'If the tourist traffic to Gibraltar is to increase and the economy of Gibraltar to grow, the action recommended in this report must be put into effect. Many previous reports have suggested improvements in the tourist product and many of these improvements have not been implemented', but this is an extract from a report written by Messrs P A Consultants in 1971", says Mr Pitaluga in 1984 and he might well be saying it himself. I think we have already had an indication that he is probably saying it himself because the Minister for Tourism talked about very substantial sums of money being required and one has only to look at the dismay on the faces of some of his

Colleagues when he started talking about very substantial sums. Where are the substantial sums going to come from? The Government has suggested that the development of tourism could be an area where the two sides of the House could work together and the report talks about depoliticising tourism. I don't think it is an easy thing to put into practice although let me say that what I can promise is that there will be no attempt from us to frustrate the Government if the Government wants to go along with the recommendations in this report but, certainly, some of the recommendations in this report - and I have looked through it - this business of hiring out parts of Eastern Beach and so on, I don't think this can be depoliticised, quite frankly, I think these are things that are political. I think it is a political thing to decide that a public beach becomes a private beach open only to those who pay. I cannot say that I am particularly impressed with the report, Mr Speaker. I agree entirely with one thing that it says and that is what it says at the beginning that the writer knew very little about it before he started the report and very little about it after he finished writing it, that part I think is absolutely correct. But I do not think that the answer to Gibraltar's problems of bringing tourists is going to be brought about by having 'flying squads' carrying out a blitz and picking up every piece of paper every time we stop and drop one or by increasing dog licences or by putting heavy penalties on dog owners who do not control what their dogs do when they take them out for walkies, which is part of the recommendations of the report. It may be a very well intentioned report but I do not really see the problem being tackled and the problem is bringing tourists to Gibraltar. I do not think there is a great body of evidence to show that people are not coming to Gibraltar because, in fact, we have got too many dogs or because we haven't got enough plants. Clearly, the place could be made much more attractive for those of us who live here if all these recommendations were implemented but that does not necessarily imply that we would get a mass of tourism resulting from it but, of course, the policy decision, the first recommendation is that the Council of Ministers meet by the 16th May and formally, with presumably a lot of pomp and circumstance, goes through an act of declaring itself now committed to tourism. If it has taken since the 1971 report to get as far as finally deciding that tourism is going to be given top priority and I thought that was decided already by the election results because it was a fairly important part of the campaign of the party that won the elections and I think they have got a mandate to push ahead with developing tourism, they made that an important part of their economic strategy, they are supposed to be doing it. Obviously, the person who wrote the report is an official of the Government who has got many, many years of experience of how Government decisions are taken and if he feels that the first thing that needs to be done is that the Council of Ministers has got to meet and pass a formal resolution saying: "We are now going to bring tourists to Gibraltar", then, obviously, the sooner they get on to that bit of it which doesn't cost any money,

anyway, the better. But, anyway, we will reserve our position and wait for the supplementary estimates that will have to come along eventually to produce the expenditure that will give the boost to tourism and perhaps at that time when they come with the supplementary estimates, they might give us an indication of how their revenues are improving because we can see where the money will go in that report but we do not see where it is going to come from. Part of the problem, I think, was reflected in the justification given by the Minister for Tourism for not doing anything earlier and I think this is part of the basic difference in approach by the two sides of the House on how we tackle the problem that we face in Gibraltar. He said we did not need to do anything before because we had all that money coming in from MOD and so forth. I think what we cannot do in Gibraltar and what we must not do in Gibraltar is to say: "We are now going to move to the Royal Naval Hospital not because we want to move to the Royal Naval Hospital but because they do not want it any more but if they decide they want it then we cannot have it and then when they decide they do not want it then we will have it. If they want the Technical College we cannot have the Technical College". So we cannot have people trained as secretaries and we have to import them because until we start using the Technical College to produce the skills that Gibraltar needs we are failing to give an opportunity to our people to acquire the necessary skills but if the MOD decide that they want the Technical College, if they change their mind in six months time and they decide they are going to have to need to put much more naval work in the Dockyard and they want people trained by their own people and they are not going to get rid of the Technical College after all, that is it, forget whether we want it or we need it and I think the basic thing is that we must forget what the MOD want or do not want, we must decide what we want because otherwise all that we are doing is in fact dancing to their tune, Mr Speaker, we are in fact adjusting to a situation the tempo of which is determined by the Ministry of Defence who may be deciding the tempo for perfectly legitimate interests looking at it from their point of view. But their point of view is not necessarily Gibraltar's point of view and we must look at it from the perspective of Gibraltar's needs and look at Gibraltar's resources from the point of view of whether the use to which those resources are being put are the ones that meet Gibraltar's needs. And when I said this in an amendment to a motion brought by the Chief Minister shortly after the blacking of the MOD NATO exercise, a motion was brought to this House relating to the use of the Base, the Hon and Learned Member will remember that I was pursuing this argument and, of course, I was severely criticised for this, I was accused of being anti-British and telling them to go home and so forth and I am not telling them to go home, I am just telling them it is my home, that is all, and they are welcome to be in my home but it is my home and they are my guests and not the other way round, that is the basic point that needs to be made. But that, Mr Speaker, is a fundamental point of difference and therefore we are approaching the

problem from fundamentally different perspectives and if we do not analyse the problem in the same way we cannot come up with the same answers. I think it is nonsense for the Minister for Economic Development to try and persuade us that the multi-storey car park cannot get off the ground because there is still a problem of reallocating seven UK families. There isn't a problem because the MOD is releasing forty-odd properties to expatriate managers of the Gibraltar Shiprepair Company and if they have got forty-odd flats for forty expatriate managers, surely they have got somewhere to put seven families and let us get on with the £5m development.

HON A J CANEPA:

If the Hon Member will give way. They are included in the list of forty-six quarters and that happened two weeks ago after we have been clamouring for four years for them to give up the site so that people can get on with the development. With the MOD you never know where they stand, they work with blinkers and all the hard work that has gone in by Government Departments, Public Works, Crown Lands, myself, the developer trying to get the financial resources for the development, and two weeks ago they tell us in the Development and Planning Commission that those quarters have been included in the allocation to Appledore and when I challenged the Deputy Fortress Commander about it he said that they were given twenty-four hours notice because we wanted commercialisation. That is the attitude we are getting with the MOD and if they don't want to be persuaded they needn't but I can tell the Hon Member that we are having very serious problems with the MOD and if the MOD locally do not change their attitude something drastic may have to be done for them to realise that the people of Gibraltar have a right to survive.

HON J BOSSANO:

I am very grateful to the Hon Member for what he has said and I hope he will forgive me if I appear to be attacking him but we don't know those things, Mr Speaker, and therefore we hold him responsible and the Government responsible until he loses his patience and stands up and tells us what is really happening.

HON A J CANEPA:

I will go further. I will tell the Hon Member what I told them, that we can be quiet and we can allow the present state of affairs to continue whereby certain top MOD servicemen and officials live in the sort of conditions that we don't enjoy and we can attempt to keep the lid on matters for as long as the MOD are cooperative but I told certain people that if they continued to put obstacles in our way and our economy begins to crumble, we in the Gibraltar Government may no longer be able to keep the lid on that situation and restraining our people

who are going to be roaming the streets without a job and those are not idle threats, ~~it is a reality, it is a fact of life.~~ The MOD have had a privileged position in Gibraltar for as long as we have been able to survive economically but the moment that we are not able to do that and the moment that they are denying us the resources that we need, then the situation changes.

HON J BOSSANO:

I agree entirely with that analysis, Mr Speaker, that is an analysis that I have been preaching from this side of the House for a number of years now and, in fact, it was the reaction of my party to the announcement of the closure way back in July, 1981. We took a Memorandum to The Convent and we said: "You cannot have your cake and eat it. If you are going to put us in a situation where our survival is at stake, we are not going to stop simply at the point that you demarcate. We are going to look at the whole of Gibraltar from the point of view of developing it". So I agree entirely with the sentiments and I promise the Minister one thing, he will have the full support of the Opposition in standing up in defence of Gibraltar's interests but if, in fact, the position is that we don't know the difficulties that they face and that when we attack the ODA or we attack the British Government we are counterattacked by other elected Members as has happened before, then clearly we have to say: "Well, although we think that it is the British Government in the final analysis that is responsible, we must attack the people who defend them", it is as simple as that. Let the Minister be in no doubt because he has said a number of things in this meeting of this House which, quite frankly, in many respects are more important than anything that has been said in "official statements" that we have had of the situation. The revelation of this business of the four years before they can have Queensway. Well, quite frankly, I don't know how we expected it to take less than four years knowing that if the MOD say they have to find a place and they have to then put it out to tender and then they have to relocate from the existing place before the ones where they are now in Queensway can be developed, then we had no doubt that we were talking about that timescale. I believe the Queensway development when it came out to tender talked about the sites being available in not less than three years and I thought it would be difficult to get a private developer willing to commit himself to a development which could not start until two years from the time that he committed himself. From what I know of private sector development people want to be fairly sure that they are going to get their money back and that they are going to get the return on their investment, Mr Speaker. If you have a situation where instead of two years it is four years, I think the chances of getting anybody to put up private cash are minimal. That is what I would have thought and I would have thought that it doesn't require anything other than commonsense to come to that conclusion, that is, that people in London must be aware of that as well. In fact, the Government have said that when they agreed to the

package an important influencing factor, they said so at the time and it has been said today, was the acquisition of those sites. I never accepted that argument, Mr Speaker, because my contention was that the shiprepair yard as envisaged by Messrs Appledore was illconceived and it wasn't because it didn't provide a sufficiently big substitute for the Naval Dockyard that we are opposed to it, the argument that it needed to be added to by other activity is the argument for Queensway. The argument for the Queensway is to say: "Well, if you take away a Naval Dockyard and you put in a commercial dockyard and the commercial dockyard provides 75% or 50% of the economic input, then you need to find another 25% or 50% to provide the same economic input". But, of course, if you are saying what you are putting in irrespective of whether it provides 50% or 25% or whatever it is will not work, it will not work, period, whatever else you get on top and our argument is and continues to be that on the basis of all the information in the reports the projections will not work and I think time will prove us correct. It is a matter of judgement but the problem is, of course, that the Government is now stuck with a situation where they never said they believed it would work anyway, they only said that they accepted it because of the icing on the cake and now they find that the icing on the cake has disappeared and they have been left with a cake that they never really wanted to swallow in the first place. That is the situation and that is a very, very serious situation because here we are with a catastrophic set of estimates without any of these things happening yet. None of this has yet happened, this is all in the future. I think I have dealt with the overall situation sufficiently, Mr Speaker, I would like to deal with some of the specific points raised by Members and also with a couple of points that I want to raise myself which I imagine the Financial and Development Secretary will need to answer. On the expenditure side in the Consolidated Fund I notice that we have got Subhead 32, page 20, we are putting in £157,000 - Statutory Sinking Fund and it has a little (h) - required to redeem loan by 1985. I imagine that we are talking about the loan being redeemed in the financial year 1985/86 and not in the financial year 1984/85 but the point that I want to ask is I notice in the Statement and I think if we look at the Auditor's Report it is even better. In the Auditor's Report we have a list of the public debt somewhere which shows the total amount of debt and the amount outstanding and the sinking fund, that is page 142, Mr Speaker. This loan was issued in 1980 under the Local Loan (No. 6) Ordinance and it was £1m. In March, 1983, the Sinking Fund was £343,744.04 and we are now putting in the Sinking Fund this year £157,000 which brings it to almost £2m. If we owe £1m and we have to pay it back in 1985, how come that we only need £157,000 this year to redeem the loan by 1985? Surely, the Statutory Sinking Fund should be provided with much more money than that if we are going to have to pay back £1m in 1985. I will give way if the Hon Member wants me to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, I would have to, obviously, check on that.

HON J BOSSANO:

I will go over it again so that I can get an answer. The position as I see it is, we have £1m borrowed in 1980 it has to be repaid in 1985, in March last year we had in the Sinking Fund to repay that money just over £2m - £343,000. We are adding £157,000 to the Sinking Fund and we put in last year £153,000. If at the end of 1983 we had £343,000, even if we add last year's contribution of £153,000 and we add this year's of £157,000 we are still a long way from the £1m that we need to repay in 1985. The reason why I am saying that, Mr Speaker, is because obviously if we are looking at revenue and expenditure estimates and we already have a situation where part of the burden of servicing the public debt as compared to previous years is being understated as I mentioned in the context of the Hambros loan, I think, if we look at the Consolidated Fund Charges on page 21, Mr Speaker, we will find that we have got Subhead 46 which is the Hambros Bank loan, there is just a payment for interest - £450,000 on £6m of loans. In the case of the Midland Bank loan we have got a payment for interest of £630,000 on £6m of loans as well. In the case of Lloyds Bank we have the first repayment on loans of £2.2m, the first and second, the first year because they are once every six months. If we go back to the first of these bank loans which was the Barclays Bank loan, we find that the £2m loan started being repaid fairly soon in instalments of £200,000 and if we look at previous issues of public debt we find that the usual procedure which has not been the question of repayments but the creation of a Statutory Sinking Fund has been that the Statutory Sinking Fund has been accumulating money almost from the inception of the loan so that, in fact, the cost of the loan repayment has been structured over the life of the loan. Because we have now got a situation where £12m of loans have got a deferral period at the beginning, the debt servicing cost of the loan is understated in this year's estimates as compared to what was the normal practice a couple of years ago, I think there is no question about that. If we go back over a number of years we will find that this is the case, Mr Speaker. I am not saying that this doesn't make sense from the point of view of the Government having to pay. Obviously, if they can put off paying for a number of years then they are in a better position but the point that I am making is that I am looking at the estimates of revenue and expenditure and trying to say how healthy is the position financially. Part of the problem is that deferring paying things into the future may make a lot of sense when you know where the money is going to come from in the future but what I am saying is that my judgement is that bad as the situation is today it seems to me that on present trends it is going to get worse rather than better and therefore the Government in the future and I hope it is them rather than me, when the time comes, the Government in the future

that could be faced with heavy repayment costs could find itself with very, very difficult public expenditure decisions to take because of a tight revenue situation and an element in its public expenditure which was uncontrollable, that is, the only thing you can do with public debt charges when they come up for repayment is what Argentina has done, recycle them. I wouldn't like to inherit after forty years of the Hon and Learned Chief Minister, inherit his seat as if I was inheriting it from Galtieri, that wouldn't do at all. On the expenditure side, Mr Speaker, the Government's announced increases in water and electricity presumably will bring about increases in Heads of Expenditure, it has been mentioned in other years, it hasn't been mentioned on this occasion. Is this in fact something that has been taken into account because it seems to me that we have put in on the income side in the revised financial statement on page 5 and in the accounts at the back, in the accounts it doesn't matter but in the revised financial statement we have got a situation where recurrent expenditure is still shown as £52,519,000 and the uncovered deficits are reduced by the increased yield from electricity and water but, in fact, part of that electricity yield from water presumably is based on current consumption and the cost of current consumption for Government Departments will cost more and therefore there should be a revised expenditure figure so I think if that is an omission then we haven't got £3.7m. Another point, Mr Speaker, also I think for the Financial Secretary, that puzzles me is he has on the revenue side an estimate of interest under the Consolidated Fund, on page 12, of £400,000 in 1984/85 and he had £400,000 in last year's estimates when the Government, in fact, started the year with an estimated £11.7m in last year's estimates we had £11.7m in the Consolidated Fund and, in fact, as it turns out instead of being £11.7m it was £11.984m. Looking at the estimates one assumes that the £400,000 was increased because, in fact, the amount of money was more than shown in last year's Budget but I cannot understand how they could have estimated a £400,000 interest yield from having £11.7m in the Consolidated Fund and £400,000 yield this year having £7m in the Fund and that £7m declining to £3.7m, so unless they are expecting huge increases in interest rates that does not make sense. And if they are expecting huge increases in interest rates then they need to introduce the expenditure on the Consolidated Fund because they have got a lot of loans with floating rates, so that doesn't help them either. There is another change in this year's Budget which has not been mentioned by anybody from the Government and that is the disappearance of the £100,000 for insurance of Government buildings, that has just disappeared for no apparent reason, I don't know if we cannot afford to insure them or we are over insured already or we haven't got any money or what is it? Part of that has disappeared from the Funded Accounts for Housing but the overall figure which I imagine in the estimates must be under Treasury, page 85, we had £100,000 in 1982/83, £100,000 in 1983/84 and no contribution this year. This is money that goes into a Government Fund to provide for insurance of Government properties and, if I recall, there

was talk of having a captive insurance thing and we had a report on it and so forth but, presumably, the provision that has been there over the years is required. I would have thought that the Government itself since the Government is insisting, for example, in all its tenders that the people who obtain one of these properties from the Government and they lease it or rent it or whatever it is, that they must insure the property then presumably the Government must think it is a good idea and I believe it is better to do it with an in-house insurance rather than paying somebody a premium outside. I am not suggesting that they should pay anybody but if the money is not there any more it needs to be explained and if it is that they are going to stop insuring their own properties then they need to explain what they are going to do with the money they have accumulated over the years. Another item that I would like to have some explanation on is the question of the Admiralty share of police pensions which was £152,000 on page 13 on the revenue side. I assume that when the Financial and Development Secretary put that estimate there he did it in the expectation that he was going to end index linking and that the Admiralty would only be paying a 3% increase in their pensions share this year, since he is now restoring that, is he going to increase that figure, Mr Speaker? I would like to deal now with some aspects related to development and the amount of money in the Development Fund and what the Hon Minister for Economic Development said that perhaps Members on this side of the House were not very familiar with how the Fund developed. I accept that the GSLP Members that have been newly elected are still finding their way, I think they have put in a lot of work and in some respects seem to have found their way around the estimates better than some Members on the other side, to be quite frank, Mr Speaker, but the point that we were making was that if we look at the Improvement and Development Fund the situation is that the Government is borrowing money in 1984/85 when it starts the year with a surplus in the Fund already from previous borrowing. That money, I imagine, is partly a commitment towards the completion of projects in 1985/86. I think it comes to about £1m, actually. If we look at the summary of expenditure on page 92, Mr Speaker, we have got a balance to complete of projects there coming to £3.8m almost and if we look at the ODA funded projects, that is, on page 89, we have got a balance to complete of £2.7m so one assumes that the difference between these two figures which is about £1m is a balance to complete of locally funded projects. This means that this is money due to be spent in the following financial year but we are starting the 1985/86 year with £1m in the kitty and that is as a result of borrowing in excess of required expenditure because we are starting this year with £700,000 in the kitty. If we have to borrow this year and we have to include in this year's expenditure on the Consolidated Fund charges for borrowings this year which we are not going to use until 1985/86, then it requires an explanation and if we have got the money this year then why don't we accelerate expenditure given the situation that we have in the construction industry where,

in fact, a lot of building firms are saying they are going to have to lay off people because they are running out of work, that is the point that was being made. The answer that it is an on-going process is neither here nor there. We know that it is an on-going process.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That is, in fact, Sir, very much part of the answer.

HON J BOSSANO:

Well, what is the answer? That because it is an on-going process and you are going to spend money in two year's time you are borrowing now? That is the answer? The Hon Member, I thought, had come from the Treasury in UK, it is not the sort of thinking of the Treasury which has got a reputation of being very conservative in its thinking in these matters, Mr Speaker. Anyway, that is what we wanted clarified so perhaps the Member or the Chief Minister or somebody can answer me when the time comes. I notice, Mr Speaker, that in the list of developments that the Minister for Economic Development was mentioning, one of the non-recurring items because they are nearly all recurring items, one of the non-recurring items which disappeared from the scene was the Woodford Cottage development. Certainly that is not waiting for anybody to be reallocated anywhere, so if that is dead then we would like to know what is going to be done with the place. If the Hon Member wants me to give way I will.

HON A J CANEPA:

Out of the sixteen applicants that there were, eight withdrew and the other eight applied to the Government to be able to continue with a project that would be restricted to the southern half of the site. In the event, I think there may be another applicant bringing the number up to nine and they have engaged, I understand, Quantity Surveyors and Bills of Materials are being prepared. If they go ahead with the project on that basis, say, eight or nine units, the northern half of the site would be available, obviously, it couldn't physically become available while they were working on the other half of the site but a state, I think, would be reached when that could become available to put it out to tender for private sector development. The original idea was to have on that northern half of the site six fairly substantial dwellings but I am sure that without having a very high density you could have a few more there and it would still be an attractive project. If they were not to proceed with it, if the whole project were to be aborted, I think that it is an ideal site to put out to tender for, I would imagine, a development very similar to Buena Vista rather than Bella Vista, something that would produce fifteen, sixteen, well, for the whole of the site. I think it could be more, you could

get obviously, perhaps with flats as well, you might be able to get twenty-four or twenty-five as between flats and maisonettes which could sell for around, at today's prices, somewhere at perhaps £35,000 or £40,000 and maisonettes of the order of £50,000. That, I think, would be the way that we would pursue it but we are going to give an opportunity to the eight remaining to see whether they can get something going.

HON J BOSSANO:

Well, I hope it is not in the fullness of time, Mr Speaker. I think it is important not just because it provides employment for the construction industry but because it is an area where the Government does not actually have to put down an item of expenditure.

HON A J CANEPA:

I have been at pains to impress upon the officeholders of the Woodford Cottage Association that they really have to get on with it. They have got planning permission, they have submitted a scheme, they have got planning permission, as I say, they have engaged a Quantity Surveyor and I think they must be in a position to go out to tender before very long but I would agree with the Hon Member that after being given a reasonable period of time and since eight withdrew, six months have gone by, they can be given another few months but if not I agree with the Hon Member, it is a site which I think is ideal for private sector development and there is now a demand for it and I think conditions are such that either they get on with it or the Government will have to do something about it.

HON J BOSSANO:

I think there is a connection, Mr Speaker, between the determination with which the Government presses on people who obtain places to develop them and the strength of their argument with the MOD because I honestly believe that the one single argument that the MOD does use occasionally that I have heard which holds some water is that we press for sites to be released to us, the Gibraltarians, the Government does, and then they lie derelict for years and that is the only single argument that I know of which seems to put right on their side and I don't think we should give them that argument so I think, really, that the Hon Member should bear that in mind in the context of the difficulties that he has been expressing that he has faced in another area in pressing MOD for land. The Chief Minister, Mr Speaker, was making what I take to be a light remark about the possible inscription on my tombstone.

HON CHIEF MINISTER:

I expressed the hope that it will be a very, very long time ahead.

HON J BOSSANO:

That suggests he never wants to see my economic plan, Mr Speaker. I have to say, Mr Speaker, that the Hon Member must understand that the approach that we adopt in this House cannot be and isn't that of telling the Government how to run the show from here. We have made clear that for us the process of consultation is a matter for Government initiative not for us and it isn't up to us to stop them making mistakes either, it is up to us to tell them that we think they are going wrong but it is their prerogative, they won the election, they have got a mandate, they have got the job and the responsibility so we are certainly not going to tell them how to do it but in any case we honestly believe that the degree of change that is required is one which they are not capable of doing even if we told them. Even to start making changes to the presentation of the estimates we can see is going to be something that is going to be resisted. Let me just say one thing to show the Hon and Learned Chief Minister that in fact it is easy enough to point out pitfalls if one wants to do that. The Hon and Learned Member announced in his package of measures this question of substitution as one of the areas of cutting on public expenditure. Well, there is no logic to having a situation like we have in these estimates, and we have had for many years, when you are focussing on substitution and you have supernumerary staff all over the place and have had for years and I cannot understand, I mean we are not telling the Government where to cut or what to cut, that is their responsibility and we are not prepared to share that responsibility. If we have the responsibility of being in Government and we have to do things that are difficult or nasty we will take that responsibility ourselves but I am pointing out to the Chief Minister that one obvious illogical conflict is on the one hand to look at substitution and on the other hand to have a situation over many years where you have got supernumerary staff and you have got people who are graded above their grading, that is, they are occupying a post and there is a little note somewhere that says 'personal to holder being paid on scale so and so' and yet vacancies in those scales get filled by new entrants. That is almost permanent substitution all the year round on a full-time basis. And I can tell the Hon and Learned Chief Minister that is certainly, to my knowledge, isn't the way the UK Departments or the UK Civil Service works. If you have got a certain grade and a vacancy occurs in another section or in another Department which that grade can fill, you get a level transfer, you don't promote somebody else and you keep the person on a personal to holder basis occupying a job below their grade. Well, that happens here and it happens every year and all the

Hon Member has got to do is go through his own estimates over the last six or seven years and he will find it, and he will find it in this year's estimates, too. I am not telling him what to do because it is not my responsibility to tell him what to do. I am just telling him that to talk about controlling substitution and to perpetuate that system . . .

HON CHIEF MINISTER:

I think, perhaps, the Hon Member might give way. I don't want to deal with this matter in my general reply. My understanding of this question of substitution is really not on the basis of incapacity, it is a question of a day or two or three when somebody is away and people should just get on with the work and not have everybody substituted up to the top in the establishment, that is as I understand it, and then everybody getting acting pay. It is not on the basis of normal long absences but purely on the question of because somebody goes away for a day everybody goes up one and gets paid, that is where we thought that people should double up for a particular circumstance, that is where we hope to be able to bring in a little more sense into the machinery.

HON J BOSSANO:

Well, what the Government has in its mind the Government knows, Mr Speaker. All I know is what has been said in the House and what has been said to the unions and certainly it hasn't been explained in any detail but it is being presented as an economy measure and what I am pointing out is that . . .

HON CHIEF MINISTER:

If the Hon Member will give way. Rather than an economy measure it is an attempt at avoiding waste.

HON J BOSSANO:

Well, Mr Speaker, it doesn't invalidate the point that I am making which is that if you have got a situation where, for example, a PTO II goes away and a PTO III substitutes for him and gets the pay of the PTO II and you are going to control that to save the difference in pay, it doesn't make sense when you have got situations where you have got PTO II's occupying PTO III posts being paid PTO II wages all the year round for years and there is a PTO II vacancy somewhere else and somebody gets promoted. It is here, Mr Speaker, in this year's estimates and in last year's and in the year before. There are obvious areas that can be looked at and I am not going to tell the Government how to do its job but I am just speaking on that point to demonstrate that there are things that can be done, certainly, to streamline the Government and there are things that can be done to produce more effective control of public expenditure without cutting down on services.

MR SPEAKER:

We must not get bogged down.

HON J BOSSANO:

No, it is just a point that I wanted to make in reply because I think the implication of this obviously useful tack of the secret economic plan which constantly surfaces and is a good gimmick to get into the press, suggests that it is an invention that we have which we parade from the comfortable position of never having to deliver and I want to show that in fact even on a minimal thing like the question of substitution, there are alternatives which make more sense and that we are in a position to do things. That is the only point I wanted to illustrate, Mr Speaker, it is up to the Government to decide how they run their affairs. In the context of some of the points made by individual Members of the Opposition which I think were not adequately answered, I would just like to bring attention to them because if they haven't been answered perhaps either the Chief Minister or the Financial and Development Secretary can provide an answer. I think, for example, in relation to the Generating Station at Waterport and the third engine where the Minister for Municipal Services failed to say what was the importance of having the third engine now and I think to balance what we have said about the ODA, I don't think one can go to the ODA and say: "I want money for a third generating set", when the impression given here now is that if we can get the money from ODA we will have a third generating set because it is free. Do we need it or don't we need it?

HON CHIEF MINISTER:

When we are talking now we are talking of eighteen months or two years time and the demand apart from the question of the commercialisation of the Dockyard, the demand itself as the King's Bastion dies away and it is no longer profitable to spend considerable amount of money in repairing old machines, the demand will be there for the normal consumption of Gibraltar, a little pre-planning if you want, and one is accused of not planning ahead. When one plans ahead a little then you question it.

HON J BOSSANO:

I am not questioning planning ahead, Mr Speaker, what I am saying is that if it is needed it is needed, period. It is the same thinking as the question of the Naval Hospital and the Technical College and the Causeway and a lot of other things. Pedestrianisation was an important thing for Gibraltar and we go to the ODA for money and they say no, and we have got a report where Mr Pitaluga says that pedestrianisation can be carried out at no cost at all in

the report. We are hardly going to convince ODA to give us £1m for pedestrianisation if the situation is that it can be carried out at no cost at all but if it is their money then it doesn't matter, we will spend £1m on it. This is the point we were making. If we need a Station we need a Station. If we need it then the point is the Government then is saying that if they don't get the money from the ODA we will still need to find money in a year's time to put in a third set, that is the situation then. That is the question that was asked and we didn't get an answer. The other area, I think, where we didn't get an answer again to the point raised by my Colleague, Mr Perez, was on the question of the NOT when the Minister said it was starting in April which is now and I don't know whether he answered it but there was a question of whether there is going to be a charge made for the vehicles that have to be tested there and if that appears as some Head of revenue, presumably it would have to appear under departmental earnings, would it not?

HON M K FEATHERSTONE:

If the Hon Member will give way. What I said was the normal testing of commercial vehicles will start next week and of course they will be charged as they have been before but the full use of the Centre is not yet ready until we have recruited the staff and when that is done then we will come with the supplementary for that staff and put the whole thing on a proper footing.

HON J BOSSANO:

Are there new charges being introduced in conjunction with the Centre and will that appear eventually as revenue, this is the point?

HON M K FEATHERSTONE:

No, I don't think it has appeared in this year's revenue.

HON J BOSSANO:

On the question of the collection of arrears, Mr Speaker, I think reference has been made to the strengthening of the Arrears Section. Since we will be going into Committee Stage then perhaps at the appropriate time we can be shown if it is meant extra expenditure being devoted to the strengthening of the Section where that comes up. On the points raised with the Minister for Postal Services, I think he misunderstood entirely the question, there was no question of anybody suggesting merging the Philatelic Bureau with the rest, it was separating the Savings Bank from the Postal side in the same way as the Philatelic side is now separated.

HON G LASCARENHAS:

Sir, if the Hon Member will give way. I am sorry, I misunderstood completely. I was going to apologise to the Hon Member, the spokesman for Government Services, I will do so later in Committee Stage.

HON J BOSSANO:

Mr Speaker, with that welcome piece of news I think I will end my contribution because I think I have covered all the outstanding points.

HON L K FEATHERSTONE:

If the Hon Member would give way just before he does, I will answer one question that he did mention earlier on and he mentioned that I didn't answer the Hon J C Perez about the water situation. I believe I now understand more clearly what the question was and that is that if the revised estimates for water bills issued last year was £2.295m and this year we estimate to get £2.388m, how is that a reduction? Well, the answer, Sir, is as Sir Humphrey would put it 'Yes and no'. The bills issued last year contained a six month element of water at the low rate of 19p for the first 45 and six months at the rate of 25p which allowed for the surcharge. If we were to take the low rate compared with the new rate coming this year, then it would be an increase but if we take the 19p rate plus the surcharge and compare it with the new rate this year then it will be a decrease. So the answer is yes and no, Sir.

HON J BOSSANO:

Obviously, years of experience on the part of the Hon Member. Thank you, Mr Speaker.

MR SPEAKER:

I will then call on the Hon the Chief Minister to exercise his right of reply.

HON CHIEF MINISTER:

Thank you, Mr Speaker. As we enter into the last stages of the general debate I think we ought to recognise that we have had a very useful exercise, constructive and to some extent predictable in the sense that quite a number of the Hon Members had hoped or hope that there will be changes in the presentation of the Budget and each one, of course, looked towards interests in which they were concerned. First of all, I think Mr J C Perez has recognised that he was not expecting a reply to some of the proposals but all the suggestions that

have been made will be looked at in due course and now I will describe what in due course means in this context and in no other otherwise I will have to define everything I say. In due course in this case will mean, first of all, we will get a Hansard completed, which is hard work, of two or three days debate. Secondly, somebody looks at it and looks and picks out the suggestions. Thirdly, that it is prepared and it is put forward to the Minister and, fourthly, that the Minister looks at it and takes a view and, fifthly, that he takes a view from the Treasury as to what the view of the Minister should be. In the fullness of time but, honestly, quite seriously there are some which I know are non-starters from the beginning or from one's experience but that doesn't mean that one is forever tied to this form of Budget. It ought to be said now that the presentation of the Budget nine years ago or seven years ago provided for each officer and his emoluments and it was in the time of Mr Alan Collings that he produced the much more rational and proper way of setting out the establishment in numbers at the beginning and putting the scales against them and so on. The Budget itself has changed and new Financial Secretaries have got views about these matters. But, anyhow, one inherits certain things and you keep on until you yourself thinks it is right or until there is a good suggestion or a suggestion which is looked at and is found to be good. In that respect, as I say, we will look at the suggestions that have been made and see whether any of them really can help to the presentation of the Budget. There are one or two which are to some extent difficult but I won't get into the details because I would be pre-judging now what has already been argued so I don't want to deal with that but I think we have had a very good debate and it has been constructive and I think Members opposite and I don't like to say these things because I don't like to sound patronising but apart from the Leader of the Opposition, of course, who is a veteran, the others being their first Budget I really must commend them for certainly the homework that they have done on the Budget and the matters that they have raised and, as I say, I don't like to say that because I don't want to appear patronising but I think I am entitled after thirty-three years in this House to say so but I will not repeat it again until three or four year's time. Therefore, it has been very useful. I agree that some points have been raised the answer to which could not be given straightaway. I don't know whether some of the answers of the last points raised by the Hon Leader of the Opposition can be answered now in detail, certainly most of them are really not my province, the question of detailed presentation of the Budget. I want to deal with the Leader of the Opposition first because it is much clearer in my mind now that he has just finished speaking. There are one or two points of general interest that I must make and that is that the frustration that has been mentioned today by the Minister for Economic Development is shared by all his Colleagues and if, in fact, a welcome loss of temper from time to time makes him blurt out what we are suffering and you get the feedback of what we have to do, I think it is just as well. On the other hand, the same feelings are

expressed, perhaps in different ways, continuously to those who can influence matters in the way we want them. It is an on-going struggle, it is not easy, I can assure you, but it does not help either to be brandishing it all the time because then it hasn't got the effect that you want it to have but let there be no mistake that we are doing that and the point made by the Leader of the Opposition that we are given places and we do nothing with them is thrown at me many times but my answer is that the bulk of the places that we are given are worth nothing or very little like the quarters up the Rock occupied by the former members of the Gibraltar Defence Force which when they are dilapidated and so on they say they no longer want them, then we had the Gibraltar Regiment people there or their families because we have no duty to provide to the Gibraltar Regiment Officers their repair passed to our rent roll and passed on the Public Works Department to keep. So they are very ready to give dilapidated things, much more inclined then good things and that is why sometimes they are very difficult sites that are given. I agree that we have to be careful not to respond to their overtures too often, I was going to say something in Latin but in order not to attempt to overshadow the Financial and Development Secretary I will say it in straightforward English and that is that I fear the Greeks when they come with presents and that is that when they give you something you have to take it very carefully when something is offered and this is the situation with the Naval Hospital and so on at the time when it was thought they would not offer it to you, of course. But on the other hand it has to be looked at carefully because it can sometimes help but I am not very enthusiastic at taking over things for the sake of taking them if we cannot have a practical use of them and they are going to be an on-going liability, I can assure the Hon Member. I am sorry that the Leader of the Opposition has been a bit facetious in the preliminary comments about the report on tourism as I think a lot of work has been put into it and it belies his other occasional objections to payments of consultancy fees when he says: "Well, we don't need consultants from abroad, we can do it here". When we have somebody who does it here, before we even look at it, he makes rather lighthearted comments on it.

HON J BOSSANO:

If the Hon Member will give way. I think that the report does recommend a consultancy as well.

HON CHIEF MINISTER:

Yes, on areas which are specialised, but it is a report which has been done on and off and involved a lot of hard work as the Hon Member well knows on other matters of great importance, which has resulted in a lot of long hours, painful interviews, adjustments and all sorts of other things. I did not try at any time to say that the position of the Budget

was not a serious one, in fact, I said exactly the opposite. What I did say and I must say it because if the day I don't believe that we can help ourselves apart from wanting to get justice from other people, then of course we have no right to, what I did say in my last sentence: "Without wishing in any way to minimise the seriousness of the Government's financial position, I want to end this statement on a positive note. I believe that Gibraltar has the potential to overcome the difficulties", and so on. That is more an exhortation than an attempt to minimise the seriousness of the situation and I was recalling as I heard the Member's predecessor saying: "The Dockyard the first four or five years there is going to be no problem it is going to be after the four years". He was thinking, perhaps, of the chances of coming back but, anyhow, it was completely different. With regard to the question of the sites in Queensway, this quote which appeared in the paper about whether it was a question of years and not months attributed to Mr Lee, I made no apologies for Mr Lee and I said to Mr Lee as many things as anybody in my position and in our circumstances could say but I did look at this because I was very annoyed because he said he would be helpful and then when I saw this I was a bit annoyed but then I saw the text and it is very much the same as that story about the bishop who arrived in New York and he was asked what did he think about the nightclubs in New York and he said: "Are there any nightclubs in New York?" and the headlines the next morning read: "Bishop asks 'Are there any nightclubs in New York', on arrival". So I looked at this and what happened was that a questioner asked Mr Lee is the surrender of the prime sites a question of months or a question of years and he said years not months but years means one or two not necessarily three or four. I think that that must be put into the proper context. I say that because I was very annoyed after reading that and I found I have a text of the full question and answer and I looked at it and that was how the thing occurred. Nevertheless, the Minister left in no doubt that the idea mooted locally about a four year period before handing over was completely unacceptable and was not in the minds of those who signed the agreement and I would not have signed that agreement if I had thought that it was going to be four years and that has been made quite clear and if we don't get a satisfactory answer the matter will go up to the very top where the agreement was reached and that is what I propose to do but we have to go through the process of eliminating this. Four years, I am told, is the normal way in which things would move if they had to do it and I said: "This is not normal and it has to be urgent", and the sense of urgency was in the mind of the Prime Minister, I can say that with all fairness, and properly drawn attention too by Mr Stewart who said: "This has been going on for a long time, I think we have broken the back of these difficulties" and that is the spirit in which the meeting went. I want to assure Members that I certainly am not going to preside over any agreement to accept those sites in four years time, I won't be here, anyhow, but in any case I am not going to accept it and the idea that there could be a roll-on release instead of a total one which could help,

and finally enough despite what the Leader of the Opposition said there are developers interested in looking at sites which will be available in two years time because developments of this nature do take time to materialise in the minds of developers, and so on. With regard to the point made by the Hon Mr Baldoachino in his contribution which was very clear and to the point, it was accepted that there was support for this question of home ownership. In October, 1978, the Government went for a wholesale home ownership scheme by offering to sell Government flats to all their tenants at very, very low prices. As the Hon Member well remembers I think we had his full support on it, where maisonettes in Archbishop Amigo House were being offered at £6,000 and three rooms, kitchen at Schomberg at £3,495 and so on and apart from having presented that to Members, the circular that was sent to the tenants a year later said: "Last October you received a circular from this Department giving you details of Government's intended home ownership scheme. The advantages which owning your home bring are as follows: (a) it will be a valuable asset and will give you protection against the erosive effect of inflation on your savings; (b) whereas rents are likely to go up" - and they did once more in July, 1979, and how much they have gone up since then - "mortgage repayments are likely to remain relatively stable. Moreover, since you would qualify for income tax relief on interest payments, the weekly outlay on a mortgage in many cases is similar to or only marginally more than the weekly rent payment; (c) the price of your flat is substantially below its market value, and (d) home ownership undoubtedly improves the quality of residential environment". I agree that there is a difference between buying a flat and buying a semi-detached or a detached house but there was a very good opportunity and having regard to the interest that has arisen as a result of the tenders and, generally, the awareness that there is now that there wasn't in 1978 when the response was absolutely poor. We are trying to make a selective re-hash of this and do the same exercise because yesterday somebody told me that he had been offered a flat in one of the Tower Blocks but we had been asking for £15,000 and that is why I looked at the papers and I said we had never asked for £15,000 and in any case the Tower Blocks were not put out for sale for the simple reason that we have had to spend £1m and we did not want to give up flats in a condition that required considerable money to be spent on them. And then, as the Hon Member knows, we had a number of exchanges in letters about home ownership schemes and so on. As far as we are concerned we have always felt that this was the right solution and I know the Leader of the Opposition has always warned of the difficulties for the future finances of the colony if we go on increasing the housing at subsidised rents which cannot be kept and for which now we have to pay heavy charges on them.

HON J ROSSANO:

I thank the Hon Member for giving way, Mr Speaker. I think he mentioned in passing that there was support from us for the home ownership scheme. Let me make it quite clear that we are opposed to selling Government housing to sitting tenants. We support specific purpose built home ownership schemes which is what we assume is being planned for the Gasworks, we think in fact that to attempt to sell to sitting tenants is the wrong way to deal with the Government housing stock and one of the major difficulties is that I think people who want to be home owners want to be home owners and select their neighbours, quite frankly.

HON CHIEF MINISTER:

Of course, I quite agree, I was coming to that. I may have misrepresented his view about it. He was not against home ownership and in fact he offered - I won't get into that - but he offered to do a study on it as part of his offer at the time. Unfortunately, the thing did not materialise but I agree that one of the difficulties is that if you go into a scheme with other people you know who you are going to live with but I agree that a lot of people may be very happy with their tenants but we all know how difficult it is for many people to live with their tenants and the on-going problems that they have with the dogs or with radios, whatever it is and it is not easy. That is why I said earlier that it was different to have a home ownership scheme when you have a semi-detached or a detached house or whether you have to live next to or below or above Mariquita whom you don't get on well with or your wife doesn't get on well with so that is a reality but there was at least the germ of the idea and in fact there may be places which by reputation we will be able to find may have a willingness of at least the conditions which were let before was 75% of them had to be purchased in order for the scheme to go through. The contribution by Mr Feetham and the response by Mr Canepa I think fit in very well and I would put them together as being a reasonably good area of consensus on the attitude on the question of our relations with the United Kingdom but I cannot allow one or two of the remarks made by Mr Feetham to go without comment because I do not want by my silence to accept allegations that he has made. One of the things which I took a note of quickly when he started to go over the pearls of wisdom in his contribution was 'Government fails to anticipate change in attitude' and 'influenced by the Foreign Office thinking in respect of Spain'. That, I can assure the Hon Member, is not the case in either of those statements. There has been certainly in my experience, not a change of attitude towards Gibraltar, there has been a reality which I think was brought forward earlier than this, it was brought forward in the Hattersley Memorandum and that was the fact that once Spain changed the regime it was not that their attitude to Gibraltar changed in the essentials but that they wanted to encourage Spain to consolidate the democracy at the time after the

rather soft change and that their attitude in respect of that inevitably brought the question of Gibraltar into play but it is not that there has been a change of attitude towards the principle and I would say it is certainly not at the political level. I don't care about the "Sir Humphreys" of this world though they may wield a considerable amount of influence. I am talking about the political will in respect of that and I have always said, and I say so again, that if I find a dramatic or any change, perhaps the word dramatic is not the right word, if I find any substantial or significant change in the attitude of the British Government towards the people of Gibraltar I will proclaim it and I will say so because I have a duty to do so. Equally, I have a duty to say that I have not detected any deliberate attitude on the part of certainly the Head of the Foreign Office and one or two of the Ministers with whom I have dealt in any other way than in the most correct fashion of trying to see our difficulties to some extent having regard to their own constraints and so on, how they could help us. He said: "The policy towards Gibraltar is still highly questionable". Well, I don't find it questionable. I find that of course in the United Kingdom the question of Gibraltar is looked at in the context of the world responsibilities of the British Government which cannot be the same as ours because to us it is our world, to them it is one of a number of problems and a number of difficulties but I have not detected any change of substance to the repeated commitments that have been given to the people and I have not stuck out my neck for the British Government, I have stuck out my neck for the people of Gibraltar, this is another of the points I had here that the Hon Member had made reference to. I have a note here that he said: "How can we attack the British Government when the election was won? Renegotiation alternative package of £28m. Manipulation by the British Government". Well, the renegotiation was the ticket on which the other party lost the election completely so there was no question of renegotiation at all. The package at the time when it was made of course made sense and it does make sense today and we will make it make sense. The Hon Member may be cynical and we may differ, time will tell, it is very difficult, we are dealing with very important matters and we can only try and address ourselves honestly and to the extent to which one's mind works intelligently or otherwise towards the problem. That is why the last paragraph in my original statement said that if there is a will we can make it. It is true that the position, as I said before, is serious. There are many factors that can take place during the course of next year. I do not share the views expressed by the Hon Member that from the beginning the whole concept of the commercialisation is wrong but we are entering into a subject that has been discussed over and over again and I need not do that in reply because that has been the subject of motions, the subject of discussions and so on but we do have a situation which we have to face and I hope that despite all the objections and so on that the Hon Leader of the Opposition and his Colleagues feel about this matter as politicians that his own role as a trade unionist will give an opportunity

to the people whose jobs are at stake - I don't want to enter into a controversy about this - to see what we all can do and that is why I said in my statement not just the acme of folly and nonsense that in the end only the people who are being made redundant in the Dockyard should pay for any difficulties that Gibraltar has to suffer. That would not make sense and one could hardly live with that situation in the future. Therefore, going away from the more controversial matters to the matters that have kept us going through this Appropriation Bill in the way we have done this year, I hope that it will be the first of many discussions and suggestions and so on will help to make the situation of the territory a happier one to live in.

HON J C PEREZ:

If the Hon Member will give way. I wouldn't like to press the Hon Member but when I was pressing the Minister for Municipal Services yesterday about the Coopers and Lybrand Report on water and electricity, he told me that you would be dealing with it in your own contribution. If the Hon Member wants I can refer to what I said yesterday.

HON CHIEF MINISTER:

I am sorry, I will come back later on. I have a note here on Coopers and Lybrand but I don't know what it was for.

MR SPEAKER:

Perhaps we can take another opportunity at Committee Stage to deal with it.

HON CHIEF MINISTER:

Yes, I will try and do that. I have a note here 'Coopers and Lybrand available to previous Opposition'. That is what I have here as having been said by the Hon Member. Well, I have to confirm that, I have not done it, I am sorry.

MR SPEAKER:

We shall now recess for tea.

The House recessed at 5.15 pm.

The House resumed at 5.55 pm.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I hope not to take too long in replying to the various points raised by Members of the Opposition during the debate because words are like leaves and where they most abound much fruit of sense beneath is rarely found - Alexander Pope. The Hon Members opposite have asked a number of detailed questions which, obviously, I must answer. One theme which ran through the comments of Hon Members opposite was, if I can paraphrase, that the accounts should show in greater detail, the estimates and the accounts, the real cost of services or the economic cost of services and I take it that by that they mean that services provided, well, I think they mean several things because the theme was illustrated by different Members in different ways. The Hon Mari Montegriffo referred to maintenance of buildings and the figure of £700,000 showed in the Public Works estimates and also the question of rates on Government buildings was raised by several Hon Members. I think the Leader of the Opposition himself. Post Office services was another point raised and the true cost of the Savings Bank whether it should be known separately and the division between Philatelic services, Post Office and Savings Bank. I think the case for the Post Office services is rather different from the others. I think Postal Service could very well be established as a Funded Service rather like the Telephone Service and the use of Postal Services by Government Departments would then be shown as the Electricity and Water Charges are shown. One would have to identify the amounts, that is to say, the service provided for each Department and unless one were to install, shall we say, stamp cancelling machines or franking machines in Government offices, this would have to be based on some form of estimate, possibly envelopes used by Government Departments or OHMS labels, this was a device I have seen used in the past. I think my point here is that there is an administrative cost to that sort of development and before one were to change the present arrangement, I think, one would have to be satisfied that the benefits were going to outweigh the costs, I think that is a fair point to make although, as I said, I think the case for doing it for Postal Services is different in degree from the others. As far as the Savings Bank is concerned, the Government do produce memoranda of accounts, it is on page 95 of the Annual Accounts and there we show, amongst other things, the management charges and rents, rates and maintenance, lighting and heating and so on which is regarded as appropriate to that particular activity, that particular responsibility centre or cost centre, whatever one likes to call it. We don't do that in the estimates.

HON J C PEREZ:

If the Hon Member will give way. The point on this that I made was that out of the costs in the Auditor's Report there is £30,000 which is the first four headings as from services rendered by sundry departments in respect of salaries and

pension liabilities which appear on page 13 of the estimates as revenue but that then the £2,357 which is overtime payment one is presuming is being charged to personal emoluments under the Postal Services and that was one of the points which I stressed could not accurately reflect the position of the Postal Services since some of the costs of the Savings Bank was being charged to the Postal Services and was not equally separated.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I understand the Hon Member's point, Mr Speaker, and I think that is a matter of opinion. Some of the costs shown rest on apportionments and apportionments are, of course, apportionments of time and resources and they rest on conventions, they rest on estimates of the time which one individual may spend on one activity or on another. To measure again more precisely the amount of time which is spent on different activities, one could of course, in theory, introduce a system of time sheets or job sheets but always at administrative costs, I think this is the point. All apportionments are, by and large, and to strive for greater accuracy can only be done at a cost.

HON J BOSSANO:

If the Hon Member will give way. I think he is going at a complete tangent. It is a straightforward question which requires a factual answer, it is not a matter of opinion. If there is an item on the revenue side of reimbursements, on page 13, which says actual revenue 1982/83 - £30,000, which is reimbursement from the Post Office Savings Bank to the Government, Management Expenses. The question is, is that £30,000 the £30,000 that appears as expenditure in the list quoted by my Colleague Mr Perez and if it is then why is it that the other items do not appear here as well as part of the reimbursement? Why doesn't the cost of the overtime appear as reimbursement here?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I thank the Hon Leader of the Opposition for clarifying that point. The cost of the overtime is included as a direct charge because that overtime was incurred specifically on Savings Bank activities.

HON J BOSSANO:

Surely, so do the rest of the £30,000 according to the accounts of the Auditor.

MR SPEAKER:

I think this is a point that can rightly be looked at in Committee.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Certainly I will look into that further in Committee Stage, Mr Speaker. The Minister for Public Works has replied, I think, already on the question of maintenance of buildings and he has given an answer to the questions raised by Hon Members on that. I would like to refer again to that point but if I could also deal with rates where it was suggested that the amount of rates shown in Head 12 - £361,000, this should be attributed to the various Government Departments because this is an item for Government buildings. I think one could do that but my query about it is really what the purpose for that would be, whether in fact it would lead to - it might I think in this particular case, it might give greater accuracy in presentation terms, in terms of the presentation of the accounts one would be able to see separate assessments for each Government Department but it wouldn't in any sense improve management control because the Heads of Departments concerned, and they are the accounting officers, would not thereby be in a better position to control the amounts of rates shown as an item of expenditure for the Department for which they are responsible, for the Head of Expenditure for which they are responsible, because it is not under their control so they cannot really be called responsible for it, whereas they are, in theory at any rate, responsible for the consumption of electricity and the consumption of water by their department. I think there is an important difference there as they would be responsible for other real resources including the Moroccan workers which we were talking about. There is a difference there between what a department and, indeed, what a Minister can control and what he cannot and I think the question of whether one has it in a central account and/or split up between the various departments can be answered in that sense. I think one can distinguish, too, between information in estimates, the estimates for the start of the year which have been presented to the House, and the information which is included in an account at the end of the year which is subject to audit as the estimates of course are not because they are not intended as financial accounts. They don't have the completeness of financial accounts and I think if one, reverting to the general theme of Hon Members comments that there should be greater accuracy, greater apportionment, more precise allocation of costs, I again would answer that in terms of the points I have just made referring to the Minister's £700,000 expenditure on maintenance of buildings again. As you know, the estimates process lasts over a relatively short time, it is possible to make various judgements about the amounts of expenditure, the amount of resources which can be devoted to maintenance in total, so to speak, in the light of conflicting restraints on resources, generally, of other services but I think the sort of fine tuning which was implicit in the general tenor of their remarks is really incompatible with the estimates stage where the Government might have to decide: "Well, we can only spend £600,000 on maintenance this year because of pressure on resources" or

they might decide that because of a general need for increased expenditure on maintenance it would be £800,000. I think that sort of decision can be taken by Government at the estimates stage but the fine tuning and the presentation of information which says so much can be spent on whatever it may be, one building, one estate, another estate, at that stage is not really possible.

HON J BOSSANO:

If the Hon Member will give way. It isn't just a question of estimating. Once we have voted in the Committee Stage, the approved estimates of expenditure will be in fact money appropriated by this House and what we are saying is that instead of the House appropriating £700,000 to be spent on whatever building the Government or the Minister in their wisdom decide to spend it on, we think it is better to say: "We are going to spend so much money on maintaining our Hospital, so much money on maintaining our schools", and so forth, and also we think it is easier from the point of view of politically defending a vote to say: "We are spending so much money on maintaining Hospitals and schools", than saying: "We are spending so much money on Public Works". I think part of the Public Works criticism is because it is all under one umbrella.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I take the Hon Leader of the Opposition's comments and again I think that that is also a matter of opinion rather than fact and I think there is a penalty when that sort of commitment is included in what I might call the rigid framework of parliamentary accounting because, of course, it then becomes a matter for detailed scrutiny, for detailed reconciliation during the course of the financial year, possibly at supplementary estimates stage, if one were to have supplementary estimates, and this of course adds to the cost without necessarily improving the control and certainly at the cost of reduced flexibility. There is just one further point I ought to make on rates of Government buildings which does in fact support the point I made a short while ago about the desirability of having the expenditure on rates in a central vote rather than split up and that is that we are in fact bound by a statutory requirement which states that all the former City Council buildings or property pre-1969 do not pay rates so the Telephone Service and the Electricity Service, inter alia, would be caught by that statutory restriction and, in any event, I imagine the problem of identifying rates on telephone cables, telephone ducts, electricity cables, way-leaves and so on, that would itself present a quite formidable burden and again would mean a striving after accuracy, yes, possibly, but at a cost which might outweigh the benefits of that increased accuracy. I have referred to another aspect of accounting and here I think I would distinguish between Government estimates and, indeed, Government accounts which are financial accounts on the one hand and management accounts

because I think the information which Heads of Departments need for purposes of control of expenditure, for management purposes, is not necessarily and should not necessarily be presented in the same form as the financial estimates and accounts at the end of the year which the House of Assembly looks at and scrutinises. I did in fact say, Mr Speaker, during the debate at the last meeting of the House when we were discussing the Supplementary Appropriation Bill, I said: "The difficulty of using financial accounts for management purposes by which I mean purposes of control of expenditure. The Government accounts are accountants' accounts" - is the phrase I used - "and they do not readily yield information about variations in labour, material, goods and services nor distinguish fully between price and volume variances. Information which is important for monitoring purposes, especially at a time when the financial situation may call for a rather stringent control of expenditure and close monitoring", is really required and, as I said, I would be exploring further with my Colleagues in the Government to see what improvements in systems of internal control might be necessary but that, I think, is very much an internal management point separate from the question of estimates. There was not entire unanimity, I think, amongst the Members of the Opposition on this question of greater detail of more precise apportionment of expenditure to individual Heads because the Hon Mr Mor in his contribution to the debate did argue that personal emoluments in the Education Department, for example, should form part of a central vote.

MR SPRAKER:

No, with respect, I do not think that Mr Mor said that. Mr Mor was talking about the attributable expenditure on the particular vote, attributable exclusively to educating the children and this expenditure went to the general administration of the Department, I do not think he went further than that. I stand to be corrected.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

In that case I apologise to the Hon Mr Mor. Thank you, Mr Speaker, for putting me right. I think I have said enough on the general question of accuracy in the Government accounts. There were a number of detailed points which were raised during the course of debate. The Hon Mr Perez drew a distinction between the 8-year repayment period for the money borrowed in connection with the introduction of IDD and new equipment and the book life of the equipment which is, of course, fifteen years and he suggested, I think, that there might be a hidden element of subsidy here. That is not so, Mr Speaker, because the two repayment periods are, in fact, discounted and the discount rates varies as between the repayment life for the expenditure and the book life of the plant. There is a different discount rate which ensures that the Telephone Service does pay the economic rate. Distillers; I think there was a question about the cost of the distiller

plant and that has been financed by ODA and will not be a charge on the I&D Fund, that is to say, there is no capital charge in connection with that plant. There were a number of questions about the I&D Fund and I think it was suggested that too much money was being borrowed or that we should be spending the money in 1984/85 rather than in 1985/86. It is a difficult question to explain simply because the answer really depends on the interaction of two factors. In the first place the timing at which various projects which have been approved by the Government go live in the sense that when this money is spent when disbursements in connection with that project have to be made, on the one hand, and the Government's needs for cash to finance those projects on the other, and getting these two in conjunction from an accounting point of view, that is to say, from an estimating point of view, for the purposes of the Government estimates is not always easy but in cash terms it does not make a great deal of difference, it may make some difference but it is a marginal difference and the reason for that statement is that even if the Government were, shall we say, to take the hypothetical situation that the Hon Member has raised, even if the Government were to get the cash too early and were left with a balance, well, it is earning interest on that cash so there could at the most be a marginal rate of 1% perhaps between the amount being borrowed too early and the amount which we would earn on cash in the bank or with the Crown Agents in London but I think if I can develop the points in the context of the estimates, it was always assumed that there would be a deficit in the Improvement and Development Fund, when I say always I mean, I apologise, I mean my predecessor personally assumed that there would be a deficit in the Improvement and Development Fund of just over £3m at the end of 1983/84 - £3,063,000 - and it was therefore assumed that the Improvement and Development Fund would, insofar as there was a need for a cash payment in that year, borrow in effect from the Consolidated Fund, that is, it would use up cash which was available and brought to account in the Consolidated Fund Balance for that purpose because it was known or it was planned at that stage to borrow money from a combination of a commercial loan and of course sale of debentures to finance the project as the need for cash developed during the course of 1984/85 and as the Consolidated Fund's need for its own cash also developed. I hope I have explained that in general terms. There was, of course, a loan agreement which I signed with Hambros Bank in November. The first tranche of cash under that loan agreement for £6m has already been taken up, it was taken up in the last financial year. The second tranche we can take up at any time up to the 31st December. It is conceivable, as I said earlier, that that might be too early but those were the terms of the loan agreements, one obviously has to plan these things in advance, indeed, I think the discussion on the £6m loan facility has gone on for the best part of twelve months and it is not, of course, always possible to change the terms of an agreement like that at the last minute because you get pretty well downstream and the banks, of course, have got to make their own arrangements for borrowing the money on the market and there was an occasion in the early hours of, I

think it was the 27th January, Mr Speaker, I had in fact signed the agreement the day before with Hambros and it suddenly seemed the smartest piece of business I had done in a long time. If I can just conclude, as far as the £1.5m which is shown outstanding at the end of the year, as I said, the projects are on-going. £1m of that is already allocated to projects and the remainder, £½m, is there as a contingency margin for the increases in cost which are encountered from time to time. I think it was the Hon Mr Baldachino who asked about the Varyl Begg roofs and why that should be amortised over a period of sixty years. I imagine his alternative would have been to include these as maintenance in the appropriate subhead under recurrent expenditure. Well, I think the point there and I apologise if it seems a rather doctrinaire one to him. First of all sixty years of course is the life of the building, that is the amortisation period, but the money to finance this particular improvement and development has been borrowed at a commercial rate.

HON J L BALDACHINO:

If the Hon Member will give way. I was not referring only to the Varyl Begg roofs. What I said was to such things as the Varyl Begg roofs, the repairs of the external walls of the Tower Blocks and things like that. I did not mention specifically the Varyl Begg roofs, I meant things that would not have a sixty-year life, that is what I was referring to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

At the Committee Stage we can go into that in more detail, I thought it was in fact the question of Varyl Begg roofs or other things which are amortised over sixty years. The Hon Mr Pilcher asked me a question. He suggested that I had given him an undertaking to provide him with information about the terms of the consultancy - no, not the consultancy fee but the terms and conditions of the management agreement and I did say that I would make these available outside the House or at least make them available in due course, Mr Speaker. I am not quite sure what the Chief Minister's 'shortly' means but my 'in due course' means not yet and I would envisage that that ought to be after I have been replaced by what some of my Colleagues call 'a proper Chairman' of GSL, the suggestion being that I am an improper Chairman, of course, and that will I hope be in the not too distant future. The point being of course that the Chairman and the Board when we have a full Board will or ought to have an opportunity to comment, I think, before these are revealed more generally and the second point is, of course, which explains why I said in due course although I hope this will be shortly, is because it will take place downstream of a successful resolution of current negotiations leading to a speedy entry of the management company on the question of the Dockyard operation.

HON J E PILCHER:

If the Hon Member will give way. As Chairman of the GSL, although only temporarily, he should make sure that they do run speedily, Mr Speaker.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am bending all my best efforts to that end, Mr Speaker. I now come to the points raised by the Hon Leader of the Opposition about the Dockyard and I would simply make this point and it really goes back to some of the things I said in my opening speech. He mentioned that there was a full programme of work in the Dockyard - I think I am quoting him accurately there - for the time being because of the MOD commitment to paying wages till December. He then used the rather revealing phrase 'even if there is not the work for them to do' and to my mind this illustrates a certain imperfection in the Hon Member's thinking about this.

HON J BOSSANO:

I will explain the position because perhaps the Dockyard management does not keep the Hon Member as well informed as it does me, Mr Speaker. The refit programme is supposed to end sometime in November. The commitment is that the employees will be given six months notice running from June to December irrespective of their length of service and that if in fact the refit programme is completed on target, say, in the middle of November, then people are not going to be kept coming in for six weeks without having anything to do but they will still be paid.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am grateful to the Hon Member so that particular exchange does not illustrate imperfections in his economic thinking. Mr Speaker, if I can return to his other points. He did raise the question of the debts in two points. He raised particular points about the 1985 debenture and if I can quote his figures. He noted that there was a figure of £343,000 at the end of 1983, that there would be further repayments of about £150,000 or thereabouts or there had been in 1983/84 and would be in 1984/85 and I think the Hon Member added up these figures and said: "Right, at the end of 1984/85 you have only repaid some considerably less than the total of £1m which was borrowed. There would, of course, be a further tranche of payment, another £150,000, but that again would leave one some way short of the million". The answer to the Hon Gentleman's query on that is that of course these payments as soon as they are made into the Sinking Fund they attract interest and not only do they attract interest but they attract interest at a compound rate. So the Sinking Fund is credited with the interest earned on the repayment and that is how the full debt of £1m is paid at maturity.

HON J BOSSANO:

If the Hon Member will give way. Will not, in fact, the figure in the Auditor's Report of £343,000 include the value of the investments in the Statutory Sinking Fund including accrued interests from those investments?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

To that date, yes.

HON J BOSSANO:

I will do some checking, Mr Speaker, but it seems to me that there is still a shortfall even after his answer.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Again, I think this is probably something we can usefully check over a glass of beer some time. The other points which the Hon Member made on debts, generally, was, I think, if I am right in paraphrasing again, that there were these various loans and I think he said that he would not like to be around in a few years time or possibly he would not like to be Financial and Development Secretary in a few years time.

MR SPEAKER:

I think he said he would not like to be Chief Minister.

HON CHIEF MINISTER:

The only time that he wouldn't like to be.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the answer is that certainly we do not see any major increase in future repayments because of new loans since a number of other loans with varying redemption dates will be redeemed by the time the Hon Member does not become Chief Minister. The public debts and indeed the servicing charges do peak in 1985/86 or will peak in 1985/86 and 1986/87 and thereafter they will fall sharply. That is, of course, on present dispositions and naturally I cannot commit the Government or say anything to the House of what those commitments might be at varying times in the future. Of course that is why we structured the Hambros loan with a five-year grace period before we began repayment of the debt. The Hon Member also raised a point on interest and I think this is on page 12, Head 7 - Interest, Consolidated Fund and again I think his point was why that interest had gone down. The reason why the figure for interest has remained relatively constant in relation to the Consolidated Fund Balance of £11m and then £7m is really in part or lies with the explanation I gave a

short while ago about the fluctuations in cash terms between the two Funds and the fact that there was a book deficit in the I&D Fund at the end of the financial year did not, of course, reveal the true cash situation. So it is really the cash available during the year at any time and not the projected book balances in the Fund which determine the amount of interest which is earned on the cash or investments which are in the Consolidated Fund.

HON J BOSSANO:

But, Mr Speaker, even taking that into account, isn't it true to say that if we discount the deficit in the Improvement and Development Fund in March, 1983, we have over £8m in the Consolidated Fund Balance and that if we look at the £7m with which we are starting this year we are looking at a reducing balance this year on the one hand, and on the other hand we are looking at the level of accruals or arrears or outstandings, whichever it is, which is bound to be higher now than it was twelve months ago so that in fact the cash balance is going to be considerably less?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, part of the answer to the Hon Gentleman's question, the answer to what he said in the first part of his question he gave in the second part of his question because, as I said, we are talking in terms of cash and so when there was a balance of £8m in the Consolidated Fund, a credit balance, plus a deficit of £3m in the I&D Fund, he also must take into account the actual position on arrears as he suggested which I think he would find would bring the figure down more towards one of £4m which at a going rate of 10%

HON J BOSSANO:

Mr Speaker, I am afraid the Hon Member takes my argument and then turns it on its head. What I am saying is that if in fact his estimating last year £400,000, and let us take a figure of 10%, that represents £4m of cash which means that instead of having £12m there was really £4m in cash because £3m-odd was an advance to the I&D Fund and the rest was arrears or accruals or outstandings, this year we start off with £7m which is less than the £8m of last year after the I&D Fund and the accruals, arrears or outstandings this year are higher than last year and therefore if he had £4m last year he certainly has got less, he has got £3m and if he has got £3m to start off with he is going to have nothing by the end of the year.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the only additional point the Hon Member has introduced beyond the one to which I think I gave a reasonable answer is the position at the end of the year. The forecast we are producing for the Consolidated Fund in these estimates is, of

course, an end of year position which is to say that we now have a figure of £7m in the Consolidated Fund, we have also had an injection of cash from the Hambros loan facility and also, of course, the sale of debentures which have improved the Government's cash position so I do not accept that as far as the average of the year as distinct from what the entry might be at the end of the financial year, the position is as the Hon Member has suggested and not as we have estimated. But I would say, of course, that estimating cash flows, Mr Speaker, and therefore the interest one may earn on cash balances is not subject to precise estimating which is why of course amongst other reasons it is a Consolidated Fund charge. I think the Hon Member's next point was on insurance and he asked why under Head 26 - Treasury, we were making no provision for insurance. First of all, I should say that the Government has provided money in previous years for the insurance fund and the figure is I think £670,000, speaking from memory, shown in the accounts, and it was felt that the figure has of course mounted and as part of the general drive for economy this was something which it was reasonable for the Government not to provide at this stage. It would be very unfortunate if one were proved wrong but one has to make a judgement of these things and clearly the Fund has been growing and we think that it is a risk which is reasonable to take in the circumstances. I think, Mr Speaker, those were the only specific points raised by the Hon Leader of the Opposition. I seem to recall that at an earlier stage the Hon Mr Feetham made some comments about my expatriate mentality which I certainly did not take in a personal sense because I am sure he did not intend it in a personal sense. If I am a 'giri' then I am a 'scouse giri', Mr Speaker, and they are very robust creatures, at least I hope so, but I would merely say that I think my value to the Chief Minister, indeed, to Gibraltar would be diminished if I were to simply articulate in exactly the same form as my Ministerial Colleagues or, indeed, other Members of the House a view which they can probably put more eloquently than myself, so in my opening speech to the House where I may have made some comments giving my analysis, I was doing so in that spirit. I think the only other point I would say is that I certainly agree wholeheartedly with the comments made by the Minister for Economic Development and Trade on the question of land and I note that my predecessor, Mr Wallace, last year in his speech to the House on the occasion of the Budget said much the same sort of thing. He said that the problem of land is not confined to the free handover of lands and assets surplus to defence requirements in the Dockyard since these, on their own, are inadequate to close the gap which will be created in our economy. The Ministry of Defence will need to release other land and assets to give scope for diversification and I think the underlying principle there, Mr Speaker, and one which I would certainly endorse although I will not endorse it in the same way as Ministers otherwise the Chief Minister may find that he has three instead of just two GSLP Members of his team, the principle is, to my mind, a fairly simple one and that is that political self determination is of course meaningless without economic self determination and therefore

the means to survival. I think I have spoken long enough, Mr Speaker. I am afraid the House of Assembly and Gibraltar may have to put up for a few years longer with my curious combination of Treasury thinking, scouse humour, accruals and quotations from Shakespeare. I commend the Bill to the House.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move that the Committee Stage and Third Reading of the Bill be taken at a later stage of the House which may be tonight.

This was agreed to.

COMMITTEE STAGE

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move that the House should resolve itself into Committee to consider the Finance Bill, 1984, and the Appropriation (1984/85) Bill, 1984, clause by clause.

This was agreed to and the House went into Committee.

THE FINANCE BILL, 1984

Clause 1

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that the figure "16" in line one of subclause (5) be deleted and the figure "14" be substituted therefor. This is a consequential amendment following the decision on pensions announced by the Chief Minister earlier in the debate. I will be moving substantive amendments to Clauses 12 and 13 at the appropriate time.

Mr Speaker 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

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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

Clause 2 stood part of the Bill.

Clause 3

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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

Clause 3 stood part of the Bill.

Clauses 4 to 9 were agreed to and stood part of the Bill.

Clause 10

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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

Clause 10 stood part of the Bill.

Clause 11

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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

Clause 11 stood part of the Bill.

Clause 12

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that Clause 12 be deleted and there will be some consequential renumbering, of course.

Mr Speaker put the question which was resolved in the affirmative and Clause 12 was deleted.

Clause 13

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that Clause 13 be deleted and that Clauses 14, 15 and 16 be renumbered 12, 13 and 14.

Mr Speaker put the question which was resolved in the affirmative and Clause 13 was deleted and Clauses 14, 15 and 16 were accordingly renumbered Clauses 12, 13 and 14.

Clause 12 (old Clause 14) was agreed to and stood part of the Bill.

Clause 13 (old Clause 15) was agreed to and stood part of the Bill.

Clause 14 (old Clause 16) 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 "The Pensions (Increase) Ordinance, 1973, The Pensions (House of Assembly) Ordinance, 1979", be deleted from The Long Title of the Bill.

Mr Speaker put the question which was resolved in the affirmative and The Long Title, as amended, was agreed to and stood part of the Bill.

THE APPROPRIATION (1984/85) BILL, 1984

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

Schedule

Head 1 - Audit

Personal Emoluments

HON J BOSSANO:

Mr Chairman, why is the typist Specialist?

HON CHIEF MINISTER:

She does audio.

Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 2 - Customs

Personal Emoluments was agreed to.

Other Charges

HON J BOSSANO:

Mr Chairman, I think one point that the Hon Member didn't answer, in fact, was whether there would have to be consequential amendments in the approved estimates as a result of the increases in water and electricity tariffs which we have just passed in the Finance Bill?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, in due course it will be included in the revised estimates but it has not been the practice when tariffs have been raised to do it in the same meeting.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 3 - Education

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 4 - Electricity Undertaking

Personal Emoluments was agreed to.

Other Charges

HON J C PEREZ:

On the question I raised yesterday with the Hon Minister for Municipal Services in relation to the fuel cost where notwithstanding the fact that the capacity of the new Waterport Station is being increased and the King's Bastion one is being run down, there is a higher proportion of fuel being voted for the King's Bastion one rather than for the Waterport one. Could the Hon Member explain that?

HON DR R G VALARINO:

Yes, Mr Chairman, let me answer back in two parts. First of all, the estimate 1984/85. The amount at Waterport is less because No. 1 engine at Waterport needs a 9,000 hour overhaul so it will be out for two weeks and it will also need a major overhaul so it will be out between five to six weeks during the year. No. 2 engine at Waterport will need a 9,000 hour overhaul and it is likely that it will need a major overhaul which is the 12,000 hour sometime during this financial year. This is why there is a difference in this between the fuel at King's Bastion because they will be working more than the ones at Waterport. As far as the approved estimates for last year are concerned, this is due to the fact that No. 13 engine which is the largest engine at King's Bastion had a major overhaul last year and, in fact, No. 13 engine was out of commission for sixteen weeks and the fact that we have got three other engines. That is why the figures are different in that respect.

HON J C PEREZ:

Can the Hon Member explain then why it is that the increased oil which is reflected on the overhaul of engines on the King's Bastion one is not reflected in the decrease of money allocated to fuel in the Waterport one whilst the overhaul is being carried out? You are putting more money into the King's Bastion one because you need more fuel because the capacity will increase but, surely, when the capacity of the King's Bastion one is increasing whilst the overhaul is taking place the capacity of the Waterport one has decreased and therefore not so much money should be allocated to fuel on the Waterport one since there is more money allocated to fuel in the King's Bastion one.

HON DR R G VALARINO:

Yes, Mr Chairman, there is certainly not a great deal of difference between one and the other except that the price of oil tends to differ and, in fact, the ratios carried out for pricing indeed are different in both Stations.

HON J C PEREZ:

I am not asking that, Mr Chairman. I am asking the Hon Member if the amount that we are being asked to approve for the Waterport Station reflects less fuel than would have normally been used because there will be a period when engines at Waterport Station are being overhauled which is the reason why we are being asked to approve more fuel for the King's Bastion?

MR SPEAKER:

What you are being told is that the cost of fuel for Waterport is cheaper due to the different quality of fuel.

HON DR R G VALARINO:

Mr Chairman, I can see the Hon Member's point but he is talking about the approved estimates. If he looks at the revised estimate 1983/84 he would then see the real state of the picture.

HON J C PEREZ:

So what the Hon Member is saying is that, yes, it has been taken into account?

HON DR R G VALARINO:

Yes, Mr Chairman.

HON J C PEREZ:

Can I now ask the Hon Member what extra expenditure there is? Why are we being asked to approve £47,000 for the overhaul of engines, is it that we employ some services from outside the Government which we pay whilst we overhaul the engines and could he also explain the period between the overhaul of engines in the new Generating Station and whether that is going to recur annually or half yearly or whatever? What are the periods in which the engines are to be overhauled?

HON DR R G VALARINO:

Let me answer both of them and, in fact, I have the figures here. The engines are overhauled periodically, in fact, we have certain guidelines by which we renew certain parts of the

engines. A top overhaul is done at 9,000 hours and a major overhaul is done at 12,000 hours so it really depends on the amount of time that the engines are running. Sometimes it is difficult for me at this early stage to predict when, say, engine No. 2 at Waterport will need a major overhaul. That is one. Then he has gone down to subhead 25 - Overhaul of Engines at £47,000. The engines at Waterport, in fact, the 9,000 hours overhaul of engine No. 1 at Waterport is being undertaken at this very moment and it is done partly by us, the men working at Waterport, and by engineers from Mirrlees and this overhaul take into account some of the help that we got from Mirrlees.

HON J BOSSANO:

Is this at all affected by the fact that the Waterport Power Station is still being operated by Hawker Siddeley which we are opposed to, or not? Would it be the same if in fact the Station was now being operated by the Government employees?

HON DR R G VALARINO:

No, Sir, it is not affected by the fact that we have not taken Waterport completely. In fact, the Hon Leader of the Opposition may remember No. 13 engine was overhauled last year and we had some engineers from Mirrlees doing the work here in helping our own people. This is a continuing process whereby both the manufacturers and ourselves repair or maintain the engines. This has been done in the past, this is not an innovation.

Other Charges was agreed to.

Special Expenditure

HON J C PEREZ:

Mr Chairman, there are two things here, one which I stressed in my own contribution in the Appropriation Bill which is that we will be voting against the £110,400 for Hawker Siddeley. I think the reasons have been expressed already in the House and I wouldn't want to keep the House unnecessarily prolonged with that. The other thing I would like to ask the Minister is about this consultancy service, what is it?

HON DR R G VALARINO:

The consultancy service which is subhead 80, is the consultancy with BEI that has arisen in various discussions we have held and covers that vote.

On a vote being taken on Special Expenditure, Subhead 85 - Running of Waterport Power Station by Hawker Siddeley Power Engineering, 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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J I Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

Subhead 85 of Special Expenditure was accordingly passed.

Special Expenditure was passed.

Head 5 - Fire Service

Personal Emoluments

HON J C PEREZ:

Just to say, Mr Chairman, something which I missed out yesterday and the Hon and Learned Chief Minister was confused as to whether I was actually shadowing the Fire Service or not. I found no fault in the estimates of the Fire Service so I saw no reason why I should mention it and keep the House unnecessarily.

HON DR R G VALARINO:

Mr Chairman, if I may, the only thing I would like to say is that I am impressed that the Hon Member has changed his tie today.

HON J C PEREZ:

They are all members of the union.

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 6 - Governor's Office

Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 7 - House of Assembly

Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 8 - Housing

Personal Emoluments was agreed to.

Other Charges

HON J L BALDACHINO:

Mr Chairman, under subhead 8. Is the estimated amount under subhead 8 for provision for lighting of new Estates?

HON MAJOR F J DELLIPIANI:

Mr Chairman, this is for all the Housing Estates.

HON J L BALDACHINO:

Mr Chairman, I have got another one on subhead 9. Is the increases of £11,700 under this Head because the Government expects an increase of people applying for rent relief in 1984/85?

HON MAJOR F J DELLIPIANI:

Yes, Sir.

HON J BOSSANO:

Mr Chairman, could I just follow a point here that the Government might want to give some thought to although it might be an increase in expenditure. This is that quite often in UK, for example, there are substantial numbers of

people in need of assistance who are unaware of their entitlement, I think it is important, and I think the Government should give some thought particularly in a situation where rents are going up as fast as they are and where the economic climate, to put it mildly, is a not very healthy one, whether people are fully aware of the sort of the income levels around which rent relief operates? I just want to mention this because I think it is something that should be given some thought. I know that in UK there is a lot of documentary evidence suggesting that there are in fact many, many people entitled to who never take up the benefits.

HON MAJOR F J DELLIPIANI:

Mr Chairman, in my other capacity as Minister for Labour, we do inform people of the facilities that we have for rent relief but it might be a case in point where we could compile some kind of leaflet.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 9 - Income Tax Office

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 10 - Judicial

(1) Supreme Court - Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

(2) Magistrates' and Coroner's Courts - Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 11 - Labour and Social Security

Personal Emoluments

HON J BOSSANO:

May I just make a point in relation to personal emoluments, Mr Speaker? When the Minister brought in legislation, in fact, to ensure more effective supervision by his Department of the requirements under the Work Permit Regulations and so forth were being complied with and that we didn't have a situation where there were people working without proper documentation and contracts and so forth, we talked about strengthening the Department. Could we have some indication from him as to how that is working because I remember we introduced very stiff penalties in the law and we were told that the inspectorate was going to be strengthened and there has been no indication that there have been any prosecutions. I don't know whether that means that the inspectors have been on top of the situation and found no infringements or that the machinery has not really got working yet?

HON MAJOR F J DELLIPIANI:

Mr Chairman, certainly we have strengthened the inspectorate and they are doing what we want them to do but I think the Hon Member should appreciate that as a Minister I do not get myself involved with the different cases that they report but if he wants information I shall certainly give it to him on a personal basis. But it is something that I want to keep out of as a Minister and leave the inspectors to work on their own initiative.

HON J BOSSANO:

The establishment is shown as being down from 72 to 69 in spite of the fact that we strengthened the inspectorate.

HON MAJOR F J DELLIPIANI:

We have managed to redeploy our personnel because we had a considerable number in the Key and Anchor and we have managed to redeploy but I agreed to this on condition that if anything happened we would have them back.

Personal Emoluments was agreed to.

Other Charges

HON M A FEETHAM:

Mr Chairman, will the Minister please state whether he will be coming back to the House for further money other than the £46,000 he has earmarked this year for the Construction

Training Centre in the light of the recent statement he made on youth employment requiring to pay youth who are unemployed six months wages and so on as an incentive to employers? Will he be coming to this House for further money or does he consider £46,000 is what he has got earmarked for this year?

MR SPEAKER:

Which subhead are you referring to?

HON M A FEETHAM:

Subhead 6 and the difference it has on the revised vote. It is £144,700.

HON MAJOR F J DELLIPIANI:

Mr Chairman, this appears as a new item because we have combined the two. In actual fact it is not an increase of £46,000, the increase is not meant for that. In the £80,000 of last year we catered for 45 trainees in our youth training scheme so in the £80,000 there is already money for the training scheme which will continue plus the excess now of £46,000 which would also form part of the scheme that we had in mind, so in actual fact we have already increased this for last year. We are going to deal with greater numbers.

HON M A FEETHAM:

Does the Minister think that that is enough money?

HON MAJOR F J DELLIPIANI:

Mr Chairman, I feel that we have money under the present way that the scheme is going. If the scheme is a success and we need more money I will come for more money but I am not going to ask for more money and then find that the scheme has not had the response because this scheme is really dependant on the attitude of the youngsters and their parents.

HON J BOSSANO:

Mr Chairman, I only saw briefly a report on television about what he said when he went down to talk to the youngsters, but wasn't he talking about expanding the thing and in fact introducing new courses which have not existed in the past? I think what we want to know is whether with £144,000 he reckons he has enough provision for all his plans or whether in fact that is still to come?

HON MAJOR F J DELLIPIANI:

The £14,700 has been given to me on the condition that I can juggle about with it to make the best use possible for the scheme and I hope that it is a success and I need more money. We are not dealing with a full year, of course.

HON J BOSSANO:

There is under Training Courses a token vote of £100. Is that related to this or is it something else?

HON MAJOR F J DELLIPIANI:

It is a token vote which relates to the different industries as was the case when we had, for example, a catering course and it is related to charges to the industries concerned. It is just a token vote.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 12 - Crown Lands

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure

HON J BOSSANO:

I think we are going to get very fast through the estimates, Mr Chairman, we might leave some of us behind. It is unusual I think to have a vote and have a note at the bottom 'reserved' in the estimates. I have only seen that happening before in the Improvement and Development Fund. We have got here purchase of micro-computer reserved. Do we need a micro-computer or do we not need a micro-computer? We have just voted it, yes.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think there is a general point about a number of computers, Mr Chairman, that it was thought appropriate to vote appropriation for the funds but this will be subject to a cost benefit appraisal of each individual project.

Special Expenditure was agreed to.

Head 13 - Law Officers

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 14 - Medical and Health Services

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure

HON MISS M I MONTEGRIFFO:

Mr Chairman, I would like the Minister to say what sort of new equipment he has purchased this year for the Hospital.

HON J B PEREZ:

It seems, Mr Chairman, we have another Mr Restano, but I am grateful to the Hon Member because she did give me notice this morning. We are buying the following items: In the Theatre we are buying an anaesthetic gas extractor; drip stands; cystoscope, a cerclage wire; instruments and hip screws and extra prosthesis removal instruments. In the Physiotherapy Department we are buying some ultrasonic apparatus; a Westminster pulley apparatus, a muscle stimulator, a short wave apparatus. For the Dental Department we are buying a falcon drill unit and an ellipsopantogram. In the Endoscopy Unit we are buying a colonoscope, that is, visualisation of the entire colon, biopsy and removal of small tumours, cost £6,000. We are then buying the usual supply of pace-makers and electrodes, cost £3,000, an oscillator and a digital multimeter. In the Children's Ward, dripstand, childrens wheelchair and an air conditioner unit which will be very welcome by the Department. In the Intensive Care Unit we are buying an automatic infusion pump and again another air conditioner and I have got here in brackets for the 'Burns' room, whatever that may be. In Napier Ward we are buying a suction apparatus and in the Ophthalmic side we are buying a photo-coagulator for the treatment of patients with diabetic retinopathy ten to fifteen years, and many other general items.

Special Expenditure was agreed to.

Head 15 - Police

Personal Emoluments

HON J BOSSANO:

Mr Chairman, I remember when we had a supplementary estimate in the last House of Assembly increasing the number of policemen and we could not find why it was necessary to increase them and I think I raised the question of civilianisation then and I note that it says that there has been civilianisation of four posts. Is this the beginning of the process or has the process now began and ended?

HON ATTORNEY-GENERAL:

Mr Chairman, I would have thought the process is on-going but I don't want to commit myself to that. This is the first stage. I suppose if any other posts can be civilianised they will be.

HON CHIEF MINISTER:

The present form is that there are five posts to be civilianised in the first place. I think only three have as yet been identified, the other two depend on promotions and movements within the Force.

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 16 - Port

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 17 - Post Office, Savings Bank and Philatelic Bureau

(1) Post Office and Savings Bank - Personal Emoluments

HON J C PEREZ:

I come back to the point that has been raised already a couple of times, Mr Chairman, and which I am afraid I do not think the Hon Financial and Development Secretary quite understood

us on this side of the House and that is, I would like to ask whether the Hon Member can confirm that the £2,357.39 that appear as overtime payments for the Gibraltar Savings Bank in the annual accounts are included in the part of overtime of personal emoluments?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, they are not.

HON J C PEREZ:

Where does that sum of money appear in the estimates this year?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, it is not in the estimates, it is in the accounts. You are not being asked to vote the money.

HON J C PEREZ:

I know, but I am talking about the 1982/83 figures which appear on the expenditure, Mr Chairman, and there are four Heads in the annual accounts which appear on page 13 as revenue to the Government. I am talking about the accounts in relation to the estimates, Mr Chairman. There are four Heads in the annual accounts of the Gibraltar Savings Bank which added together total £30,000 which appear as revenue to the Government in page 13 of the estimates. What I am asking is, why doesn't the overtime payments of £2,357 appear with that and if not where does it appear as 1982/83 revenue or expenditure?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, I have answered the Hon Member, Mr Chairman. He keeps asking me why the figures for overtime payments relating to 1982/83 or rather where does it appear in the estimates. The answer is that it does not appear in the estimates because it is not being voted and it does not appear nor is it taken up in the figure of reimbursements on page 13 and it is no use asking me where the figures of overtime for 1982/83 appears in the 1984/85 estimates because I am saying we are not asking the House to vote.

HON J C PEREZ:

You are not asking the House to vote either any other Head and still the figure of approved estimates 1983/84 and the revised estimate 1983/84, what I am asking is under what Head in the revised

MR SPEAKER:

It is purely for information. I accept the fact that what I think Mr Perez is asking is why hasn't the normal procedure been followed?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry, Mr Chairman, but I do not understand.

MR SPEAKER:

In other subheads you do show the extra expenditure for 1982/83 and in this subhead you have not shown the extra expenditure for 1982/83.

HON G MASCARENHAS:

Mr Chairman, the Hon Member is querying the £30,000 and the overtime which is not included but I think he will find in the revised estimates it is £32,000 so I think it is detailed on page 13, under subhead 4.

HON J BOSSANO:

Let me first perhaps take a point up with the Hon Financial and Development Secretary because I know like some of the people on our side it is his first Budget but, of course, as you well know, Mr Chairman, when we come to the Committee Stage of the Budget we do have your leniency in allowing us to ask questions about things that are not there like I have asked him about the £100,000 non-existent in this year in respect of insurance. He could have told me then that he did not have to give me an answer because I was not voting £100,000 but of course he didn't, he gave me an answer. The question that we are asking is perfectly legitimate one since what we are doing is as a matter of general policy not scrutinising the detail of who gets paid what but the detail of how accurately the figures that we are given reflect the reality of the situation. If we have £30,000 as income to the Government reimbursed by the Gibraltar Savings Bank, is the explanation that it is a purely arbitrary figure where if he decides next year to make it £20,000 he will just make it £20,000 and he won't include heating and lighting because he decides not to include heating and lighting. Why is it that £30,000 is being reimbursed and shows up as revenue out of an account in the Auditor's Report, Statement 19, page 95, which includes a series of figures which total £30,000 which we are assuming is the same £30,000 but which includes additionally a payment of £2,357 in overtime and a payment of £811 in stores which could only, presumably, for consistency of treatment, not have to show up as revenue if they were actual cash payments made to outsiders but if it is part of the cost of the Post Office and Savings Bank and you are allocating costs specifically to the Savings Bank to establish to what extent

the Savings Bank is a profitable operation for the Government and putting a management cost and you are charging £29,000 for services rendered in respect of salaries then, surely, if you charge for the salaries you charge for the overtime?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, perhaps I can explain that the Savings Bank Fund is a special Fund and therefore the expenditure which is shown in page 95 is not included in the Post Office vote. There is, of course, a management charge for Post Office expenses and also lighting and heating, sorry, a management charge for various staff expenditure and this is shown on page 95 as services rendered by sundry departments, it is an apportionment, and also lighting and heating, etc. The item from Services rendered by Sundry Departments down to Passage and Travelling Expenses, these are subject to reimbursement. The other items are, I might call it, direct charges on the Savings Bank Fund and do not appear in estimates, that is the convention which has been followed, so the overtime which was incurred was a direct charge on this Fund and would not be subject to reimbursement because the money is allocated directly and not certainly to any reapportionment and the Savings Bank Fund is a special Fund, of course.

HON J BOSSANO:

Well, I know it is a special Fund, Mr Chairman, so is the Housing Fund and so is the Electricity Fund and so is the Potable Water Fund and in their case the overtime is voted by the House in the estimates. He is saying that the £2,357 of overtime payment in the special Fund has not been approved by the House, is that what he is saying, and is not included in personal emoluments, actual expenditure 1982/83? Well, that is a very unusual practice.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think it is the practice which has been followed in other years, Mr Chairman.

HON J BOSSANO:

But it is probably unique, I would say, Mr Chairman, in the whole of the £52m?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, as the Hon Member has just said, Mr Chairman, this is my first Budget and obviously there are things I have to learn as well as Hon Members of the Opposition.

HON J BOSSANO:

If it hasn't been voted that is the explanation, it is not reimbursed because it hasn't been voted, fair enough.

(1) Post Office and Savings Bank - Personal Emoluments was agreed to.

Other Charges

HON J C PEREZ:

Mr Chairman, could I ask the Hon Member under subhead 11 - Losses of Public Funds, what does that exactly mean?

HON G MASCARENHAS:

Mr Chairman, we make an allowance in the estimates for losses at the counter. We manage a lot of money at the counter and it is very difficult to balance every day. There are instances where the counter clerk do not balance and therefore we need that vote in order to be able to cover that in case. It happens in my office every day and when you have four or five people selling at the counter, units as small as that, stamps and all that you have to make an allowance. Our discrepancies are very, very small, I can assure the Hon Member. I know where private companies make a lot of losses out of cash that is lost, misplaced and mistakes, especially under the pressure that they work at the Post Office.

HON J C PEREZ:

But I notice, Mr Chairman, that the revised estimate for last year was £1,000. Does that mean that there was £1,000 loss in that way last year?

HON G MASCARENHAS:

Yes, I imagine so, I wasn't responsible then but I would imagine so, an exceptional loss at one particular moment. You could have lost social insurance stamps or they could have been stolen, I don't know.

Other Charges was agreed to.

Special Expenditure

HON J C PEREZ:

Mr Chairman, the £3,600 required for the purchase of private letter boxes. What exactly is the private letter boxes and what use will they have?

HON G MASCARENHAS:

Mr Chairman, I made a statement in the last House of Assembly particularly on that item. We find that we do not have any PO boxes available for hire, these are the small black things you see in the back entrance, and the Director had already included this in the estimates as there is a lot of demand for it, I think we have about 60 or 70 people on the waiting list and I think that the Public Works will be providing the assistance that we need. That is the cost of the actual boxes that we are purchasing and these are 240 in number which will see us through for the next few years.

Special Expenditure was agreed to.

(2) Philatelic Bureau - Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 18 - Prison

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 19 - Public Works

Personal Emoluments was agreed to.

Other Charges

HON J C PEREZ:

Mr Chairman, the Hon and Learned Chief Minister said in his contribution in the general debate to the Appropriation Bill that Members opposite would be looking at the suggestions that we had made and considering whether to adopt some in relation to the presentation of accounts and since I think that the Hon Minister for Public Works said yesterday about the £700,000 on maintenance of buildings he put across a few obstacles saying that perhaps the allocation of maintenance costs to each different Head would not allow him the flexibility he has at the moment. Perhaps the point made by the Minister yesterday could be overcome, for example, by not allocating all of the £700,000 to the other Heads and perhaps maintaining a small sum for the flexibility which he mentioned such as unpredictable things where one has to use that amount, would the Hon Member consider applying this procedure next year if he could overcome the problems that he mentioned yesterday?

HON M K FEATHERSTONE:

With great respect, Sir, aren't we still on Head 19, that is almost a Head 20 question? When we come to Head 20 I do have an answer for that but I thought we were still doing Head 19.

MR SPEAKER:

We are still doing Head 19, I see what you mean, yes.

Other Charges was agreed to.

Head 20 - Public Works Annually Recurrent

HON M K FEATHERSTONE:

I would just like to inform the House that of the £700,000 which is put for Offices and Buildings, £401,000 are actually already allocated to the different Departments and the balance is used for the other various buildings such as the Secretariat itself and what have you. A very quick breakdown. We have, for example, the Magistrates' Court - £3,500; Supreme Court - £10,000; Post Office - £11,000; and so it runs through until you get to the total of £401,000. So £401,000 of the £700,000 is tentatively mortgaged for those Departments as such but should some emergency crop up as it can do during a year, then it might be needed to move just a little from one of these Departments to the other areas or if one of these Departments needs some extra money then less will be spent, say, on the Secretariat building or on the Treasury or what have you.

HON J C PEREZ:

Following on what the Hon Member has said, Mr Chairman, I would certainly prefer that if, for example, £400,000 of the £700,000 has already been allocated that we should be asked to vote on what it is being spent and that that should be reflected in the accounts on what it is spent which is the argument that I put yesterday and in support of my argument you can keep the £300,000 for anything else that happens but at least that vote is more controlled and we are being asked to vote specific money for a specific thing. What I would like to avoid, and I am not saying that it is happening, but since we are being asked to vote £700,000 without exactly knowing for what it is being voted is that a decision taken in the middle of the year that money which might have been allotted by you now on the Medical Services is used, for example, to paint an office and we might be objecting if that were the case so if it is allotted to the Medical Services we know that so much maintenance is being allotted to the Medical Services that year and if there are complaints from people that the Children's Ward is not being painted then we can know whether there is money allotted for that in this financial year or not.

HON M K FEATHERSTONE:

Each Department is informed of the amount of money allotted to them and I can assure you that they keep a very good check on what is spent for them. I am willing to give a copy of this allotment to you should you so desire it but the position is, as I have said, that if you were to specify the amounts exactly in the estimates and then, as usually happens, the Department overspends their allotment, then we will have to be coming back for umpteen supplementaries for each and every Department and the flexibility that we have to do it without having to come for such supplementaries would be lost, but we are willing to look at it.

HON CHIEF MINISTER:

In the whole estimates, before we started to pay for bigger works from loans and so on, there used to be two Heads in the Public Works, one was Annually Recurrent and the other Non-Recurrent. I don't know why it should carry on being called Annually Recurrent because it is Annually Recurrent, it should be called Public Works Recurrent Account because if the Hon Member will remember we had them for the bigger works and now, of course, the bigger works are financed from loans except that every year the present taxpayers have to pay a little otherwise if you put it all on loans you are putting on to other people when the people here are getting the benefits. In capital works it is the other way about, you cannot burden the taxpayers of today for the benefit that they will receive in the future. Subject to that, apart from looking at the matter, generally, I think the undertaking by the Minister and I would hope when we look at this to take away the Annually Recurrent because there is no other one that is not Annually Recurrent.

HON MISS M I MONTEGRIFFO:

Mr Chairman, can I ask the Minister responsible about the £5,000 for the GASA swimming pool because if I remember rightly he said it was under the Public Works vote and I would like to know under which subhead it comes?

HON M K FEATHERSTONE:

Yes, under the heading that I started reading out, at the end of it I stopped, item 21 - GASA swimming pool, £5,000. We will be in contact with GASA and ask them how exactly they want that spent.

Beaches was agreed to.

Maintenance of Buildings was agreed to.

Emergency Service and Stores was agreed to.

Gardens was agreed to.

General was agreed to.

Highways

HON J C PEREZ:

Mr Chairman, on the question of the Pay Car Parks, could the Hon Member state whether the £54,000 we are asked to approve includes this clamp which we saw in the press for cars over-staying in the car park?

HON M K FEATHERSTONE:

Those clamps have actually been designed and manufactured in the PWD Garage. The cost of each clamp is approximately about £30. I presume for accountancy purposes they will be charged to the pay car parks in due course.

HON J C PEREZ:

The Hon Member is expecting to get £80,000 of revenue this year. Is the last increase in the car park fees estimated in that figure of £80,000?

HON M K FEATHERSTONE:

No, Sir, that was based on the figures that we were obtaining from last year. I can give the figures from last year, we actually had the car park operating for 253 days. We took a total of £60,000 which was roughly £237 a day. We were therefore estimating on 365 days at around the £237 a day, £80,000-odd. With the increase we have had a somewhat diminution in the number of cars actually attending but that we consider will probably only be a temporary decrease as once people start to get used to it again they will be paying the larger amount so that it is quite possible that instead of the £80,000 estimated we may get £120,000.

MR SPEAKER:

Purely by way of information once you have told me who is going to be charged for the clamps. Who will take the benefit of the fines and charges, will it be the Police?

HON M K FEATHERSTONE:

The Consolidated Fund, Sir.

Highways was agreed to.

Mechanical

HON J C PEREZ:

Mr Chairman, on the question of Mechanical, I notice a decrease in the Workshops and Garage, is that in materials?

HON M K FEATHERSTONE:

No, it is mainly a decrease in the amount of work that is done for other Departments. The Garage has done a large amount of work over the last few years in preparing and repairing parts of the distillers. With the new distiller it is hoped that we will have less repairs at least for the first few years.

HON J BOSSANO:

I wanted to ask about the Vehicles and Plant, Mr Chairman. For a number of years I have been stressing the long term benefit to the Government of bringing in plant which they own because quite often they seem to have to go out and hire from private people quite a bit of mechanical plant, we have seen that happening. It is a fair amount because it is going up from £75,000 last year to £120,000 which we support, we think it is a good idea, but is this in fact an indication that more plant is being provided for the Public Works? What sort of plant are we talking about?

HON M K FEATHERSTONE:

I am very grateful for that question, Sir, because I would like to tell the House what is my policy and what I have been trying to convince Financial Secretaries for the last six or seven years should be the policy with regard to plant and equipment. We have valued our plant and equipment, it breaks down into two sections - the mobile section, that is, mainly vehicles and compressors, etc and the static plant such as lathes, milling machines and what have you and we have estimated that the mobile plant should have a life of from eight to ten years and therefore should be replaced at that rate. The other equipment should have a life of twenty-five years and should be replaced over a twenty-five year period. If we have therefore £1m worth of mobile equipment being replaced over a ten year period, we should spend roughly £100,000 a year on replacements. This is the policy I have tried to work to. Last year I was asked could I make specific cuts in that year to try and get the amounts we were spending. We were able because we had some plant that we could manage to keep going, perhaps at rather high repair cost but this year we have put it back to the normal 10% ratio. That is the proof that we do a little economic planning, Sir.

Mechanical was agreed to.

Pumping was agreed to.

Sanitation

HON J C PEREZ:

Mr Chairman, under Cleaning of Highways if I may, the Hon Member in the last meeting of the House told me that the street cleaning campaign was being undertaken by people who were normally allocated to the beaches. I found that question strange and I didn't follow it up because in fact I thought of it later, since in my view people working in the beaches are dismissed in the winter and taken on in the summer. If this is not the case and they are kept on then since they will be in the beaches in the summer has the Hon Member made some provision for the scrubbing of the streets during the summer which was so well received by the general public and which I presume in the context of tourism would be more important in the summer than in the winter?

HON M K FEATHERSTONE:

It is not a fact, Sir, that the people are dismissed from the beaches in the winter period and taken on for the summer. What happens is that during the summer a certain number of the cleaning labour force are used for cleaning up the beaches and when the beaches are not in operation then they come back into the general pool and are used for extra cleaning on the roads. We are spending a little more money this year over last year but basically the purges that we have been able to do during the winter period will not be able to be continued through the summer period until we get the results of the Pitaluga Report on tourism which does suggest a special flying squad for such work.

HON J C PEREZ:

I will ask the Minister later on when we come to the report, if we ever do, whether he will be supplying the flying squad with aeroplanes and all that, but would the Hon Member agree that the Pitaluga Report, as he calls it, seems to be more a report on the cleanliness of Gibraltar than on tourism?

HON M K FEATHERSTONE:

I think the cleanliness is one of the things which is intimately connected with tourism. Many tourists do comment about certain untidiness and uncleanliness in Gibraltar. It is one of the things that I have put my mind to on many occasions and I have said in this House the cleanliness of Gibraltar is not simply a task for the Public Works Department, it is a task for every citizen of Gibraltar, it is up to us to keep Gibraltar as tidy as possible, the Public Works can only do a certain measure of cleaning as the Pitaluga Report does comment in one place, Main Street is

immaculate between 9 and 10 in the morning and then it reverts to its usual state. Well, I would hope that the public would take it into their hearts to see it does not revert to the usual state but the usual state is the immaculate state that it is left from 9 and 10 when the sweepers have been down there.

HON R MOR:

Mr Chairman, one point on the Cleaning of Highways. The actual expenditure on this in 1982/83 is very similar to what is now proposed to be spent in 1984/85 and yet the most noticeable effort in the cleaning of highways has been during the year which has just gone by, 1983/84. What is the reason for this?

HON M K FEATHERSTONE:

There was a measure of overtime that was given in 1982/83 which was diminished to some extent in the 1983/84 period. This was mainly the cleaning on Saturday mornings, Saturday afternoons and Sunday mornings. We made an agreement with the unions that a certain measure of overtime would be given but not quite as much as was done before. I would be happy to have a larger amount of overtime but I have been asked to keep my figures down as near as possible to 1983/84 figures with the allowance for the usual yearly inflation.

Sanitation was agreed to.

Salt Water Supply was agreed to.

Potable Water Supply was agreed to.

Cemeteries was agreed to.

Head 21 - Recreation and Sport

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure

HON MISS M I MONTEGRIFFO:

Mr Chairman, we will be abstaining on subhead 80 because we do not agree with the decrease in contributions to sporting societies and moreover, Mr Chairman, we cannot understand how the Minister for Sport yesterday said that he thought that the £10,000 in any case was a waste of money and I cannot understand how he is now asking the House to vote for that money.

HON G MASCARENHAS:

Mr Chairman, I said that I was reviewing the policy. What I found was that the money given to certain Associations last year was a waste of money, that is what I meant. I have seen certain Associations which present their accounts - they will be doing so in one month's time - and what we are doing is propping them up because they cannot make their own ends meet and I do not agree that we should contribute to Associations who cannot finance themselves. What I will do is that we have to maintain the commitment that we have to the Collegians Hockey Club who will be representing us in Europe and I think that they merit the help from this vote but what I cannot understand is how money can be given to Associations to finance themselves, they can organise a dance or anything, but we are giving here £200 and £150 to Associations who do not help themselves and I will not provide joy rides for certain Associations, that is all. But, of course, I need the vote for the Collegians and for the Cricket Association who want to go out and represent Gibraltar. I think they merit that.

HON J E PILCHER:

And the £3,000 cut is you are cutting back on all these Societies and Associations who are taking a joy ride, as you say?

HON G MASCARENHAS:

Yes, that is my opinion.

HON J E PILCHER:

Is it not true, Mr Chairman, that although there was an approved estimate last year of £13,000 and although the actual expenditure the year before was £11,500 last year it was increased and now it has been decreased just for that specific reason?

HON G MASCARENHAS:

I have a new policy and we had to make cuts somewhere, I think I mentioned this yesterday, we had to make cuts somewhere and I accepted the cuts on that vote rather than on anything else because I felt that I could cut on that.

HON H J ZAMMITT:

Could I also explain one thing, Sir, the difference between 1982/83 and 1983/84 was because we found ourselves with a hockey team that found itself participating in a second round within Europe and we had to make particular provision for it.

HON G MASCARENHAS:

Can I just add that this year particularly we have Special Expenditure, as Hon Members will see in subheads 81, 82 and 83 which will not recur next year. The resurfacing of the Stadium, for example, subhead 81, that takes place every four years and if we don't do that eventually it will be more expensive and we have managed to get that through this year and they wanted to cut it.

HON CHIEF MINISTER:

I hope I didn't hear the Hon Lady saying that she was voting against it because it isn't enough.

HON MISS M I MONTEGRIFFO:

We are abstaining.

HON G MASCARENHAS:

Mr Chairman, I did omit something yesterday which I want to say now and that is on the question of sportsmen from Gibraltar going abroad to compete. On their return in the past they have been charged duty on trophies when they have come back to Gibraltar by the Customs. We have done away with that and now any sportsman in Gibraltar if they are competing outside in bona fide sport and they return with a trophy, and a lot are doing that, duty will not be charged but we do ask sportsmen that when they do go out of Gibraltar they advise the Customs Department that they are going to compete and that they could win. Thank you very much, Mr Chairman.

On a vote being taken on Special Expenditure - Subhead 80 - Contributions to Sporting Societies, 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 Fassan
The Hon G Mascarenhas
The Hon J E Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members abstained:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

Subhead 80 of Special Expenditure was accordingly passed.

Special Expenditure was passed.

Head 22 - Secretariat

Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure

MR SPEAKER:

Can I ask how the History of Gibraltar's Population during the War Years is getting on, I am rather interested in this?

HON CHIEF MINISTER:

I think the point is a lot of work had to be done locally at no extra expense by the Archivist and I think perhaps this year it is the time when Mr Ewan-Hughes who had been here, a welfare officer, and who has done the same thing in Singapore is collating all the information that he is being given particularly by people who can remember what happened during the war. There are less and less people of that generation. I think the material has been provided and I think he is getting on with the work.

HON J BOSSANO:

Mr Chairman, is this not where in the revised or in the actual expenditure, in one of the two or possibly part in one and in the other, is where some of the charges were being put which should have been, according to the Auditor, allocated to the Electricity Fund, this is for Departmental Enquiries, I think it was originally charged here. This £3,000 has nothing to do with the Chairman of the Steering Committee on this occasion?

MR SPEAKER:

Putting your question a different way, you are asking whether we are voting any money for the Steering Committee Chairman, is that correct?

HON J BOSSANO:

I am asking for confirmation that in fact in the revised £72,000 or alternately in the £71,000 of the previous year, that is where the money was put because I seem to remember a comment in the Auditor's Report that in his view it had been charged incorrectly to this subhead.

HON DR R G VALARINO:

Yes, Mr Chairman, this finalises the account should we need Mr Ray Edwards to come and finalise the agreement.

HON J C PEREZ:

Mr Chairman, I take back what I said yesterday that it wasn't in the accounts and we will be voting against this for reasons already obvious.

On a vote being taken on Special Expenditure - Subhead 81 - Enquiries into Departmental Functions and Efficiency, 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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammitt
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

Subhead 81 of Special Expenditure was accordingly passed.

Special Expenditure was passed.

Head 23 - Telephone Service

Personal Emoluments was agreed to.

Other Charges

HON J C PEREZ:

Mr Chairman, only a couple of minor points. One is could he possibly explain the decrease in the vote for the Training of Apprentices and the other one the increase for Printing and Stationery which I find does not include the Telephone Directory, it is separate, that is what I mean.

HON DR R G VALARINO:

The increase in the Printing and Stationery is because there has been an increase in the number of trunk call tickets the average use of which is 100 per day and we require new forms for requirements of telephone subscribers for next year, new application forms. This is one that we do periodically and we have a stock and we review it every three years. The one on Training of Apprentices is because this year we have recruited just one apprentice and no more.

HON J C PEREZ:

Do you mean to say that last year you had two apprentices and you were paying them £5,700 and this year you have got one apprentice and paying him £4,400?

HON DR R G VALARINO:

No, there is obviously an overlap between previous apprentices and the new one. In fact, of the £4,400 the wages are £2,350; training is £800; Technical College training £700 and sundries are £500 so there is an overlap there of the apprentices.

Other Charges was agreed to.

Head 24 - Tourist Office

(1) Main Office - Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

(2) London Office - Personal Emoluments was agreed to.

Other Charges was agreed to.

Special Expenditure was agreed to.

Head 25 - Trading Standards and Consumer Protection

Personal Emoluments was agreed to.

Other Charges was agreed to.

Head 26 - Treasury

Personal Emoluments was agreed to.

Other Charges was agreed to.

Subventions

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, as I previously indicated when announcing the revenue measures, I beg to move that the provision under subhead 30 - Contribution to GBC be reduced by £70,000 to £530,000. I also move that the consequential amendments be made to this Head of Expenditure.

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

HON J BOSSANO:

We are not too happy about this, Mr Chairman, because it seems that in fact what we are doing now is, having raised television licences, the money is not going to go to television, really, because all that it is going to do really is go to the Consolidated Fund which as a result will be saving the £70,000. The amount of money the television gets is going to be exactly the same as if the television licences had not been raised. If the contribution is being decreased by the same amount as the licences produces then the television will get the same amount as if the licences had not gone up and therefore people are going to be paying more for their television licences but getting, presumably, the same service since the resources available to television are not going to be improved and we, as I have mentioned previously, do not support the cuts that have been put on GBC before and if we look at last year's estimates it was revised to £607,000, we have got a situation here where the £600,000 itself represent no improvement, it represents slightly less in an inflationary situation and I would have thought that the least the Government could do was, if they were not prepared to put the whole

of the £70,000 into television that some of it should have gone towards television and perhaps some of it towards the general reserve but not to try and keep the whole of it themselves. At the same time I would like to raise now that I have got the opportunity of talking on television, the question of the coverage of the House by GBC. I know that the question of television coverage has been a matter under study for some time but I think the least that we could do would be to move to radio coverage and I can tell the House that the live coverage that was obtained in the Official Opening of the House was something that a lot of people listened at their work places and so on and I think it is important in extending the participation of the people of Gibraltar in their democratic institutions, and we cannot expect people to sit here all day listening to us, but it is important that they should have an opportunity of listening to debates and finding out from the Government their justification for the policies that they adopt and from us when we disagree with them why we disagree with them. I think it is an important extension of democracy and of public support and respect for the House of Assembly as an institution that we should make it easily accessible to people.

MR SPEAKER:

I think if I recall properly the position of the coverage by GBC Radio of the proceedings of the House is at a stage when GBC informed us that they were in a position to give the service required and that the Chief Minister and that the then Leader of the Opposition were meeting to take decisions on the matter.

HON CHIEF MINISTER:

In the first place, I think the Hon Member has got it somewhat wrong and that is that the £600,000 is the amount of money that has been agreed with the television with an element of cuts, of course, they put in a bid. The point is that television have their own means of revenue, advertising mainly and so on and we have been paying up the difference between the cost and their revenue and this year the figure agreed with the Corporation was £600,000. That is a constant figure for the Corporation and that envisaged already their getting the money out of the licences at £20 a year but now that the licences are going up then they get an extra £70,000 a year from licences and therefore our contribution is correspondingly less. The reason why last year the revised estimates was less was because they had been able to obtain further income from advertising and they have other ideas of advertising and using time that may make this figure unnecessary.

HON J BOSSANO:

No, last year it was not less. The Hon Member was right, if they had been last year more successful or less successful in advertising you wouldn't have the same figure. You have got practically the same figure as last year, £600,000.

HON CHIEF MINISTER:

Yes, but they were able to manage with the bigger cuts that we have given them this year. We cut them more last year than we did this year and they were able to make up from advertising. The figure agreed, £600,000, with the Corporation, as far as they are concerned that is what they expect from us taking into account the fact that licences are at £20 a year. Now the licences will go up to £30 by Order, it doesn't require a resolution of the House, but we give the House information of it, and therefore to make up what they need they have already got £70,000 more than they had when we agreed on the figure of £600,000 so that the whole thing is for the benefit of television, so is the £600,000. We only pay the difference, the television ideally from licences and advertising they should get it all, hopefully, but because they don't and because we have always thought that we ought to have a television station for many reasons and particularly for reasons of our own identity and everything, we pay the difference but they manage their own accounts and they run their own Corporation and they come to us and ask us what they want. If we come to terms with them in giving them what they want and then they get more through a measure which is done through us in order that our subvention should be less otherwise there would be no economy for the Government in its subvention which is what we are trying to achieve and they are trying to achieve by, perhaps, hiring time to BFBS which is a matter which has been in the offing for a long time, a couple of hours at times when they are not required. That would give them an extra and that would mean not that they were going to have more money to spend but in order to be able to have less subvention. I think the sooner that television is free from subvention from the Government the better and the more independent it can be. I will come to the other question later on.

HON J BOSSANO:

I think its independence is not entirely governed by the subvention, Mr Chairman, I am sure that the Hon Member doesn't think it is less independent because it is getting a subvention, that would run contrary to his defence of its independence in the House in the past irrespective of the subvention.

HON CHIEF MINISTER:

Yes, I agree but, ideally, they would not have to come at all.

HON J BOSSANO:

Fine, but I mean, we assume that irrespective of the size of the subvention they are equally independent.

HON CHIEF MINISTER:

Yes, and you accept that, your predecessor did not.

HON J BOSSANO:

I feel that they gave me only five minutes after speaking for three and a half hours, Mr Chairman, so it is not that I am nappy with the coverage they give me but I do not think that because I stand up in defending them it necessarily follows I am going to get six minutes the next time round, they may even give me less time so I do not accept that our views in any way condition what they think as professionals they have to do in covering the work of the House. I am afraid I do not accept the Hon Member's argument because the point that I am making is that his way of looking at it can be defended as he has done but the television viewers are being asked to pay more for their licence. The result of that is more revenue for GBC from licences compensated for by less revenue from the Government subsidy so the net beneficiary of the increased licences is the Consolidated Fund and not GBC. So in fact it is one more tax as far as the viewer is concerned because his money in increased licence fees is not going to go to television towards improving the service he is getting for his licence. It isn't the same as saying GBC is free to improve its revenue through selling advertising or coming to an arrangement with BFBS or anything else because I accept that in that case it is a different situation in the sense that that is something they take on their own initiative and, of course, if they do not need the subsidy we would not say to the Government: "Give them £600,000 because we like them", there are many more important things and these £600,000 can build quite a few houses, so we are not saying: "You have got to keep on giving GBC £600,000 whether they need it or not". What we are saying is that there is greater acceptability in having to pay more for your licence if in fact the situation were that it would be going to GBC and you would be getting a better service but in the context of the Budget, really, if all that happens is that GBC has got the same amount of money coming in whether their licence goes up or doesn't go up, it is no skin off their nose, it doesn't make any difference at all to GBC and they are not free agents, they cannot say: "Well, we are going to quintuple the licence". It is a political decision because people do not hold GBC responsible for the licence increase, they hold the Government. We are not happy with the fact that the money should be taken off and I think certainly from my knowledge of the situation there, it isn't strictly true either to say that the Government simply makes up the difference because on occasions the Board there has said that it is the ceiling put by the Government on the contribution that they are prepared

to make which has had to make them pare expenditure in areas where they might not have done and I accept the argument that you cannot say to GEC: "Right, you can spend whatever you like and we will foot the bill. Send us the bill and we will pay a cheque", it cannot be that way either. But I would say at least what we would like is an indication from the Government that if there is a shortfall in expenditure because their projections do not materialise, that they won't be asked to stick to the ceiling of £600,000.

HON CHIEF MINISTER:

That is an on-going process and they have come occasionally for equipment and so on and it has been given to them but the measure was a measure in order that those who use television should pay more for it since we were asking other departments to cut their expenditure and it was not fair that if that was justified, in our view, that it should be really for the benefit of the totality of taxpayers and not for the benefit of the viewers of television. I want to deal with the question of broadcasting. The point we had reached, as Mr Speaker has mentioned, the point we had reached just before the election was that GBC told us that they would be ready to make arrangements for broadcasting the proceedings of the House, no decision has yet been taken for it being broadcast although there has been a long delay in getting to this stage. I think, if I remember rightly, that they needed some special equipment. We will have to look at that and I will certainly consult with the Hon Member. Let me say that though I am not a great enthusiast of broadcasting, not because I am against broadcasting but because if it is going to be meaningful it has got to be properly done. Unless you have a channel for the proceedings all the time and not as it is done in the House of Commons where you record everything and then you add bits and pieces into the news and you have the voice of the Prime Minister and everybody shouting at her and so on which is one of the reasons why the late Speaker Thomas

HON J BOSSANO:

We are prepared to shout at the Hon Member if that would help.

HON CHIEF MINISTER:

Well, I am coming to that, I was going to tell you that my reluctance to radio has been considerably decreased by the manner in which the present Opposition carry on their business because I was certainly not prepared to have television time allowed for Major Peliza to come from London every six weeks and bore everybody with every subject under the sun. This is a reality, it is a fact of life but I shall be in touch with the Hon Member.

Mr Speaker put the question in the terms of the Hon Financial and Development Secretary's amendment and on a vote being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon L K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members abstained:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The amendment was accordingly passed.

Subventions was agreed to.

Special Expenditure was agreed to.

Head 27 - 1984 Pay Settlement was agreed to.

New Head 28

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move the inclusion of a new Head of Expenditure, Head 28 - Contribution to Funded Services. This gives effect to the budgetary contributions shown in the revised Financial Statement and it is proposed to provide as follows: Subhead 1 - Electricity Undertaking Fund - £608,000; Subhead 2 - Potable Water Service Fund - £45,900 and Subhead 3 - Housing Fund - £947,600. I also move that the consequential amendments be made.

MR SPEAKER:

First I would like to ask you should there not be a total to the Head and, secondly, what are the consequential amendments, if it is just the adding of a Head?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The total, Mr Chairman, is £1,601,800.

MR SPEAKER:

I have no doubt but what I am saying is that that is the sort of thing that has to be presented because all that the Speaker proposes is what is being moved by the Mover.

Mr Speaker put the question which was resolved in the affirmative and New Head 28 - Contributions to Funded Services, was agreed to.

IMPROVEMENT AND DEVELOPMENT FUND

Head 101 - Housing

HON J L BALDACHINO:

Will the Hon Financial Secretary be prepared to answer the question I asked before when he said that he was going to answer in Committee Stage? I am referring to the one about the 60-year life on houses.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am not quite sure, perhaps the Hon Member could repeat his question. I answered the question in connection with Varyl Begg. The 60-year amortisation period applies to all buildings. I am not quite sure what else the Hon Member wishes me to say.

HON J L BALDACHINO:

Mr Chairman, during my speech I made reference to the Financial Secretary's Budget speech in 1981. He announced, Mr Chairman, that "the cost of houses would be passed on to the Housing Fund by a charge which reflected not the actual interest of repayment of the loan but a depreciation on new buildings over a 60-year period", and I am asking, Mr Chairman, if he doesn't think that the basis on the applying of this thinking to such things as the replacement of the Varyl Begg roofs, the repairs to the external walls of the Tower Blocks and the modernisation of all property, none can seriously be considered to be capable of a 60-year life. Shouldn't he think they should be based on a different basis?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think it depends on the nature of the repairs or possibly a definition. If the alterations are sufficiently substantial to be regarded as major structural works then - we are

assuming, of course, funding here as well - but I think it is proper for the cost to be amortised over the same period as a building. If I can illustrate that for the Hon Member. Improvements to a house, for example, which would be regarded as eligible for mortgage relief, if one adds to one's mortgage, like the addition of a room, a major improvement of that nature I think that is a capital work and so rather than treat it as maintenance and charge it to recurrent expenditure, I think it is quite right that it should be charged to capital and therefore it would be subject to be amortised over 60 years as other capital projects are.

HON J BOSSANO:

Mr Chairman, we are not saying it should be charged to recurrent expenditure, it obviously is not recurrent expenditure. I think what we are saying is, if a building has got a 60-year life and if you do something to it when it is 20 years old and you give a 60-year life to the roof, by implication you are saying the roof will be there 20 years after the building has disappeared, surely. If you have got £45,000 for demolition of Engineer House, does the Hon Member then say that the cost of demolishing Engineer House will now be amortised over 60 years and that is a reasonable accounting procedure, is it?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, in the case of Varyl Begg I do not think that applies. The Estate was not built 20 years ago. I agree in the circumstances which the Hon Leader of the Opposition has hypothesised, if the estate were about to be, shall we say, knocked down and rebuilt but for some reason you say for the remaining 5 years you would do something to the roofs, then I think in those circumstances it would be proper to regard it as maintenance.

HON J BOSSANO:

We are not talking about regarding it as maintenance, Mr Chairman, what we are talking about is that the policy that was announced in 1981 of amortising new construction, new property, over a 60-year period, we are saying is that being applied to all the expenditure under Head 101 and if the answer is yes, does the Financial Secretary think that there is no difference between building new property, modernising old property, putting new roofs on old property, putting new walls on old Tower Blocks and demolishing Engineer House, it is all the same, 60 years for everything.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the Hon Leader of the Opposition is putting words into my mouth. I could illustrate the problem in a different way, possibly, Mr Chairman, by saying that a new roof in

year 20, shall we say, of the housing estates could conceivably expand the life of the house by 20 years to 80 years so in those circumstances amortisation of that particular expenditure over 60 years would not be inappropriate. These are matters for judgement and one has to apply certain conventions.

HON J BOSSANO:

The Hon Member's arithmetic is very faulty. If he puts a roof on a house that is being amortised over 60 years, what he amortises the roof for may be the difference between the time he puts the roof in and 20 years hence but it doesn't give the building another 60 years.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, I said another 20 years to 80 years.

HON J BOSSANO:

But then the roof would not be amortised over 60 years from the time it was put otherwise it would be giving the building another 60 years not another 20 years.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, I think the Hon Gentleman and I are having one of our periodic differences on arithmetic, Mr Chairman, and I will tread very warily.

HON CHIEF MINISTER:

May I say that part of the settlement of the much disputed Varyl Begg roofs was an element of improvement and for that account was taken in the settlement we arrived at with the builders for which they accepted a considerable amount of negligent work, that the buildings were going to be worth more after the roofs were put than when they were new with the old roofs which didn't work. So to that extent the value of the buildings were enhanced by the roofs. Whether that applies to other buildings or not I am only talking about Varyl Begg.

HON J BOSSANO:

We are not specifically referring to how the value of the Varyl Begg Estate increased by putting in new roofs or not. The point that we are making is, a policy was announced in 1981 which was a departure from existing policy until then in that until then the cost to the Housing Fund, to a Special Fund, had been based on actual repayments and it was thought that this was front loading the Fund and in the 1981 Budget the Financial Secretary said that it was thought it was more

realistic when you are building new houses, and that this was practiced in UK local authorities, that you fund the cost of new property over its expected life which is 60 years, which is in fact similar to the agreement done by the Government of Gibraltar with MOD that they depreciate the property over 60 years, it is funding it over 60 years. What we are saying is, does the Financial Secretary, first of all, can he confirm that this isn't just being applied to new property, it is also being applied to modernising property which cannot so justifiably have a 60-year life because if it is logical to say modernising a property gives it 60 years then a new property ought to have more than 60 years. If putting cladding on the Tower Blocks is going to give the Tower Blocks another 60 years of life and if demolishing Engineer House is going to be amortised over 60 years, if the policy is applied straight through irrespective of whether it is being spent on something that should depreciate over 10 years or something that should depreciate over 60 years, does he agree that that is the correct way to do it and is it in fact being done like that?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, all building projects, new buildings which are funded with money which has been borrowed commercially, the cost is amortised over a 60-year period, that is the policy. I find it difficult to illustrate the point in a different way but it is, of course, an accounting convention and one can sometimes find with accounting conventions as we were talking, of course, of the telephone plant which you might want to replace at an earlier period in which case you would, I think, write off your remaining years unexpired life of the asset so obviously we would have to change ones approach to adjust to the reality of the situation. Obviously, one cannot allow accounting conventions to rule over reality when it confronts one in terms of, shall we say, a building which has to be demolished for some other reason.

MR SPEAKER:

We are engaging in what perhaps is not quite an academical discussion but one which is not going to take us any further in any way.

HON J BOSSANO:

Well, presumably the answer is, yes, all the expenditure is amortised over 60 years and, yes, the Financial Secretary thinks that is the correct way to do it?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, I am sure that is what I said.

HON J BOSSANO:

Probably because I haven't got used to his literary turn of expression did it take me so long to find out what the answer was.

Head 101 - Housing was agreed to.

Head 102 - Schools was agreed to.

Head 103 - Tourist Development was agreed to.

Head 104 - Miscellaneous Projects was agreed to.

Head 105 - General Services was agreed to.

Head 106 - Potable Water Service was agreed to.

Head 107 - Port Development

HON J BOSSANO:

On the Causeway. We haven't had the benefit of having seen the Port Study, I raised it some time ago and we still have not seen the Port Study, I have not seen the Port Study and nobody else has on this side of the House.

HON CHIEF MINISTER:

We are trying to get it back from your predecessor to give it to you.

HON J BOSSANO:

It is a fair amount of money that is going into this area and I have always thought it strange that we should be spending so much money in building a Causeway when the intention is subsequently to reclaim land on either side of the Causeway particularly when we are talking about a situation where ODA is limiting the amount of money. I have heard people who work in that area who question the wisdom of this like they question the wisdom of the amount of money that went into filling in between the two jetties which was also a very expensive exercise. We know that the work done by the Public Works in reclaiming land in that area has proved very, very cheap by comparison - where the distillers are being built. In view of all the difficulties the Minister for Economic Development has mentioned, are we so tied to this project that it is now irretrievable, we cannot do anything else except spend the £1½m?

HON M K FEATHERSTONE:

The basic need for doing the Causeway is that as far as we have been advised from the MOD, the actual Viaduct Bridge only has a very limited life insofar as its ability to carry traffic and since without the Viaduct Bridge and without the Causeway the whole of the North Hole area would be completely isolated from the rest of Gibraltar, it is considered essential that some means of communication from one side to the other must be made. It has to be done in such a way that it can carry heavy lorry traffic and therefore that was the intention of a Causeway to do it.

HON J BOSSANO:

And the fact that the Government, I don't know to what extent they are still committed to that, to reclamation on both sides which certainly was part of the development plan originally. There was going to be, as I remember, reclamation on the one side with a roll-on roll-off thing and on the other side it was the FWD that was planning to reclaim up to the edge of the Varyl Begg Estate, wasn't it?

HON A J CANEPA:

We are committed as a matter of policy. It is one of the projects that we would hope to have included in a future Development Programme and we would hope that we can convince the ODA, having regard to their attitude towards projects of an infrastructural nature. If in the meantime there is a change of thinking in ODA we might have difficulties but at the time their general reaction to the proposals in the Port Development Study and what we included of that in the 1981/86 Programme in principle seemed to be quite good.

HON J BOSSANO:

But it won't be in the 1981/86 Programme now?

HON A J CANEPA:

No, the money for 1981/86 is committed, I think that in a new situation if there is a programme to follow after 1986 particularly in the context of a fully open frontier with our neighbours in the EEC and the prospect of traffic through Gibraltar, the project, I think, would once again become quite important.

Head 107 - Port Development was agreed to.

Head 108 - Telephone Service was agreed to.

Head 109 - Public Lighting was agreed to.

Head 110 - Electricity Service was agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, I beg to move a consequential amendment that in Part I of the Schedule the provision made for Head 26 - Treasury, be reduced by £70,000 to £2,039,900 and a provision of £1,601,800 made under a new Head of Expenditure, Head 28 - Contribution to Funded Services and that the sum of £43,600,300 be deleted in the total and the figure of £45,132,100 be substituted therefor.

Mr Speaker put the question which was resolved in the affirmative and Part I of the Schedule was amended accordingly.

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

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, I beg to move that the words "forty-three million six hundred thousand three hundred pounds" in the last two lines of Clause 2 be deleted and the words "forty-five million one hundred and thirty-two thousand one hundred pounds" be substituted therefor.

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

Clause 3 was agreed to and stood part of the Bill.

Clause 4

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that in lines 2 and 3 of Clause 4, subsection (1), the words "forty-three million six hundred thousand three hundred pounds" be deleted and the words "forty-five million one hundred and thirty-two thousand one hundred pounds" be substituted therefor.

Mr Speaker put the question which was resolved in the affirmative and Clause 4, as amended, was agreed to and stood part of the Bill.

Clause 5 was agreed to and stood part of the Bill.

The Long Title

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that in The Long Title the words "fifty-two million three hundred and three thousand six hundred and forty-four pounds" be deleted and the words "fifty-three million eight hundred and thirty-five thousand four hundred and forty-four pounds" be substituted therefor.

Mr Speaker put the question which was resolved in the affirmative and The Long Title, as amended, was agreed to and stood part of the Bill.

MR SPEAKER:

May I congratulate the House on the speediest Committee Stage of any Appropriation Bill that I have presided over in the last fifteen years.

THIRD READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to report that the Finance Bill, 1984, and the Appropriation (1984/85) Bill, 1984, have been considered in Committee and agreed, with amendments, and I now move that they be read a third time and passed.

On a vote being taken on the Finance Bill, 1984, 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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members abstained:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

On a vote being taken on the Appropriation (1984/85) Bill, 1984, the question was resolved in the affirmative.

The Bills were read a third time and passed.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move that the House do adjourn sine die.

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

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

The adjournment of the House sine die was taken at 9.00 pm on Thursday the 12th April, 1984.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

26TH JUNE, 1984

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Third Meeting of the First Session of the Fifth House of Assembly held in the House of Assembly Chamber on Tuesday 26th June, 1984, at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan CBE, MVO, QC, JP - Chief Minister
The Hon A J Canepa - Minister for Economic Development and Trade
The Hon M K Featherstone - Minister for Health and Housing
The Hon H J Zammit - Minister for Tourism
The Hon Dr R G Valarino - Minister for Labour and Social Security
The Hon J B Perez - Minister for Municipal Services
The Hon G Mascarenhas - Minister for Education, Sport and Postal Services
The Hon E Thistlethwaite - Attorney-General
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon J Bossano - Leader of the Opposition
The Hon J E Pilcher
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J L Balgachino
The Hon R Mor

ABSENT:

The Hon Major F J Dellipiani ED - Minister for Public Works
(who was away from Gibraltar)

IN ATTENDANCE:

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

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 13th March, 1984, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

The Hon the Minister for Economic Development and Trade laid on the table the following documents:

- (1) The Pilots (Amendment) Rules, 1984.
- (2) The Pilots (Amendment) (No 2) Rules, 1984.

Ordered to lie.

The Hon the Minister for Health and Housing laid on the table the following documents:

- (1) The Group Practice Medical Scheme (Amendment) Regulations, 1984.
- (2) The Group Practice Medical Scheme (Amendment) (No 2) Regulations, 1984.
- (3) The Traffic (Registration and Licensing of Civilian Vehicles) (Amendment) Regulations, 1984.

Ordered to lie.

The Hon the Minister for Health and Housing (in the absence of the Hon the Minister for Public Works) laid on the table the following document:

The Building Regulations, 1984.

Ordered to lie.

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

The Accounts of the John Mackintosh Homes for the year ended 31st December, 1982.

Ordered to lie.

The Hon the Minister for Municipal Services laid on the table the following documents:

- (1) The Prison (Amendment) Regulations, 1984.
- (2) The International Trunk Calls Charges (Amendment) (No 3) Regulations, 1984.

Ordered to lie.

The Hon the Minister for Education, Sport and Postal Services laid on the table the following documents:

- (1) The Accounts of the John Mackintosh Hall for the year ended 31st March, 1984.
- (2) The Local Post (Amendment) Regulations, 1984.
- (3) The British Commonwealth and Foreign Parcel Post (Amendment) Regulations, 1984.
- (4) The British Commonwealth and Foreign Post (Amendment) Regulations, 1984.

Ordered to lie.

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

The Gibraltar Court of Appeal (Amendment) Rules, 1984.

Ordered to lie.

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

- (1) Supplementary Estimates Improvement and Development Fund (No 1 of 1984/85).
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 7 of 1983/84).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 8 of 1983/84).
- (4) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 1 of 1984/85).

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.10 pm.

The House resumed at 3.25 pm.

Answers to Questions continued.

THE ORDER OF THE DAY

MR SPEAKER:

The Hon and Learned the Chief Minister and the Hon the Minister for Labour and Social Security have given notice that they wish to make statements. I will now call on the Hon and Learned the Chief Minister.

HON CHIEF MINISTER:

Mr Speaker, I wish to inform the House that the Government has now completed its consideration of the main recommendations in the Report on the Tourist Industry by the Administrative Secretary, Mr Joe Pitaluga.

The first nine policy recommendations have been accepted and steps are now being taken to give effect to these. The tenth recommendation, which was that, subject to certain conditions, the Government should be prepared to provide financial assistance for the improvement of the tourist plant in the private sector, is still under consideration.

As the House is aware, the Committees recommended in the Report have now been appointed. I should like to take this first opportunity in the House to thank all those public bodies who have agreed to nominate representatives to these Committees and all those individuals who have accepted appointment. It is the Government's view that the expansion of tourism depends not only on the Government's own efforts and on the efforts of the industry itself but also on the support and cooperation of the community as a whole. This view will be made known in more detail when, as recommended in the Report, an internal Public Relations campaign on the importance of tourism and on the ways in which the public can cooperate is launched, probably in September.

In the meantime, the appointment of these Committees is a concrete expression of the Government's wish to involve as many people in an active role. The Committees will act as a channel for the ideas and efforts of those with specialised knowledge who can make a very useful contribution. They will make it possible for full consultation to take place and for priorities to be established in each area. The Consultative Board, which is now in the process of being appointed, will then coordinate the proposals from the Committees and submit recommendations to the Minister.

On the important question of finance, the Government has decided to commit an initial sum of £300,000 from local funds in pursuance of its policy on the expansion of tourism. The money will be found from savings in the Improvement and Development Fund. The Government has also decided to seek the British Government's approval to the use of a similar sum, for the same purpose, out of the residue of funds still uncommitted under the current Development Programme.

The main purposes for which the local funds are to be used are an increase of £121,000 and £13,500 for advertising and public relations respectively, as well as £32,000 for two issues of a tabloid newspaper on tourism; a sum of £116,500 for the removal of Government-owned eyesores and for the painting of Government-owned buildings; £20,000 for the sand-blasting of Government-owned stone-faced buildings; £15,000 for the internal Public Relations and cleaning-up Gibraltar campaigns; £3,000 for the expenses at the Gibraltar end of a two-part Conference on the Gibraltar Heritage, the other part to be held in London; £5,000 for short training attachments in UK of Tourist Office staff; £2,500 for a visit by a Conference Centre specialist to advise whether Gibraltar can viably be developed as a Centre; £2,000 for additional litter bins; and £1,500 for additional monitoring of visitors.

With regard to the sums which we hope will become available from the uncommitted residue of development aid, the Tourism Committees will be invited to advise, through the Tourism Consultative Board, as to which projects should in their view be given priority. The Government is also considering what further sums might be available for allocation to tourism and again the advice of the Committees will be sought through the Board, as to priority projects. The Committees are, of course, in any event free to put forward whatever suggestions they may wish to make and, once these have been coordinated by the Board, the Government will be in a position to assess the overall cost of implementing its policy in the short and long term and to consider to what extent it can itself make funds available and what approach it should make to the British Government for assistance.

In the meantime the Government wishes to demonstrate, by making an immediate allocation of £300,000 for urgent and essential purposes, its commitment to the effective expansion of the tourist industry. The Government hopes, and believes, that the private sector will follow this lead and that it will do what it can to improve the present situation. We are confident that, working closely together, and with the support of the community as a whole, we will succeed.

It is also our hope that the Opposition in this House will give their support. We shall certainly be ready to consider carefully any constructive suggestions they might wish to put forward. Thank you, Mr Speaker.

HON J BOSSANO:

We are only supposed to ask on matters of clarification, if I am correct.

MR SPEAKER:

Well, no, to the extent that there have been one or two questions which I think were down for answer, you can ask questions on specifics, most certainly.

HON J E PILCHER:

Mr Speaker, I have heard the Hon and Learned Chief Minister and I have not had time to digest the statement but I am correct in assuming that the Government will immediately pass on £300,000 from the I&D Fund. It will also try and get the ODA to approve £300,000 of what is left over from the 1981/86 programme and they are also trying to get the Committees which it has appointed to raise up more ideas in order to submit to ODA further projects for some more money from ODA for tourism.

HON CHIEF MINISTER:

That is right.

MR SPEAKER:

If there are no other questions I will then ask the Hon the Minister for Labour and Social Security to make his statement.

HON DR R G VALARINO:

Sir, I have given notice of two statements to you. I shall make the first one on Youth Training Schemes.

Over the past few months my Department has been looking at ways of alleviating the present unemployment situation, particularly amongst the youth. Several meetings have been held with the Department of Education to consider the possibilities of introducing Youth Training Schemes in Gibraltar on the lines already in existence in the United Kingdom.

I am pleased to inform the House that the Government has now approved the introduction of two new programmes and the continuation of the Youth Training Scheme which commenced in October last year.

EMPLOYER-BASED PROGRAMME 'A'

This programme is designed to encourage employers to take on more young people (aged 15 to 25 years) at subsidised wage rates. Only employers who can satisfy any of the following conditions will be eligible to participate in this scheme, viz:

- (i) that a trainee is engaged to replace an old age pensioner (ie a male over 65 or a female over 60); or
- (ii) is engaged to replace a "non-resident" of Gibraltar within a period of 12 months; or
- (iii) is engaged to fill a new post.

Under this scheme employers who qualify under (i) to (iii) above will be entitled to claim from Government, for a period of 6 months, a weekly allowance of £15 in respect of each trainee in their employment. In the case of secretarial grades or others who require a higher degree of training, an allowance of £20 per week will be payable.

It is a further condition that employers shall have to guarantee employment for at least 12 months and may also be required to release trainees for one or two half days to attend the College of Further Education; if an employer dismisses a trainee during the first 6 months of guaranteed employment, he shall have to reimburse Government with whatever sum of money has already been paid to him by way of allowances. A penalty shall also be imposed on employers should they discharge a trainee after the first 6 months but before the expiration of the period of guaranteed employment. In order to make this scheme more appealing to employers, trainees will be exempted from the payment of social insurance contributions during the first 6 months of guaranteed employment. They shall, however, be liable to pay Group Practice Medical Scheme and Employment Injuries Insurance contributions (ie 53p per week the trainee and 53p per week the employer).

Prospective employers and trainees who want to take part in this scheme shall have to enter into a written contract of employment which will have to be produced for approval by the Director of Labour and Social Security. It is proposed that in considering applications from employers for participation in this scheme, priority should be given to areas of employment connected with the Tourist Trade such as Hotels, catering establishments, etc.

CONSTRUCTION TRAINING PROGRAMME 'B'

This programme will provide training for young unemployed people between 19 and 25 years who wish to learn a trade provided that they have passed the official apprentice entry examination. Emphasis will be placed on the training of painters and masons.

Accelerated courses of 44 weeks duration will be held at the Construction Training Centre, and on completion, trainees will be trade tested to Craftsman 'B' standard. After 4 full years employment as a Craftsman in the trade they may then apply for upgrading to Craftsman 'A' status. Trainees may also be required to attend the College of Further Education for academic theoretical training.

Under this scheme an allowance of £20 per week will be paid to each trainee.

CONSTRUCTION TRAINING PROGRAMME 'C'

As I mentioned before this programme is a continuation of the one introduced in October last year. It is designed to give school leavers (under 19 years of age) a range of practical

skills in the Construction Industry to enable them to compete more effectively in the labour market. The practical training courses will be held at the Construction Training Centre and trainees might also be required to attend the College of Further Education.

Trainees will receive a weekly allowance of £15 and also, for the purpose of Family Allowances, will be deemed to be still attending school.

It is hoped that Programme 'A' will eventually create employment for Gibraltarians in such areas as the Tourist Trade, Retail Distributive Trade and the Baking Industry. The success of Programmes 'B' and 'C' is of paramount importance as this will, in the long term, enable us to replace systematically most of the foreign labour employed in the Construction Industry and thus make Gibraltar more self-sufficient.

It is the intention to commence with Programme 'A' as soon as possible. Programmes 'B' and 'C' are due to start in September, 1984.

HON J E PILCHER:

I take it all private employers will be eligible for this including the Gibraltar Shiprepair Limited?

HON DR R G VALARINO:

Mr Speaker, Sir, if I am not wrong they are providing their own training programmes which they have already advertised.

HON J E PILCHER:

Mr Speaker, I take what the Hon Member is saying but would they be eligible under the Scheme?

HON DR R G VALARINO:

Mr Speaker, Sir, I do not honestly see why not but as I mentioned before in my statement: "Priority should be given to areas of employment connected with the Tourist Trade such as hotels, catering establishments, etc". I do not think the Shiprepair yard comes under that heading.

HON J E PILCHER:

Is the Minister then saying that it is limited? It is one thing to say that priority will be given and another thing is to say that it is exclusive to people in the tourist and catering industries, he has not said that. Is he saying now that somebody who is not in the catering or tourist industry is debarred from applying?

HON DR R G VALARINO:

Mr Speaker, Sir, there is no limitation, just priority should be given.

HON J E PILCHER:

Is there any limit on the numbers that the Government is prepared to finance?

HON DR R G VALARINO:

Yes, Sir, Programme 'A' we have a maximum of twenty persons; Programme 'B' a maximum of ten persons, and Programme 'C' a maximum of thirty trainees, making sixty persons in all.

HON J BOSSANO:

Well, Mr Speaker, that is nonsense with all due respect to the Hon Member. How does he explain to the twenty-first person that the Government is not prepared to help finance his employment? How can he say that this is following the UK practice when the UK practice is a national scheme without any limits?

HON DR R G VALARINO:

Mr Speaker, Sir, this is the start of a new scheme and it is the basis of the new scheme. To take an example, he has mentioned the twenty-first person. We may not be able to get twenty persons for Programme 'A' in which case, obviously, if we get more people for Programme 'B' more people will take Programme 'B' but the whole total that the Government can provide at the moment is sixty people out of its funds. It is the basis, it is the start and we have to make a start somewhere to be able to provide Gibraltar with the labour it needs. I am not trying to suggest that this will be the total answer but it will be a beginning from where we can develop.

HON J BOSSANO:

Mr Speaker, the Hon Member does not seem to understand what the scheme is. We are not saying that he is not making a start, what we are saying to him is, if the argument is that twenty people are going to be eligible to apply for an employer-based programme, what is it, first past the post, the first twenty people to apply? What is the criteria? We want clarification. If we had not asked we would not have known that it was limited to twenty, certainly the impression given by the statement is that there is no limit. I am sure the Hon Member will agree that one could understand that there might be a limit in the physical capacity of the Construction Training Centre, of course, if you can only take in ten

trainees you can only take in ten trainees but if scheme 'A' is limited to twenty persons in the tourist industry that means, for example, if one hotel comes in first and puts in a bid for twenty, that's it, that is the rest of the private sector out.

MR SPEAKER:

One must not try and justify the viability of the scheme. One is asking questions for clarification and you have been given the information you require.

HON J BOSSANO:

No, I am asking to have clarified for me whether I am right in assuming that what the Minister has told the House is that the way the employer-based programme will operate is that if one employer comes along with a proposal to take in twenty trainees and there are only twenty vacancies if he gets told, yes, that's it, nobody else can apply. Am I right in deducing that?

HON DR R G VALARINO:

Of course not, Mr Speaker, Sir. It is obvious to anybody with any logical sense that if somebody turns up with twenty employees he will be told no, because we are not just going to take twenty employees from just one particular person. We will try to distribute this throughout Gibraltar as much as we can but this is the beginning of a programme and this is what I feel that the Opposition should realise that this is the start of a Youth Training Scheme.

HON J E PILCHER:

Mr Speaker, for clarification, do I take it then that what the Hon Member is saying is that it is only the start and that they foresee that during the course of the year this will be upgraded to more or whether they are working under financial limitations and can only afford thirty this year?

HON DR R G VALARINO:

Mr Speaker, Sir, first of all, there are obviously financial limitations this year and, in fact, if I remember rightly when these schemes were introduced in the UK, there were also financial limitations in the United Kingdom.

HON J BOSSANO:

If the Hon Member will give way. In the United Kingdom they found there was a lot of money not taken up because there were insufficient applicants for the schemes.

HON DR R G VALARINO:

But that does not alter the fact that there were financial limitations. The fact is that there were financial limitations and the same happens here. There is money in Head 11, Subhead c.

HON M A FEETHAM:

Mr Speaker, can I just ask one question? Is there a machinery that will look at applications particularly those from employers as regards taking up young people so that a decision is based on a fair criteria? Will it be the Senior Labour Officer or will it be the Manpower Planning Committee who is going to make the decision?

HON DR R G VALARINO:

Mr Speaker, Sir, in fact, I did say in my statement that "prospective employers and trainees who want to take part in these schemes shall have to enter into a written contract of employment that will have to be produced for approval to the Director of Labour and Social Security". It will be the Director of Labour and Social Security.

MR SPEAKER:

Will you now proceed with your second statement.

HON DR R G VALARINO:

Sir, at the meeting of the House held on 13 March, 1984, my predecessor said in reply to a question from the Hon Mr R Mor that the Government expected to be in a position to make a statement on the proposal to waive social insurance contributions for unemployed persons over 60 years of age at the next meeting of the House.

The Government have now agreed that the granting of Social Insurance contribution credits after 60 should be subject to a means test based on the following conditions:

- (a) that the insured person is ordinarily resident in Gibraltar;
- (b) that he is 60 years or over but under 65 years of age;
- (c) that he is not entitled to any other type of credit under the SIO;
- (d) the weekly income of the insured person, together with the weekly income of his wife, if applicable, does not exceed the maximum amount of old age pension payable for that week to an insured person (£38.30), together with the maximum amount of old age pension payable for that week for his wife (£19.30), if applicable;

- (e) that he satisfied certain contribution conditions that would show that the insured person was paying contributions on the date he attained 60 years and the five preceding contribution years immediately before attaining 60 years;
- (f) that no one should become entitled to an old age pension on account of these credits. The insured person should have enough contributions prior to applying to have qualified for a reduced old age pension; and
- (g) that the onus for providing the level of income is placed on the applicant.

After giving the matter very careful consideration the Government is of the view that the grant of such credits across the board would not be equitable for the following reasons:

- (a) the majority of persons who retire at 60, mainly from the public sector, receive substantial gratuities and service pensions and can well afford to continue paying their contributions. In any event, a fully paid up contributor who ceased paying contributions at 60 would only suffer a loss of £8.60 per week, ie from £57.80 to £49.20 at current rates, when his old age pension eventually become due at 65;
- (b) while the loss of contribution revenue could not be assessed because this would depend on the number of persons who retired at 60, the result could be such as to require an increase in contributions to a diminishing labour force. It is considered inequitable that the remaining contributors should subsidise a benefit to many who have no real need for it.

Action is now in hand to draft the necessary amendment to the Social Insurance (Contributions) Regulations to give effect to this decision and in the meantime administrative arrangements will be made to implement the measure forthwith.

This measure will have retrospective effect to the first contribution week in 1984.

HON J BOSSANO:

Mr Speaker, we do not want to stand up and make a speech for the sake of having a chance to read it and hold up the House. My recollection of the past is that in order to give other Members time to read it somebody has stood up on this side and waffled and we do not want to do that.

MR SPEAKER:

With respect, the manner in which we have dealt for many years with statements is that the Leader of the Opposition has always stood up and made a short contribution on the merits of the statement and nothing else. Other Members most certainly can ask questions for clarification purposes.

HON J BOSSANO:

My understanding of Standing Orders is that what we are supposed to do is to ask questions on clarification, not to make a policy statement ourselves. What I would like is to have the time to read it so that we can ask questions.

MR SPEAKER:

You are completely and utterly right. The Standing Orders and the rules of practice are such that it only allows Members to ask questions on clarification. I have extended that rule to allow the Leader of the Opposition to make a little introductory reply to the statement if he wanted to in order to enable other Members to gather their thoughts and ask questions on clarification.

HON J BOSSANO:

What I am saying is, Mr Speaker, that it is a relatively easy thing to do, that is, to stand up and make some sort of statement simply which is a delaying tactic to allow other people to read it. I suggest that we be given a few minutes to read this because I do not want to make a statement just for the sake of making a statement but I feel that simply listening to the statement being read by the Minister and quoting figures, it is very difficult really to digest the implications of it without having had a chance to read it.

MR SPEAKER:

Fair enough. I think some Members have now had more than enough time to do that but if you wish to have one or two more minutes there is no reason why you should not have them.

HON J C PEREZ:

Will the Hon Member perhaps allow, for example, couples whose income might be reduced below £57.80 because of the contribution to the pension scheme, to be able to apply for it? That is to say, you are saying that if they earn more or their income exceeds £57.80 the person concerned will not be able to apply for this facility. What I am saying is that if after paying his social insurance stamps his income is reduced below the £57.80 because of the payment of the insurance stamps, would that person be able to apply for this facility or not?

HON DR R G VALARINO:

Mr Speaker, Sir, that is a very good question from the Hon Mr Perez and I see his point but we may get other people just like you have mentioned who may say: "We are paying a marginal amount of tax and therefore we fall below this certain amount". Therefore, I think that the figures quoted will have to remain and we shall have to stick to the figures quoted because we have to have a definite figure.

HON J C PEREZ:

What I am actually asking the Minister is that he should perhaps consider that the income per couple should be that which is earned after paying insurance in respect of the pension.

HON DR R G VALARINO:

Mr Speaker, I will certainly consider it, I will see how the scheme develops and depending on how the scheme develops I will be able to report back to the Hon Member.

HON J L BALDACHINO:

Mr Speaker, can the Minister clarify one point? Who is "ordinarily resident" in Gibraltar, what does that mean?

MR SPEAKER:

"Ordinarily resident" for different Ordinances mean different things so it may have to be defined.

HON DR R G VALARINO:

Yes, Sir, there is a definition in the Social Insurance Ordinance for "ordinarily resident".

HON R MOR:

Mr Speaker, paragraph (e), what would happen in the situation where someone is, say, unemployed at the age of 58 and he has not fulfilled having paid during the last five years the contributions?

HON DR R G VALARINO:

I am afraid that because of the peculiar position that some people find themselves in having retired at 60, we have decided that the date should be between 60, which is a crucial time because of their retirement especially in Government, people like you have mentioned who are 58 years old would not come into the scheme until they are 60.

HON R MOR:

Mr Speaker, I think the Hon Member has misunderstood my question. My question is that under paragraph (e) for anyone to qualify for the credits he must have been paying contributions for the last five years. What would happen in a situation where a person is unemployed before 60, at 58?

HON DR R G VALARINO:

I may be wrong in this but if somebody is unemployed at the age of 58 he would get supplementary benefits until the age of 60, if I am not wrong, and then this would apply from the age of 60.

HON R MOR:

Mr Speaker, in that case he would not be paying contributions and then doesn't it affect his old age pension?

HON DR R G VALARINO:

Sir, I think this is a very rare case, it may not happen, but he will either have to pay contributions or lose the fact that he will be able to have credits.

HON J BOSSANO:

Mr Speaker, isn't the scheme the response of the Government to the plight of people who are unable to meet the cost of making voluntary contributions, isn't that what the Government is trying to do? In explaining the rules that they have applied, surely, if one of the conditions is that the person must be paying contributions on the day he attains 60 years and must have been paying for the preceding five years, there could be a lot of people, not hundreds because we are not talking about hundreds anyway, but there could be a number of people who are eliminated by the rule, in fact, when they are the people that we are intending to help.

HON A J CANEPA:

Mr Speaker, I cannot remember the details of the Social Insurance Scheme as I used to three years ago but I think that there is provision in certain instances for people who are unemployed to get credits already but, as I say, I forget what the conditions are. Credits can tide a person over a certain period.

HON J BOSSANO:

No, Mr Speaker, there is a maximum of 26 weeks credit for unemployment under the Social Insurance Ordinance.

HON A J CANEPA:

Well, 26 weeks is 26 weeks, it bridges the gap between the age of 55 and 60 and then we are not talking of two years, we are talking of a year and a half and, perhaps, if the number of cases are small we might be prepared to revise the scheme just as if the number of cases are small we might be prepared to revise the upper limit of 57/80 and say: "Well, we have got a number of marginal cases, let us pitch the thing a little bit higher because the financial implications are not that serious". This is a new thing that we are starting and there is room for flexibility in the light of experience.

HON J C PEREZ:

Mr Speaker, one more point on clarification. On clause (f) where it says: "that no one should become entitled to an old age pension on account of these credits". Could the Minister confirm that if a person will become entitled to it at 62, that after he pays until 62 and he has qualified with all the other clauses at 62, that he will then be given this facility from 62 to 65? For example, if a person needs two years more after 60, and he is unemployed, to qualify, if he pays until 62 and then he has qualified after his qualifications period he is able to apply for this facility?

HON A J CANEPA:

The position is that to become entitled to an old age pension the applicant has to have a minimum of 250 contributions - and I remember that because it used to be 500 and I was responsible for lowering it to 250 - and also he must have an average of 13. What cannot happen is that it will be the accumulation of credits that are going to ensure that an individual becomes entitled to a pension because if the minimum number of contributions is 250 he should have at least 250 paid contributions not 250 credits and an average of 13. In practice, having regard to the fact that the scheme has been in operation now since 1955 for 29 years, 250 contributions if the individual has been resident in Gibraltar, in practice, is not enough, it might only be enough in a case where someone has been living outside Gibraltar, comes to Gibraltar at the age of 50-something, acquires an aggregate total of 250 contributions and then you only divide the total by, let us say, ten years, he has been working for ten and then he has an average of 25. He qualifies for a pension then but those are cases more few and far between. But the spirit behind this is that it should not be the credits which have a deciding factor in the individual acquiring entitlement to the pension scheme, it should be as a result of the minimum 250 contributions.

HON J C PEREZ:

I have understood that completely, Mr Speaker, and the Minister has probably clarified why it is that there will not be many cases as the ones I am referring to. But the point I

was referring to is that if the person is over 60 and he needs, let us say, 25 more contributions to become entitled, when he pays those 25 contributions, once he is entitled through his own contributions to the scheme, he will then, notwithstanding that he might be 52, be able to apply for credits.

HON A J CANEPA:

He should be able to apply for credits and get more credits in order to enhance his total because if he already has 225 contributions, he should not just get 25 credits that take him up to 250, he should continue to get credits until the age of 65 which will enhance his contributions. That already happened for late entrants into the scheme. People who come in late, at an advanced stage having, as I said, first come to Gibraltar or returned to Gibraltar after a period away and joining our scheme for the first time, I think they get 80 credits. That already happens. I think that that would be covered.

HON R MOR:

On a point of clarification. Under paragraph (d) does the figure £57.80 that is the total of the two figures mentioned, is that gross or after tax?

HON DR R G VALARINO:

It is the gross figure because it is the equivalent to the old age pension.

HON R MOR:

But, Mr Speaker, the pension is tax free.

HON A J CANEPA:

It is non-taxable and it would be reviewed every year as the pension is reviewed.

HON J BOSSANO:

Mr Speaker, the question was, is the figure there gross?

HON DR R G VALARINO:

Gross, yes.

HON J BOSSANO:

Well, if the pension is tax free and, for example, the income of the individual is taxable then, clearly, for the individual to have £57.80 net he will have to have £90 gross. Now, which of the two is it?

HON A J CANEPA:

This is gross but I know what the Hon Member is getting at because, no, I will not say it. I know what he is getting at and it could well be that if the implications of this scheme are manageable, what the Hon Member is thinking could be the next stage because we have already given the matter some thought.

MOTIONS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to move the motion standing in my name in the Order Paper. I would be grateful for your leave to dispense with the need to read this rather lengthy motion which has already been circulated to Hon Members.

MR SPEAKER:

Most certainly, yes. There is a slight correction so that you do not have to amend it later on.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I was just going on to say, Mr Speaker, that it has been brought to my notice that there is a minor error on page 2 of the Notice. The reference is in paragraph 6 of page 4 of the Notice. Subsection 1(e) there are two references in paragraph 6, subsection 1(e) is quoted twice. That should be in both cases subsection 1(d). By way of explanation, Mr Speaker, the fees for naturalisation, registration and other related services were brought into line with the provisions of the British Nationality Act, 1981, and new fees were introduced as from the 1st January, 1983, to coincide with the coming into effect of this new Act. In response to recommendations made in a Home Affairs Committee Report last year, the fees were again changed in the UK with effect from the 1st April, 1984, and dependent territories have been asked to make local provisions for charging equivalent fees. The naturalisation and registration fees for adult applicants have been reduced but the fees for minors have been increased in some cases. The other later change introduced is that a husband and wife who are living together applying for naturalisation at the same time, pay only the same fee as for a single application, namely, £160. There has been a continued rise in administrative costs and this has led to the increase in consular and passport fees proposed. Prior to this, the last increase was in 1978. I now propose to bring the fees into line with certain UK fees and the new fee for a passport will be £15 and a joint passport, including particulars of the spouse, will cost £22.50. There are other passport and kindred services which have hitherto been provided free of charge locally in respect of which a fee is payable in the United Kingdom.

These are, first, collective passports and this service caters for groups of children under 18 travelling together, for example, school parties, Boy Scouts, Girl Guides. This service is in continuous demand, particularly during the summer months, and involves a considerable amount of work. The United Kingdom fee which stood at £11 has now been increased to £30. However, bearing in mind the nature of the service and for whom it is intended but not forgetting the considerable administrative burden, it is considered that a fee of £1 per person, with a minimum fee of £10, would be an appropriate charge locally. Being a passport fee it would, of course, be possible to waive this in hardship cases. Secondly, declarations of identity; these documents are occasionally issued for travel purposes to persons who are either unable to obtain a travel document or who hold one on which a visa cannot be placed because the document is issued by an authority which is not recognised by HMG and the fee of £4.50 is being introduced. Thirdly, applications for UK passports, with the enactment of the new British Nationality Act, more persons are eligible for UK passports and the demand for this service is considerable. Bearing in mind that at the time the fee of 20p for checking and forwarding applications was introduced the price of a UK passport was 30 shillings, that is, £1.50 in modern money, it is considered that a handling charge of £2, relative to the former 20p, would now be appropriate. As regards visas, under the Licensing and Fees Ordinance, the fee payable for a visa by a national of any particular country is the equivalent of the fees charged by the representative of the Government of that country for their visas on the passport of a British National. Although this one coincided with the United Kingdom practice it does so no longer and, indeed, has not done so for some time. The new fees are in line with the current UK consular fees. These fees have remained unchanged for some years and it is now proposed to update them and it is proposed that the Notice will come into effect, Mr Speaker, subject to my Learned Friend, the Attorney-General's comments, by being gazetted on the 5th July.

MR SPEAKER:

Are there any questions on the motion moved by the Hon the Financial and Development Secretary?

HON J BOSSANO:

I do not think we need to speak on the subject, it seems to be a straightforward matter.

Mr Speaker then put the question in the terms of the motion proposed by the Hon the Financial and Development Secretary which was resolved in the affirmative and the motion was accordingly passed.

BILLS

FIRST AND SECOND READINGS

THE FOOD AND DRUGS (AMENDMENT) ORDINANCE, 1984

HON M K FEATHERSTONE:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Food and Drugs Ordinance (Chapter 61) be read a first time.

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

SECOND READING

HON M K FEATHERSTONE:

Sir, I now have the honour to move that the Bill be read a second time. Sir, this Bill purports to do three things and it is basically a copy of a similar Bill in the United Kingdom. Firstly, it is to put our Food and Drugs Ordinance in consonance with EEC directives. Secondly, it is to upgrade the penalties for various offences since these have become very small indeed and what you might consider obsolete in present day circumstances. Thirdly, it is to make the time for prosecutions limited in respect of certain offences. The main provisions of the first section, as I say, is to conform with Community requirements and this will allow the Governor to make provisions relating to any food which is imported and to check the manner of sampling any such food or the manner of analysing such foods. The Bill also includes the regulations for the treatment of milk by the application of steam. Basically, Sir, this is one of the commitments that we have to face by being members of the EEC. It is a technical Bill, I think that most people won't understand it, I do not understand it fully myself but I do put forward that it is something that we are obliged to do. I commend the Bill to the House, Sir.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON MISS M I MONTEGRIFFO:

Mr Speaker, in looking at this Bill, we, the Opposition, look at its merits in relation to how it affects Gibraltar. Therefore if it were just a question of complying with an EEC directive then we would not support the measure simply for that reason alone. We would need, Mr Speaker, to be convinced that this is desirable from Gibraltar's point of view and not

simply from Brussels' point of view. When the Government reply perhaps they can confirm whether these new regulations would apply to anyone who would wish to produce milk in Gibraltar. If this is the case, as we the Opposition understand it, according to our terms of membership we are outside the tariff barriers for milk products. This enables us, Mr Speaker, to buy milk in the world market and it also means that we cannot export milk to the EEC because the EEC milk production is controlled by a quota system, which is allocated on a country by country basis. Why then, Mr Speaker, should we have to comply with EEC requirements for Gibraltar produced milk when it cannot be freely sold to the EEC? It would need to meet the same conditions on entry as milk produced, for example, in any other country outside the EEC but who do not have to change their laws to comply with an EEC directive. Therefore, Mr Speaker, unless we can be fully satisfied on these points the GSLP will not support the measure.

HON CHIEF MINISTER:

That is a strange departure from the view being shown by the Hon Mr Feetham why we were not complying with directives in connection with company law.

HON J BOSSANO:

If the Hon Member will give way. We were not urging him to comply with it, we were asking him whether it was the intention to do it.

HON CHIEF MINISTER:

It was only clear in the course of questions that he was doing it the other way but it certainly raises a very important issue and that is that the European Community's Ordinance, which applies to Gibraltar, is a law that has to be complied with. I agree that the first consideration should be in the interests of Gibraltar and I hope we can get away from some of the directives that harm us, and that is what we have been trying to do but we cannot reject a requirement of the Community simply because we are not in agreement. For that purpose there might be a motion or a movement for getting out of the EEC as the Hon Member appears to be favouring every day more. Perhaps we could belong to the other lot. But, anyhow, we are complying with something which I do not think shows in any way that it could be harmful. In fact, it will be of great benefit.

HON J BOSSANO:

Mr Speaker, since we are talking on the general principles of this and as far as we are concerned the principle that is at stake is the one related to our continued membership of the EEC, let me say to the Hon and Learned Chief Minister that our

position on this should not surprise him. We, in fact, asked the people of Gibraltar to vote for a manifesto where the need to re-negotiate our terms of membership was clearly spelt out, it said 'the party is fully committed to re-negotiating Gibraltar's terms of membership in the European Common Market'. That is our policy and, therefore, in looking at anything that the Government brings to this House, either because the British Government has agreed with the Spanish Government to do it as a concession for the implementation of the Lisbon Agreement or in order to meet Spanish complaints arising out of their entering into the EEC and the incompatibility between our laws and their laws because of the fact that they are going to join the EEC, anything that comes along as a consequence of those two things, the Hon and Learned Chief Minister can be almost certain that we will oppose unless it can be shown that overriding those factors there is a clear reason for us doing it for its own merit. That is to say, if the Government of Gibraltar thinks that it is necessary to change the legislation covering the treatment of milk in Gibraltar - we do not know why they should because all the milk is imported - but we had a situation where there was a local business producing a product known as 'Supermilk' which could be restarted tomorrow except that it would not be possible to export that product anywhere into the Common Market, it would not comply with the Common Market requirements. But, of course, the fact that it would not comply with the Common Market requirements is irrelevant because we are not in the Common Market, anyway, for the purposes of exporting Gibraltar produced goods. Therefore, as far as we are concerned, if something manufactured in Gibraltar is not free to enter into the Common Market, then let us decide ourselves how we want to manufacture it for our own consumption, why should we take a directive from the Common Market? The position of this side of the House is clear. If the Government wants to accept the stand that because we joined the EEC in 1972 we are now caught in a situation where there is nothing we can do about it, we have to accept every directive that comes along, well, then they will do it on their own without any support.

HON CHIEF MINISTER:

If the Hon Member will give way. In the first place, the references to Spain do not arise in this law. I do not know how long ago it is that we should have done it so it has nothing to do with it. Secondly, I would remind the Hon Leader of the Opposition that it was the party of which he subsequently became a prominent Member that received with great jubilation Britain's entry into the Common Market and our subsequent entry as well. We do not refute our responsibility as an Opposition at the time of agreeing at all but I must remind him that the party with which he was associated for a number of years was the party that sent telegrams to Sir Alec Douglas Hume saying that it was a great day for Europe when Britain joined the Common Market and we joined with them. Of course, the rules have not to be looked at and if they have no sense in Gibraltar terms of the Common Market, we will look at them as critically as the Hon Member.

HON J BOSSANO:

Well, I think, Mr Speaker, if I may answer the first point which is not really relevant. When I arrived in this House one of the pieces of legislation that I was faced with as a Member of only two months standing was the alteration of our laws to comply with the EEC and whatever had been decided had been decided even before I stood for election in July, 1972.

HON CHIEF MINISTER:

I know that.

HON J BOSSANO:

We are looking at the situation today with the experience that we have had of the EEC of twelve years and it is not the same as having to make up your mind like everything else. The Government has made a number of policy statements here where they say to us: "We are only providing for twenty places in the Youth Training Scheme; we are introducing this means testing for credits but, of course, that is not a static situation". In the light of experience there could be an argument for widening the thing or narrowing it. I think, in the light of experience of being in the EEC and in the light of the anticipated fears that will come from the enlargement of the EEC, it is perfectly natural to be very critical of anything that comes along connected with an EEC directive and it may be coincidental, Mr Speaker, but we seem to have suddenly woken up to all sorts of directives that have been there for a very long time, just a year before Spain is due to enter.

MR SPEAKER:

Are there any other contributors? Does the Hon Mover wish to reply?

HON M K FEATHERSTONE:

Yes, Sir, I would just like to clear up this question of milk. It is not a question of milk from Gibraltar being exported to the EEC, it is milk from the EEC now being permitted to come to Gibraltar which it was not permitted to come in the past if it had been subjected to heat treatment by steam. Previously our laws did not permit and the laws of the United Kingdom did not permit milk to be imported if they had been heat treated by steam, now this is a common practice in the EEC, the EEC has seen fit that the heat treatment of milk by steam as long as certain conditions are followed should not be classified as adulterating or prejudicing the milk. This amendment will now mean that this type of milk can be imported to Gibraltar which it could not in the past.

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

The Hon A J Canepa
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The following Hon Members were absent from the Chamber:

The Hon J L Baldachino
The Hon Major F J Dellipiani

The Bill was read a second time.

HON M K FEATHERSTONE:

I beg to move, Sir, that the Committee Stage and Third Reading of this Bill be taken at a later stage in this meeting.

This was agreed to.

THE LAW REVISION (MISCELLANEOUS AMENDMENTS) ORDINANCE, 1984

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to make miscellaneous amendments to various Ordinances be read a first time.

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

SECOND READING

HON. ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be read a second time. Mr Speaker, the purpose of this Bill is to effect minor amendments to various Ordinances. Several of the amendments contained in the Bill have been requested by Sir John Spry who is the Commissioner for the revised edition of the Laws of Gibraltar. If I may, Mr Speaker, deal, first of all, with Clause 2 of the Bill. Clause 2, Mr Speaker, seeks to amend Section 98 of the Bills of Exchange Ordinance, that is, Chapter 10. This amendment has been requested by Sir John Spry. Mr Speaker, by Ordinance No. 20 of 1973, we amended the definition of non-business days contained in Section 97 of the Ordinance to mean Saturday and Sunday, public holidays, bank holidays and those declared to be non-business days by various orders made under the Banking and Financial Dealings Ordinance. However, Sir, for one reason or another we failed to amend Section 98 which refers only to public holidays and to bank holidays and so the sole purpose of the amendment in Section 2 of the Bill, Mr Speaker, is to omit the words "public holiday and bank holiday" in the five places in which they occur in Section 98 and substitute therefor "non-business days". Mr Speaker, Clause 3 of the Bill attempts to correct what I can only describe as a real lawyers' muddle. Clause 3(a), Mr Speaker, by Section 6 of Ordinance No. 45 of 1983, three new Sections were added to the Criminal Offences Ordinance. Section 117(a) which makes it an offence to obtain services by deception; Section 117(b) which makes it an offence to evade a liability by deception, and Section 117(c) which created the offence of making off without payment. We added those three new Sections, Mr Speaker, solely for the purpose of doing away with what has been described as a judicial nightmare created by Section 112(2)(a) of the Criminal Offences Ordinance. Mr Speaker, we added the three new offences but we forgot to do away with the Section which created judicial nightmare and this amendment in Clause 3(a) of the Bill does away, I hope, with the judicial nightmare. Clause 3(b) and Clause 6, Mr Speaker, I would take these two Clauses together. Section 244(1)(ii) of the Criminal Offences Ordinance makes it an offence for a keeper of a livery stable not to inform the police of any contagious disease in his stable. Mr Speaker, when we came to enact Ordinance No. 45 of 1983, we meant to abolish that obsolete offence.

HON. J. BOSSANO:

Was that an EEC directive?

HON. ATTORNEY-GENERAL:

No, it wasn't an EEC directive, Mr Speaker. Unfortunately, Mr Speaker, Section 17(d) of Ordinance No. 45 of 1983, instead of repealing the obsolete Section has rather unfortunately repealed the penalty Section contained in

Section 244(2) and we should have repealed Section 244(1)(2). Clause 6, Mr Speaker, repeals the Section 17(d) of Ordinance No. 45 of 1983, and Clause 3(b) of the Bill repeals the obsolete Section 244(1)(2). Mr Speaker, Clause 1(2) of the Bill makes the repeal of the obsolete Section 244(1)(2) retrospective to the date of the coming into operation of Ordinance No. 45 of 1983. Mr Speaker, Clause 4 of the Bill seeks to amend Section 9(1) of the Crown Proceedings Ordinance. This is an amendment requested by Sir John Spry. This is another difficult one, Mr Speaker, again it is a lawyers' muddle. Section 9(2) of the Crown Proceedings Ordinance contains these words: "The Governor may, if satisfied that the act or omission was necessary for such purpose as is mentioned in subsection (1) of this section, issue a certificate". Having read those words you go and have a look at Section 9(1) and no such purpose is mentioned. You then go back to the United Kingdom Act on which our Trial and Proceedings Ordinance was based and if you see the equivalent of Section 9(1) it suddenly and inexplicably stops half-way, it just stops and it omits the following words: "and, in particular, nothing in the said Part I shall extinguish or abridge any powers or authorities exercisable by the Crown, whether in time of peace or of war, for the purpose of the defence of the United Kingdom" - and we have inserted now in this amendment - "or of Gibraltar or of training, or maintaining the efficiency of any of the armed forces of the Crown". Mr Speaker, without the missing words in Section 9(1), Section 9(2) is something of a nonsense and we hope with Clause 4 of the Bill to correct this nonsense and put in the words which were inexplicably left out in Section 9(1). Clause 5 seeks to amend Section 63(2) of the Maintenance Ordinance. The Maintenance Ordinance was last amended by Ordinance No. 15 of 1976. The explanatory memorandum for Ordinance No. 15 of 1976 reads: "The Bill removes the present maximum which the Magistrates' Court may order to be paid in the case of a child, a wife or husband or the dependent parent". Ordinance No. 15 of 1976 then amended various Sections, Mr Speaker, in the Maintenance Ordinance by deleting such words as: "such sum not exceeding £2.10 or such sum not exceeding £7.10, as the Court considers reasonable." Unfortunately, Mr Speaker, Section 63(2) of the Maintenance Bill contains the words "at a rate not exceeding £7.10 a week and at a rate not exceeding £2.10 a week". Those two references were not amended and so Clause 5 of the Bill seeks to delete those references to maximum amounts of £2.10 and £7.10 a week and substitute in Section 63(2)(a)(i) the words "such sums as the Court considers reasonable in all the circumstances of the case" and in Section 63(2)(a)(ii) the words "such sums as the Court thinks reasonable having regard to the means of the parties". I have already dealt with Clause 6, Mr Speaker. Clause 7; Section 10 of Ordinance No. 48 of 1983 reads: "The Companies Ordinance is amended by omitting from the Section listed in the first column of the Schedule to the Ordinance the sum shown in the section column and substituting the sums shown in the third column of that Schedule". You then go and have a look at the Schedule which was put into that Ordinance

and the first thing you see is that the Schedule purports to relate to Section 11 of the Ordinance. Well, of course, it should not relate to Section 11 of the Ordinance, it should relate to Section 10 of the Ordinance so we have, I hope, amended that in this Bill. The first Section mentioned in the Schedule was Section 156. You go to the Companies Ordinance and have a look at Section 156 and you see, unfortunately, that there is no reference to the sum of £50 which we increased to £500 but you have a look at Section 157 and there is the missing £50 which the Schedule sought to increase to £500. In the Schedule to the Ordinance it should have referred to Section 10 at the top and to Section 157 as the first item in the Schedule and not Section 156 and we hope with Clause 7 of the Bill that we have amended that.

HON J BOSSANO:

Could I just ask the Hon Member. I take it from what he is saying that in fact the sums of money are as intended, there has been no change there?

HON ATTORNEY-GENERAL:

There has been no change in the sums. The only change is at the top where you see Section 10 that reads Section 11 and when you see Section 157 it used to be Section 156 and there is no question of £50 in Section 156. Clause 1(3) of the Bill, Mr Speaker, makes the amendment retrospective to the date on which Ordinance No. 48 of 1983 came into force and that is the 31st December, 1983, because it is quite obvious that those were the figures intended by the House which due to a typographical error or some other error were not put in. Sir, I commend the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

Mr Speaker, I would compliment the Hon and Learned Attorney-General because in fact it was totally incomprehensible before he explained it.

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

MR SPEAKER:

We will now recess until tomorrow morning at 10.30.

The House recessed at 6.00 pm.

WEDNESDAY THE 27TH JUNE, 1984

The House resumed at 10.40 am.

MR SPEAKER:

I will remind the House that we are on Bills, First and Second Readings.

THE INCOME TAX (AMENDMENT) ORDINANCE, 1984

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to amend the Income Tax Ordinance (Chapter 76) be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the Income Tax (Amendment) Ordinance, 1984, is intended to clarify certain amendments to the main Ordinance by this year's Finance Ordinance. Firstly, it reinstates the provision granting an allowance of £850 given to married men which was to be withdrawn if the joint husband and wife income from employment exceeded £20,000. The original intention had been to try to limit the scope for tax avoidance by the device of appointing wives as non-working directors in family businesses. However, it is now apparent that the provision would not have that effect but would penalise those husband/wife situations where the wives are in genuine employment. The amendment also ensures that relief to first time home buyers is given only if the house or flat is situated in Gibraltar. It had been argued that the clause as presently enacted could lead to claims from persons buying homes elsewhere whereas the proposal had been intended to encourage home ownership in Gibraltar. Mr Speaker, I have also given you notice that I propose to move an amendment to the Income Tax (Amendment) Bill, at the Committee Stage. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

There being no debate Mr Speaker then put the question which was resolved in the affirmative and the Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1984/85) ORDINANCE, 1984

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31st day of March, 1985, be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. This Supplementary Appropriation Bill is not as a result of any additional commitment on the Government finances but is a technical measure permitting the controlling officers to incur expenditure this year which it had been forecast would have been incurred in 1983/84. The main item, the re-vote for the desalination plant, is a result of a payment having been made by the Crown Agents on the 4th April instead of in March as was requested. In other words, the Hon Juan Carlos Perez might like to add this to his already impressive vocabulary of financial terms, it was a heel tap. Now, Mr Speaker, I commend the heel tap and the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

I think I am right in saying that, in fact, when the final figures for the 1983/84 come out, these sums will have been reduced in last year's estimates and increased in this one.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, that is correct, Mr Speaker.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to give notice that the Committee Stage and Third Reading of the Bill be taken later today.

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I beg to move that the House should resolve itself into Committee to consider the Food and Drugs (Amendment) Bill, 1984; the Law Revision (Miscellaneous Amendments) Bill, 1984; the Income Tax (Amendment) Bill, 1984, and the Supplementary Appropriation (1984/85) Bill, 1984, clause by clause.

This was agreed to and the House resolved itself into Committee.

THE FOOD AND DRUGS (AMENDMENT) BILL, 1984

On a vote being taken on Clauses 1 to 20 and The Long Title the following Hon Members voted in favour:

The Hon A J Canepa
The Hon M K Featherstone
The Hon Sir Joshua Fassin
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammitt
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The following Hon Member was absent from the Chamber:

The Hon Major F J Dellipiani

Clauses 1 to 20 stood part of the Bill.

The Long Title stood part of the Bill.

THE LAW REVISION (MISCELLANEOUS AMENDMENTS) BILL, 1984

Clauses 1 to 7 were agreed to and stood part of the Bill.

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

THE INCOME TAX (AMENDMENT) BILL, 1984

Clauses 1 to 3 were agreed to and stood part of the Bill.

New Clause 4

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I move the addition of a further Clause as follows, and I think there is a side heading to go with it:

"Repeal of Section 7 of Ordinance No. 4 of 1984 4. Section 7 of the Finance Ordinance, 1984, is repealed".

This is, I am informed by my Hon and Learned Friend the Attorney-General, what I might call in non-legal language, Mr Chairman, a belt and braces measure to ensure that the Ordinance comes into effect almost immediately; and the due process of legality is observed.

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

New Clause 4 was agreed to and stood part of the Bill.

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

THE SUPPLEMENTARY APPROPRIATION (1984/85) BILL, 1984

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

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

Clauses 2 and 3 were agreed to and stood part of the Bill.

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Food and Drugs (Amendment) Bill, 1984; the Law Revision (Miscellaneous Amendments) Bill, 1984, the Income Tax (Amendment) Bill, 1984, with amendment, and the Supplementary Appropriation (1984/85) Bill, 1984, have been agreed to and I move that they be read a third time and passed.

On a vote being taken on the Food and Drugs (Amendment) Bill, 1984, the following Hon Members voted in favour:

The Hon A J Canepa
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon E Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The following Hon Member was absent from the Chamber:

The Hon Major F J Dellipiani

On a vote being taken on the Law Revision (Miscellaneous Amendments) Bill, 1984; the Income Tax (Amendment) Bill, 1984, as amended, and the Supplementary Appropriation (1984/85) Bill, 1984, the question was resolved in the affirmative.

The Bills were read a third time and passed.

PRIVATE MEMBERS' MOTIONS

HON J BOSSANO:

Mr Speaker, I beg to move that: "This House takes exception to the terms of the Joint Communiqué issued by Spain and Argentina on Gibraltar and the Falkland Islands and welcomes the British Prime Minister's statement that Her Majesty's Government stands quite absolutely by its commitment to respect the wishes of the people of Gibraltar. It further reiterates that the question of sovereignty is not a matter for discussion between Britain and Spain". The motion that I bring to the House, Mr Speaker, is, in fact, a composition made up partly of an extract from the words of the Prime Minister herself in Parliament and from a previous motion in this House or Assembly on the question of sovereignty not being a matter for discussion between Britain and Spain. I think it is only right that if the British Prime Minister has reacted publicly by saying that Her Majesty's Government takes exception to the terms of the Joint Communiqué issued by Spain and Argentina, we should do so all the more since we are the directly affected party in that communiqué. I think it is also worth recognising that the commitment to respecting the wishes of Gibraltar, which is in the Constitution, has always been upheld by the British Government as, indeed, it is only right that they should since it is contained in the preamble to the Constitution as a commitment on the part of the British Government but that it can be upheld in a lukewarm or in a strong fashion and there can be no doubt that particularly since the situation that took place in the Falklands with the Argentinian invasion, the question of respecting the wishes of the people, both here and in the Falklands, has become a major policy position of the present British Government. It is not a position that is shared, I think, by the entire House of Commons. There are MP's on both sides of the House who have been critical on one occasion or the other of the degree of commitment and suggested that people in the Falklands or people in Gibraltar should not have the right to veto any settlement made with the nations that have laid claims on their homelands but I think the mainstream political opinion in both political parties in the United Kingdom continues to be that the respect for the wishes of the inhabitants of the territories concerned takes precedence over the convenience that there might be in terms of foreign policy. We have got an obligation, I think, to strengthen that point of view in our own self interest and, of course, to be prepared to fight for that point of view if the tide should turn against us at any time which it looks at the moment, certainly, as if there is no indication that it might happen although it is clear that the British Government limits its commitment on the Constitutional side and does not extend it to other aspects of their relationship with us such as the question of giving Gibraltar as a dependent territory all the financial assistance that it needs to be able to survive and withstand any pressures that are put on it. I think that, clearly, in the minds of the

British Government the respect for the wishes of the people of Gibraltar means that we have to combat ourselves the pressures that we are put under and that the proof of the pudding of how strongly we feel about not being Spanish is the degree to which we are prepared to withstand the pressures that may be put on us. I think there is also a conflict in the stand being taken by the British Government which in some respects lies at the root of the controversy over interpretation of the Lisbon Agreement ever since it was signed. I think the Spaniards have, with a certain degree of logic, argued that if the people of Gibraltar are adamant that sovereignty is not a matter for discussion, if the British Government is adamant that it must respect the wishes of the people of Gibraltar, then how can the British Government at the same time be prepared to discuss any matter that the Spanish Government wishes to raise when it is obvious to the British Government that the first such matter that the British Government wish to raise is the question of sovereignty which brings us back to the initiating position in the circle that the people of Gibraltar are adamant that they do not want to discuss and the British Government is adamant that it will respect the people of Gibraltar's wishes. I think that the Spaniards have throughout seen in perfidious Albion an attempt to get the removal of the restrictions without any real intention of doing anything about it in concrete terms other than playing at a game of diplomacy of having negotiations which were not meaningful negotiations as anybody would understand it, designed to achieve specific results and a changed situation but pay lip service to those negotiations. And from the perspective of the history of the exchanges between the British Foreign Office and the Spanish Foreign Office going back to 1964, one can see the conclusion that the Spaniards have come to. I think it is also true that within the Foreign Office itself, the British Foreign Office itself, there has been a tradition going back 20 odd years telling the Spaniards that they should woo the Gibraltarians, that they should play a low key role, that they should show friendship towards Gibraltar as a way of winning over the hearts and the minds of the people of Gibraltar and that that was the most profitable role to follow to the eventual takeover of Gibraltar. I think we have got to make absolutely clear to the British Government and to the Spanish Government that as far as we are concerned, the people elected to this House of Assembly, that our commitment is to ensure that whatever measures are taken whereas we support that Spain should be friendly towards Gibraltar rather than hostile to Gibraltar, we have to make it absolutely clear that if the objective of the friendship is the takeover of Gibraltar, then the objective of the political leaders of Gibraltar is to welcome the friendship but obstruct the ultimate result. We want to be friends because we are not a hostile people and we do not want to go to war with anybody, that is why we want to be friendly, but we do not want to be friends because we consider that friendship with Spain is going to produce more profitable results in their eventual aim of integrating Gibraltar than hostility. In fact, we want and we need to make that absolutely clear

and we feel so particularly on this side because our whole approach to political leadership and political philosophy is precisely that we believe that it is more conducive to good Government and harmonious relations to call a spade a spade rather than to water down issues and make the dividing line nebulous and make it possible for more than one interpretation to be put on one particular situation depending on the perspective of the person observing the situation. We believe that the motions that we bring to this House, Mr Speaker, are brought in this spirit and this is why we resist amendments so often because the amendments appear to be designed to do the opposite, that is, to cloud issues rather than to clarify them. I commend the motion to the House.

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

HON CHIEF MINISTER:

Mr Speaker, we do not quarrel with any of the three propositions in the motion, perhaps it is a matter of emphasis. When the Madrid declaration was made and the Prime Minister reacted the way she did, I was not at all surprised. It is in character with the way in which she has taken the matter and, therefore, I think we have now been accustomed to her robustness in this matter and it is really very satisfactory and, indeed, it is satisfactory that the Members of the Opposition should bring a motion supporting that view because whilst on the one hand the motion now speaks about welcoming the statement, at other times the Opposition either in questions or in other ways are always full of innuendos that the British Government wants to do a deal behind our back which is not the case. There is no doubt that some element in the Foreign Office want things to go easy and do not want to bother but what is important in this vital matter as, indeed, was important at the time of the invasion of the Falklands by Argentina is the political reaction to the position and I have no doubt and I have no doubt all along that from the inception of the difficulties with Spain that as the Leader of the Opposition has rightly said, the emphasis of opinion among the majority, we do not make any illusions that there may be, in both sides of the House, all parties, there are people who feel that we ought to be sensible and this or the other. Well, the few that we have encountered, one of them we dealt with here publicly in the Man Alive programme, he was a member of the European Parliament, others do not dare say it very often, others say that they do it to tease you and find out your reaction and they put points to you to see how strongly you feel in order to be able to make a proper report to their superiors. One has to be cautious about these occasional social contacts or informal contacts where proposals are put to you in an inquisitive manner or put to people in an inquisitive manner in order to get your reaction. I would just like to make one remark in regard to the third point and that is the question of the discussion of sovereignty. My party voted in favour of the 1977 motion on

this issue and we have maintained that position throughout. The Lisbon Agreement of April, 1980, by implication opened the door to the discussions on sovereignty but the then Leader of the Opposition and I publicly reiterated our position on this question and our support for the Lisbon Agreement has always been qualified by that reservation and, indeed, I think, with respect, to talk about the Lisbon Agreement now is really to talk about the past, I think we have other realities much more important and immediate than the Lisbon Agreement to worry about. This is where we should be concentrating and that is on the question of the result of the future joining of Spain with the Common Market. Apparently, now the internal problems of the Common Market were settled last night, some say with great success to the Prime Minister and there is already a motion, I understand, in the House of Commons criticising her for the deal but it is not our business to interfere in British politics other than if it affects Gibraltar, no more than it is their business to interfere in internal politics other than if it affects one of the reserved subjects. But, anyhow, one thing is clear arising out of the deal which was seen yesterday and that is that the possibility of Spain acceding on the 1st January, 1986, has become more real whereby we should become more cautious. We have no hesitation in supporting the motion.

MR SPEAKER:

Are there any other contributors?

HON A J CANEPA:

I was just waiting to see if there was anybody else from the Opposition in order to get a balance but if there isn't I am quite willing to make my contribution at this stage. As the Chief Minister has said, Mr Speaker, there is no problem from the Government benches in supporting this motion. I just wonder, Mr Speaker, whether at this stage, and this is only my personal view, whether the last sentence is really necessary. I say that not only because other than of course we do have a new House, perhaps, to that extent it might be important that a new House should formally restate its commitment to something which was approved by a previous House. But in practice I do think it is necessary and I will explain why. Baroness Young, immediately on arriving in Gibraltar, was asked by Mr George Garcia of GBC about the question of sovereignty and she was very straight and blunt about it when she said that as far as the British Government is concerned, sovereignty is not negotiable. And then at the first conference which she held on Saturday morning, the matter came up again and she restated the commitment which the British Government has and which is enshrined in the preamble to the Constitution and she went on to explain how in her view it was clear that at any talks that there might be between Britain and Spain, let us say in conjunction with the implementation of normalisation of the frontier, the Spaniards were very likely to bring up the issue

of sovereignty as was, indeed, envisaged in the Lisbon Agreement. But she also went on to explain that it was perfectly clear what the attitude of the British Government and what the response would be and that is to say that as far as we are concerned we stand by the preamble to the Constitution and sovereignty is not negotiable and, in my view, that will be the end of the matter at those talks. Her interpretation also of the attitude of the Spanish Foreign Minister, Señor Moran, is that he also recognises that those are the real facts of the matter in statements that he is alleged to have made to one of the Parliamentary Committees of the Cortes on Foreign Affairs where, apparently, Señor Moran recognises that as seen from his point of view, Spain is not likely to make any progress on sovereignty and it is a matter which Spain must put on ice, put on the shelf, and pursue some time in the future. I think he also at that same meeting recognised the paramountcy and had to accept the paramountcy of the wishes of the people of Gibraltar. This question of the future, I think, fits in with the point which the Hon Mr Bossano was making about the Foreign Office view about what we would call the wooing process. I do not know to what extent, today, that remains the official Foreign Office view. I think that interpretation could certainly be put perhaps on the Hattersley Memorandum of 1976 but I have doubts as to the extent to which that remains the official Foreign Office view. That is a view held by some people within the Foreign Office I have no doubt but as we find when we come into contact with them from time to time and as the Chief Minister mentioned, some officials, some diplomats in the Foreign Office either have or appear to have certain views about Gibraltar, about the Falklands and so on. Some Members of Parliament for that matter have got what we would regard as very dangerous views about the future of all these dependent territories. I do not disagree with his assessment of that situation. Fortunately, as far as I am concerned, it does not seem to make any difference, it does not seem to matter in that, in practice, the whole thing appears to be quite pointless. I do not think the Spaniards are capable of even attempting to woo the Gibraltarians. They do not seem to know how to do it and I do not know whether it is a failing in their national character, an exaggerated sense of pride which prevents the Spaniards from going that. Even with the partial opening of the frontier it cannot be seen in that context because at the same time as people welcome the fact that they are able to go to Spain to see their relatives, for recreation and so on, and people are entitled to exercise their individual freedom as they so wish, one cannot help but get the feeling that nevertheless those people do recognise that the economy is being harmed and they do not like the fact that the Spaniards are putting them deliberately, perhaps, many people would think today, not at the end of 1982 but today the Spaniards are deliberately putting the people of Gibraltar in that situation and to that extent the partial opening of the frontier, I think, becomes counter productive in that the Gibraltarians as a whole do not react to that in a positive manner and say: "Ah, here is a socialist Government wanting

to make a break with the past. To the extent that they are able to they are ushering in a new era of friendship and a new approach to the people of Gibraltar". Even there, I think, they messed the whole thing up and it becomes counter-productive. So, in practice, I do not think it matters but there is, I agree, a certain view as indeed perhaps one can mention, there is nothing confidential about it, the sort of exchanges that take place over a lunch or over a dinner when Foreign Office officials come to Gibraltar, I think it can be mentioned publicly, and one of the officials was deliberately provocative. I do not know whether he was doing that in the context, as the Chief Minister has said, in order to discover, to try and find out whether there are any chinks in the armour, whether public opinion supports the official view of politicians and, indeed, of the Government regarding the matters that were being discussed at the end of last week. Perhaps they are trying to do that, perhaps it is a bit of both. If it is not a ploy, if it is not a tactical ploy, if it is a view that is seriously held, then with friends like those who needs enemies, but I do not know, I am not sure. There was an official for instance saying: "You people in Gibraltar are always whining, you are never satisfied and you are alienating public opinion in the United Kingdom, you no longer have public opinion with you and even in Parliament your support has dissipated, there are no longer questions being asked supporting Gibraltar in Parliament". I don't know to what extent that is true. One perhaps could have said to him: "Well, you people in Britain are doing the same. Europe is probably fed up with you because you are always whining, you are always asking for more and you want to contribute less. The only thing is that, fortunately, you have got muscle and you are able to succeed and we rely on you to be able to put our point of view to Brussels and to protect us against the ultimate objective of Spain which is to take us over". I do not know, there are different ways of looking at it, I think what is necessary, naturally, is that we have to be on our guard that this view does not prevail, that it does not become the official view of the politicians in the Government which is what matters and that we try to nurture the support that there is for us in Parliament and try to gain more support through public relations activities by getting Members of Parliament to come to Gibraltar, younger Members of Parliament who are cut off from Gibraltar because there always used to be a Service connection. Now that does not exist and amongst the younger Members of Parliament, particularly in the Labour Party, they are alienated from Gibraltar, they do not know Gibraltar at first hand and we need to establish this relationship and we need to keep alive the support that there is for us in case we ever face difficulties. The Hon Mr Bossano right at the beginning of his intervention spoke about the limitations, as he saw it, that there is on Her Majesty's Government support for the stand that we are taking in Gibraltar. It extends so far but perhaps on the question of economic assistance it does not go that far. I do not know, I think as far as they see it and whilst on the one hand I have no doubt that the message which Baroness Young took from

Gibraltar is a definite consensus, I do not think that chinks in our armour were detected, I think they went away with a definite view that we are united on the essentials. I think in the same way they feel, and she put this across repeatedly, that the British Government is honouring its commitment to Gibraltar not just politically, not just diplomatically but also in respect of the economic assistance that we are getting. I do not agree that it is enough but that is another matter. But seen from their point of view she reiterated the policy of support and sustain, support and sustain, she did not say support the economy. So that in the present context with the difficulties that Britain is having, we are getting the £28m, the £14m, the £15m and, no doubt, the land that is being handed over and so on. They consider that they are honouring their obligations and that they are doing that and giving us assistance over and above what they are prepared to do to their own people, and she mentioned again Portsmouth and Chatham, because they recognise the peculiar and unique relationship between Britain and Gibraltar and the contribution that Gibraltar has made in upholding the interests of Britain over the years. This is the way that they see it. As I say, we have to be vigilant and we have to continue to press our point of view. I think we have to continue to press on the economic front that the opening of the frontier is not a panacea and whether they accept that or not I am sure that they have taken the view that that is what we feel and that they must not make the mistake that they made in 1980, and that they must not make the mistake of thinking that because they are now, hopefully, as far as they see it, with the problems of the Community being nearer, the immediate problem of the Community on the budget being nearer to a solution, I think that the British Government now see the way somewhat clearer for the negotiations with Spain to be finalised by the target date of September and we could see normalisation at the frontier within a definite timescale. But I think the British Government must not make the mistake of thinking: "Ah, there is going to be again an economic boom as there was going to be in 1980 or in 1982. Once the frontier opens, with all the lands that we are handing over the people of Gibraltar will have no problem and they will need no further assistance". And the message that we have had to try to get across is that a little bit of help now could have the effect of enabling us to take advantage of the opportunity or be able to compete on a good footing with the opportunities that may come up. I think they are making a mistake of not realising that in the short term full normality at the frontier is going to probably lead to serious problems, to a greater outflow than there now is. To what extent that will be compensated by money spent by other visitors to Gibraltar remains to be seen so my point is that we have to be vigilant, that we have to keep hammering away and that ultimately it is at the political level and at the political level only, where we can make a real impact. This motion really mirrors and reflects the kind of attitude, the approach that there is to the essentials of the Gibraltar issue at the very highest level and that is the Prime Minister herself and I think we should be in no doubt as to,

as the Chief Minister put it, as to her robustness, because I think that for all her faults and in spite of the extent to which we may or may not agree with her economic policies, if there is anybody in the British Government, if there is anybody in the UK who has staked her own political future on the stand that she has taken in respect of small territories like Gibraltar and the Falklands, it is the Prime Minister herself and that is where I think our greatest support lies. To that extent we can wholeheartedly support this motion.

HON M A FRETHAM:

Mr Speaker, it was not my intention to make a contribution because I felt that the Hon Leader of the Opposition had covered all the points but there are one or two things that the Hon Minister for Economic Development has stated which I think we can quite safely associate ourselves with. However, I detected a slight over-simplification in the contribution to the stand taken by our party as regards the Lisbon Agreement. We opposed the Lisbon Agreement, not yesterday, but we opposed it in 1980 when (a) it was not a sure factor that Spain would enter the EEC, in fact, the situation was such that it would not have appeared at the time that Spain had a chance of entering the EEC and, secondly, because for the first time in Anglo-Spanish relations, Britain had accepted that sovereignty should be placed on the agenda in discussions between Britain and Spain. That is why we opposed the Lisbon Agreement because never before had Britain recognised that that should be an item in the agenda and it should be a matter of ongoing discussion over X years, that is why we opposed the Lisbon Agreement. However, the motion that is here today is a necessary motion, in my view, because it also gives a good opportunity in the light of the visit by Baroness Young, and the Hon Minister for Economic Development has in fact raised one or two points, that reiterating the question of sovereignty and not enough opportunity and time and economic aid for Gibraltar to re-adapt to the new situation where Britain, on one hand, stands behind the people of Gibraltar and on the other hand brings in reduction in MOD expenditure, closes the Dockyard etc, etc, etc, does not give us the opportunity to re-orientate the economy and the confidence to do it, in fact, plays into the hands of the Spanish Government if the mandarins in the Foreign Office of which Mr Canepa spoke about has any weight whatsoever in the process of Spain wooing the people of Gibraltar over through economic strangulation and this is where we have to be cautious, very cautious, that in fact the normalisation at the frontier, does not become a normalisation as far as the people of Gibraltar are concerned and in fact becomes a strangulation over a period of time. This is what we have got to be cautious about and I am concerned that the direction which is emanating now from certain quarters will not help us in trying to survive, in fighting the wooing and in fighting the mandarins in the Foreign Office. It is no good, and let us put a name to the official, we might as well, Mr Codrington, and I hope nobody takes exception, he may do, but who is an official to tell us

things like that, not even in private parties, because it is not a time for private parties, it is a time for profound discussion and it is the wrong time to make comments about the people of Gibraltar when the people of Gibraltar have got their backs against the wall, Mr Speaker. That is the big contribution I wanted to make. We were against the Lisbon Agreement because for the first time the British Government has, in fact, given tacit recognition that Spain has a case for discussion of sovereignty over a period of time because it is in the agenda.

MR SPEAKER:

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

HON J BOSSANO:

Mr Speaker, I am not going to say a great deal. Obviously, we welcome the fact that the motion is going to be passed without eliminating all the words after "This House". I think it is a long time since the original motion on the matter of sovereignty not being discussed between Britain and Spain and I think it is right that we should not lose any opportunity to remind people that whatever the changing composition as far as individuals may be concerned in this House of Assembly, it is clear that there is a consistency in the line that we are prepared to take in defence of this particular matter of policy. I think the contribution made by the Minister for Economic Development was useful in that he introduced a number of ideas which I myself had not raised but which I think need to be responded to. Let me say that it may be true, as he says, that Señor Fernando Moran may have privately expressed a view that there is no mileage in pursuing sovereignty but in public he has said quite the opposite. I personally have heard him in an interview on Spanish television saying that he was quite optimistic that now the technical talks were doing so well, the next thing was to get down to the political negotiations and that sovereignty would then be raised. He has also made clear that does not mean he expects to achieve a transfer of sovereignty within a matter of weeks or even perhaps within a matter of years but that it will be discussed and, indeed, negotiated on there is no doubt that he either believes it himself or wishes to give the impression for domestic political reasons, that that is the hope and the estimation of the progress that is being made. One can understand that in any parliamentary democracy, and Spain is now clearly a parliamentary democracy, governments sometimes have to go through some convoluted definitions of what it is that they are doing in order not to damage their support with the electorate and no doubt the negotiations with the EEC or the negotiations on the fishing industry or anything else has got to be presented by the Spanish Government as successful from Spain's point of view and no doubt will be treated by the

Opposition as a failure on the premise that a different Government would have done better and the same will colour the situation as regards Gibraltar so one can perhaps discount a certain element of optimism on the part of Spain simply on the basis that it is the current government trying to give the electorate the impression that they are making headway on their claim over Gibraltar because it suits them to give that impression. But irrespective of that element, even if we discount that element, there is clearly a situation which we ourselves have to face and I do not think it is simply that the people who do not wish us well sneer at us and say that we are living in the past and that our support comes primarily from a dwindling band of empire loyalists. I think there is an element of truth in that situation, I think it is true and I take the point made by the Minister for Economic Development that we need to get new Members of the House of Commons out to Gibraltar and particularly new Members on the Labour side whose outlook as regards colonial situations is very cut and dried and almost by definition they say: "Well, the Labour Movement is committed to the process of decolonisation and therefore what we have to do is liberate the colonies". I think the only way you are going to persuade them that this is not, in fact, occupied Spain is to get them out here to see for themselves. I agree entirely with what the Minister for Economic Development has said that we need to maintain a lobby in that area because in fact some of our old friends either do not get elected or they retire from politics and therefore we have got to make new friends. I also think it is important for us to recognise that we cannot and we will not be able to start as an isolated monument to the concept of a colonial empire when the empire has disappeared from the face of the earth and the last and unique remaining example of it is Gibraltar. We have to recognise that Gibraltar's status as a colony becomes more painfully obvious the less colonies there are. Hong Kong is now going and there is no doubt where the trend is and the trend has been there since the war so we have to face that reality ourselves. It is no good saying that the British Government's position is that they respect the wishes of the people of Gibraltar and that the people of Gibraltar wish to be a colony and that the rest of the world will respect the wishes of the people of Gibraltar to be a colony. That will not be the case and that will not be respected and that is not a recipe for Gibraltar's survival. I accept what the Minister for Economic Development has said particularly about the approach of Baroness Young who, obviously, from what one reads and from what one hears, repeated ad nauseam the message of generosity wherever she went and whoever she met. I think the question of generosity in the treatment of Gibraltar by Her Majesty's Government is, in fact, something that requires definition and in my book, Mr Speaker, one is generous if one gives more than one has got an obligation to give, that is by implication what generosity means. If one is generous it is because one is providing over the odds. My point of departure, and the point of departure of the Opposition in the House of Assembly and of the GSLP when we were not the whole Opposition in the House of Assembly, has been to

say that the support and sustain policy, and I think it is important to put it on record again, it has been put before on more than one previous debate, as far as we are concerned the support and sustain policy is a myth. Her Majesty's Government since the beginning of 1969 has given Gibraltar a smaller proportion of aid than before 1969. If we take the same number of years, going back from 1969 and coming forward from 1969, if we look at the development programme in Gibraltar since the war, at the number of houses built since the war financed by Commonwealth Development Plans either through soft loans or through grants, if we look at the 1969 Estimates, Mr Speaker, and look at the amount of money provided by UK and look at it as a proportion of the total money spent, we find that the proportion was enormous. In 1972, the British Government was providing Gibraltar with £2m of aid in a year where

MR SPEAKER:

You are expanding in exercising your right of reply and you are bringing in matters which have not been raised in the debate.

HON J BOSSANO:

I am replying, Mr Speaker, to the point made by the Minister for Economic Development which I had myself introduced in my original opening speech that Her Majesty's Government's commitment to respect the wishes of the people of Gibraltar as far as they were concerned was a political commitment which did not in turn require them to give unlimited financial support.

MR SPEAKER:

I understood the wishes of the people of Gibraltar to relate to the specific problem which is mentioned in the motion.

HON J BOSSANO:

Absolutely, but our ability to be consistent in our wishes is determined by our economic circumstances to some extent, that is, it is very difficult to wish not to be Spanish if wishing not to be Spanish means having a full belly and wishing to say no to Spain means having an empty belly, Mr Speaker.

MR SPEAKER:

I accept all you are saying and it would have been completely and utterly relevant for you to have raised this when you were moving the motion. You are now exclusively replying and no new matter is to be brought in a reply because Members do not have the right to speak subsequent to your reply. That is what I am getting at.

HON J BOSSANO:

Well, Mr Speaker, I would be happy to give way if any Member feels what I am saying needs replying to but what I would like to say to you is, and I think the Hansard will show that this is the case, the point that I am making now is, in fact, my reply to the point made by the Minister for Economic Development

MR SPEAKER:

Yes, to that extent you are entitled but you are not entitled to go into specifics and figures which could be questioned and which the Government will not have an opportunity to question you on. That is why I am calling you to order.

HON J BOSSANO:

Well, they can question the figures because I will give way if they think the figures are wrong.

MR SPEAKER:

Go ahead.

HON J BOSSANO:

I think I need to say, Mr Speaker, that the Opposition does not share the view that the support and sustain policy since the frontier restrictions has provided Gibraltar with a higher level of economic aid than it was being provided before and these are figures that I have quoted before in the House, it is not the first time. In the 1982 Budget, I think it was, I produced an analysis of the proportion of total public expenditure in Gibraltar accounted for by aid from UK in 1972, when it was 25%, and in 1982 when it was 0.1%.

HON A J CANEPA:

I hope he is not suggesting that I have propounded that view or that I share that view.

HON J BOSSANO:

I accept that the Minister himself has said that he does not condone the position that has been expressed that we are getting sufficient aid, I know that that is true. But what I am saying is that the support and sustain policy, as far as I am concerned, which the British Government says they are committed to, as far as we are concerned on this side, that support and sustain policy which is now being put in question by the British Government by saying the policy is there because of the frontier restrictions, the policy is supposed

to end when the frontier restrictions go, the Government's position is that they do not accept that it should go when the frontier restrictions go because as far as they are concerned, and we share their view, and we have told Baroness Young ourselves that when the frontier opens the impact on the economy which is a trauma created by a change in the environment, is the equivalent of the trauma created by closing the frontier and, therefore, if there is an argument for giving assistance because you are closing suddenly there is an equal argument for giving assistance because you are opening suddenly because it is the need to adjust that produces the need for assistance, whichever direction you are adjusting it. We agree and we are both saying the same thing in that respect. I think where we go further is to say that in any case we are not simply saying you must maintain the level of aid you have provided for the last few years, what we are saying is if we look at their level of aid for the last three years we consider that the level of aid for the last three years is nothing to write home about. When Baroness Young mentioned to us, as she must have mentioned to the Government, because the Minister for Economic Development made a reference to it, that in looking at the £28m we could not forget that they have also given £13m for the 1982/83 Development Programme, we said, yes, but the £13m for the 1982/83 Programme was not an increase in aid to Gibraltar, it was a decrease because the 1978/81 Development Programme provided more money in three years than you are providing in five. If you look at what you are giving Gibraltar in the 1981/86 Programme, all right, they did not start giving it until 1982 but the Government of Gibraltar went to UK in February, 1981, and they are now in the same position, Mr Speaker. They are in the position now where they are looking at the post-1986 Programme and Baroness Young made clear that that would be looked at as and when the time came but, anyway, I agree that if I follow that line any further, Mr Speaker, I would be moving out of the original motion and, therefore, I just think we need to put on record that our position of sustain and support, if anything, goes further than that of the Government. I welcome the support of the Government to the motion.

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

The Hon J L Baldachino
 The Hon J Bossano
 The Hon A J Canepa
 The Hon M K Featherstone
 The Hon M A Feetham
 The Hon Sir Joshua Hassan
 The Hon G Mascarenhas
 The Hon Miss M I Montegriffo
 The Hon R Mor
 The Hon J B Perez
 The Hon J C Perez
 The Hon J E Pilcher
 The Hon Dr R G Valarino
 The Hon H J Zammit

The following Hon Members abstained:

The Hon E Thistlethwaite
 The Hon B Traynor

The following Hon Member was absent from the Chamber:

The Hon Major F J Dellipiani

The motion was accordingly passed.

HON R MOR:

Mr Speaker, I beg to move that: "This House is concerned that several years after a resolution in the House unanimously approved that part-time Government Service should be pensionable, the necessary legislation should still not have been implemented and considers that the matter should be proceeded with without further delay". Mr Speaker, on the 19 December, 1978, a debate took place in this House which had all the contributors in agreement on the central issue. The central issue was to include Government part-time service as reckonable service for pension purposes and everyone was sympathetic and there was absolutely no problem in agreeing on a resolution to give urgent consideration to include part-time service as pensionable. Mr Speaker, as I have said, this debate was held in December, 1978, and I think I should go over some of the things which came to light during the course of this debate. First of all, Mr Speaker, there seems to have been some confusion as to when the claim for part-time service to be made pensionable originated. According to my Hon Colleague, Mr Bossano, the claim to make part-time service pensionable originated about four years before 1978, that is, in 1974. But according to the Hon Mr Canepa, who was then Minister for Social Security, the claim was originally tabled on the 16 August, 1977. Well, Mr Speaker, I would not like to be accused of being biased so I will surprise the House and accept what the Hon Mr Bossano says, that might be perhaps an example of Orwellian obfuscation. This means, Mr Speaker, that the question dates back to about ten years. Several of the Members who contributed to this debate, Mr Speaker, expressed concern about the time it was taking the House to deal with this matter and in fact the Hon Mr Canepa, believing that the claim originated from the 16 August, 1977, is recorded as having said, and I quote: "A fairly long time, fifteen months ago. It is not four or five years but fifteen months ago". I think, Mr Speaker, that considering this, perhaps, an equation needs to be worked out and the equation is if fifteen months equates to a fairly long time, then what does ten years equate to? Perhaps the Hon Mr Canepa will give us the answer later on. If I may continue with the ancient history of this case, Mr Speaker, the main problem at the time seemed to be that the Government were waiting for expert advice from UK and also that it was a question of

carrying out a general review of the legislation regarding pensions. But in the end, Mr Speaker, as an amendment to the original motion, the House finally resolved that: "This House resolves that urgent consideration should be given to the question of counting part-time service for the award of a pension within the general review of pensions which is likely to be carried out and that should a general review for any reason be delayed, the question of part-time service should be considered separately". Now, Mr Speaker, one would have thought that this would be the end of the story and that retired part-timers would be enjoying their pension a reasonable time later. But, no, Mr Speaker, on the 17th December, 1980, almost two years later to the day were it not for the fact that 1980 was a leap year, in fact, it would have been exactly two years later, the question was raised in this House by my Hon Colleague, Mr Eossano, which again queried what the Government had done as regards part-time service. The answer was that the Government had been in consultation with the UK and that officials were then in a position to make a submission to the Government. When the Hon Attorney-General at the time was pressed during supplementaries to be more specific, Mr Speaker, he ended by saying: "I am sure, Mr Speaker, the Government will move expeditiously but it will require time to consider the submission". This happened in December, 1980. Four and a half years later, Mr Speaker, and the Government is still moving expeditiously. Last March, I personally raised the issue at question time and the answer this time was that some difficulties were being experienced to reach agreement with the Staff Side as regards the part-time teachers. There we have the historical background, Mr Speaker. First of all, it was a question of waiting for expert advice from UK and also that there was a general review of pensions. Two years later it was a question of officials making submissions to Government and that the Government would move expeditiously. And lastly, Mr Speaker, it was not a question of expert advice or of a general review, neither was it a question of submissions to the Government or that the Government was going to move any slower, but that agreement could not be reached with the Staff Side. We still have not reached the point where we are likely to come up with problems when we start discussing money. So, Mr Speaker, we on this side of the House, are very seriously concerned about this issue. I wholeheartedly agree with what was said in the House in 1978 that those people who are affected by the lack of progress on this issue are part-workers who have already retired years ago and who if they are lucky to be still alive will find themselves left out of the scheme altogether because the Government would simply not act swiftly and efficiently. We have part-time nurses and part-time teachers and other workers who have probably provided long, dedicated and faithful service not only to the Government but to the community of Gibraltar as a whole and those people are expecting that in their old age their income should be enhanced by a pension. It must be said, Mr Speaker, that whilst the Government is going through all its stages of consideration, more and more part-time workers will be losing

out simply because what is seemingly inefficiency and disregard for the urgency of the matter. But there is even one more important point which needs highlighting, Mr Speaker. Sad as it is to have part-time workers being the victims of circumstances, it is still I think worse to find ourselves in the situation we find ourselves in in this very House. In, 1978, Mr Speaker, the motion said the matter would receive urgent consideration. In 1978, the motion was passed unanimously, the motion was passed unanimously by all the elected Members of the people of Gibraltar, a motion asking for urgent consideration and now it is six years later and it still has not been resolved. What sort of credibility can anyone give to this House when a mandate for such a trivial matter in comparison with other problems, takes ten years and still has not been resolved? What sort of respect can we command in the eyes of the Gibraltarian people, let alone in the eyes of anyone from outside Gibraltar? How can we be taken seriously? Indeed, Mr Speaker, I think the situation is a sad reflection on this House. To conclude, Mr Speaker, the motion before this House shows concern about the length of time that the issue in question has taken and asks that the matter should be proceeded with without further delay. I would not think, Mr Speaker, that in conscience anyone in this House should vote against the motion and I therefore commend the motion to the House.

Mr Speaker then proposed the question in the terms of the Hon R Mor's motion.

HON A J CANEPA:

Mr Speaker, I can associate myself entirely with the sentiments expressed by the Hon Mr Mor regarding the delays which have occurred in dealing with this matter and I can support the motion wholeheartedly. I also agree with him about the point that he has made regarding the due regard that there should be for motions which are passed unanimously by this House. If after a motion is passed unanimously the matter is not progressed and the culmination of it is not reached until six or seven years later, it does rather tend to undermine the position of this House. But having said that, I think that there has to be an understanding and an appreciation of what the constitutional position is as well because we can be passing motions in this House till doomsday and if they are on matters which are not directly within our province and our ability to follow implementation is somewhat curtailed by the constitutional position, then an understanding of that constitutional position is also necessary because it can have a bearing on what we are doing and what we are trying to achieve. In 1978 I led for the Government in that debate because I was Minister with responsibility for Social Security but the matter that was being debated then and the matter which is being debated today is not the constitutional responsibility of the elected Government and neither then when I was Minister for

Labour and Social Security nor today am I directly responsible constitutionally for the matter that we are discussing and I think it is important that that should be understood. The question of service pensions, the pension of Government employees, is not a matter for which Ministers of the Gibraltar Government are responsible. It is a matter for the administration and it is a matter, in the last resort, for the Secretary of State in London. That is the constitutional position whether we like it or not and we on this side, the politicians on this side, nevertheless have to carry the can. We are the ones that have got to respond as I did then and as I have to do today, I am the one that has to get up and give answers not the administration because the administration is perhaps not represented here to the extent that it could be and you can hardly ask the Attorney-General who has recently become Attorney-General or the Financial and Development Secretary, who has only been with us a relatively short period, to deal with a matter that goes back six or seven years. The buck stops here and of course the political view about the matter is important but the impetus that can be given to a matter for which a Minister is directly responsible is not the same as for a matter for which you are not responsible. When I was Minister for Labour and Social Security, if I set myself certain targets I ensured that my Department met those targets because I was the boss and I would say: "This has got to be done by the 1st January or such and such a date", and if the civil servants had been minded to put undue obstacles, which let me say that there weren't, I would have said: "No, you tell me what the problems are and I will find solutions to those problems. You need more staff, make a case for that staff and you will get the staff but these are the target dates, this is when I want the review and it has to be done". It never reached that but because the Minister was responsible for old age pensions he could adopt that attitude if the need had arisen but here we are in a difficulty, that is not the case, and what you can do is to exhort people, to cajole, to phone them, to call them and so on but you cannot give directives because other people are involved because the matter has got to go to the Treasury, because the matter has got to go to the Deputy Governor, because the matter has got to be sent to London to see whether the Secretary of State approves and it is taken out of your hands and you have other things to do as well and the time comes when you say: "I had better get on with the things that I am able to achieve something on because I am wasting my time here", or there are good and genuine reasons as to why there are delays. That is by way of prefacing my remarks and now I want to go into rather more detail and explain and the Hon Mr Mor has given some indication of what the problem has been and what the delays have been but I think I can do so in rather more detail because I can ask that if I am going to be the one who is going to hold the can for the Government that at least they give me details as to what has been going on. I don't think that there can be any doubt that the question of part-time service was complex and difficult. It was a complex

matter because it was a departure from the Pensions Ordinance, it was something for which there wasn't and there isn't provision in the Pensions Ordinance so the matter has got to be analysed in detail and one of the first things that is required is a definition what constitutes part-time service and under what conditions are pensions for part-time service going to be given. It did require detailed study and that I can accept. But, finally, during the latter part of 1981, and it was after consultation with the Pension Adviser because a Pension Adviser had been engaged because we wanted to carry out a study of pensions legislation and we wanted to revise the Pensions Ordinance and introduce a new scheme and I think had it not been for the question mark cast over the economic future of Gibraltar by the Defence Review, I think we would have proceeded with a pension review because the Hon Mr Bossano must be aware of the detailed consultations that there were with the Staff Associations about what the Government was going to put into that new pension scheme. The matter was referred to the Pensions Adviser so that he would help the Government in arriving at a definition of what should constitute part-time service and what the conditions should be and let me say that the Government had accepted then and accepts now, that if no progress was going to be made on the general review the matter should be dealt with separately as, in fact, has been the case, the matter is being pursued separately. In March, 1982, the matter was referred to Council of Ministers for the first time and we agreed that part-time service should become pensionable and we agreed to the conditions that were to be attached. You may ask: "Didn't you say a moment ago that Ministers are not responsible, why did it have to go to Council of Ministers?" Well, at least if proposals are going to be put which are going to have financial implications, there is a requirement that Ministers should support the proposals because we are the ones that are going to have to vote the money here in the House and the legislation would have to come to the House.

HON J C PEREZ:

If the Hon Member would give way. Just a point of clarification, is the Hon Member saying that whereas the Pensions Ordinance is legislation passed by elected representatives, that any amendment to that legislation needs the approval of the administration and/or the Secretary of State in London?

HON A J CAÑEPA:

That is the position, absolutely.

MR SPEAKER:

With the consent of the Governor in accordance with the clauses of the Constitution.

HON A J CANEPA:

Yes, that is the constitutional position. The main conditions were the following: That part-time service of 18 hours per week or more, subject to certain conditions, should both qualify and reckon for pension purposes; that in the case of teachers, part-time service of less than 18 hours per week as may be approved by His Excellency the Governor and subject to other conditions, should both qualify and again reckon for pension purposes; another condition was that two periods of service of 18 hours per week or more should be treated as continuous if they are separated by a period of continuous part-time service of less than 18 hours per week. Then came the question of the date of application, how far retrospective should this be made and the Government view was that part-time service prior to the 1st June, 1972, should count at half its length and part-time service on or after 1st June, 1972, should count at its full length, I don't know what the reason is for that date. These conditions, as I say, were approved by Council of Ministers, they were then ratified by Gibraltar Council, the matter had to go to Gibraltar Council because that is the body where matters which are not of a defined domestic nature have to go to, in September, 1982. Then they were submitted to London and were finally sanctioned by the Secretary of State at the end of November, 1982. In February and in April, 1983, discussions were held with the Staff Side and it was not possible to reach agreement because in the first place they strongly objected to service prior to 1972 reckoning only for half length. The Staff Side also sought clarification as to how it was proposed to implement pensionability of part-time service of less than 18 hours per week in respect of teachers. In order to deal with the first point raised by the Staff Side and that was the question of length of service prior to 1972, it became necessary to identify all those employees who would be affected by the restriction of service prior to 1972 and thereby assess the practical and financial implications of lifting this condition, so they had to examine records. Then, finally, in December, 1983, as a result of that, revised conditions were submitted and were approved by the Government and these were as before with regard to 18 hours or more qualifying and reckoning for pension services; in the case of teachers, part-time service of less than 18 hours per week as approved by His Excellency the Governor should both qualify and reckon for pension purposes provided that the hours worked per week on a part-time basis are not less than the weekly hours that a teacher is normally required to work depending on whether regular attendance is for a full morning or a full afternoon. What that meant was that if a teacher has been for a number of years working mornings, let us say, in a primary school then it should be 15 hours a week. In a secondary school 17½ hours per week but if a teacher has been working for many years afternoons then it is

10 hours a week in that case. What it cannot be is 10 hours if it is a combination of mornings and afternoons. The other condition then was, similar to what I mentioned previously, that periods of service qualifying and reckoning for pension purposes under any of the two categories that I have mentioned should be treated as continuous if they are separated by a period of continuous part-time service of not less than 18 hours per week. Then there was another condition, a new condition - any periods of service prior to the enactment of the amendment to the pension legislation - this is a departure from the 1972 date - during which it could be established to the satisfaction of the Governor that an employee has been in effective service but in respect of which the reckonable hours cannot be ascertained from the existing records, should be determined by reference to the average weekly or monthly hours actually worked during the thirteen weeks or three months immediately preceding or following the period for which no records exist. It is a fact of life that for many years industrials, mainly, were being employed on a part-time service notably by the Education Department and by the Medical Department with an inadequacy of records. Don't ask me why but this is a fact of life going back, I think, to the 1950's and 1960's and I think mainly the reason is that records were not being centralised, today this does not happen, employment is centralised through the Establishment Division and records are kept but in the past the Department seemed to have a great deal of autonomy as regards who and how they employed people and it reached a situation that some people were actually being employed by more than one department and this was not generally known. So it is a historical fact and that is why the latest condition had to be introduced because of the inadequacy of records. These revised conditions were finally put to the Staff Side in March, 1984, and they were accepted by the Transport and General Workers Union and all the members of the Staff Associations Coordinating Committee with the exception of the Gibraltar Teachers Association because they did not accept the requirement that part-time service, in order to count for pensionability, should be restricted to those working either five full mornings or five full afternoons. They claimed that a combination of full mornings and afternoons should also count as pensionable service. Why the distinction? To my mind the distinction is this, where you have in a school a teacher working full mornings and another teacher working full afternoons so that the two together, in fact, amount to one full-time teacher, that has invariably been done in order to meet the exigencies of the service. If this is what the Department wanted, if this was OK as far as the school was concerned, fine, that should count for pensionable service but when it has suited a teacher to work certain mornings and certain afternoons then that is another matter altogether and that is why there is the stipulation that it should be His Excellency the Governor who should approve the part-time service for teachers because there could be instances where a teacher has a certain expertise and is teaching a

certain subject, for instance, Russian, where the requirements of the educational service are such that no matter what you do he can only teach six hours a week. In that case that is the requirement which the Education Department has and I think an argument could be adduced, whether it would be accepted or not, but I would adduce the argument that: "Well, look, if that is all he can do and for 20 years he is teaching Russian for six hours a week he should get a pro rata pension". The way to overcome also the difficulty regarding combinations of mornings and afternoons is, I think, for the Department of Education in consultation with the teachers to try to sort matters out so that, by and large, this does not happen and arrangements, in many cases I think can be made for the teachers to work mornings or afternoons and not a combination of both. That is the position, that the Director of Education has indicated that the schools are prepared to roster and to make arrangements in such a manner to ensure that no part-time teachers would be required to work a combination. A meeting was held earlier this month, on the 19th June, and the matter was put to the Staff Side, to the Teachers Association, and they have agreed to study the matter and a reply is now awaited. If a favourable reply is received, there is no reason why amending legislation should not follow. How long it will take for the amending legislation to be drafted, to be cleared with London, if it has to be cleared with London, and then to be brought to the House is a matter which is outside my province. But having explained the matter in some detail I thought that the Hon Member would realise that it is not a totally straightforward matter, that there are considerations which have led to the delays but nevertheless I share the view that it is a matter for concern, I would even say it is a matter for regret that it has taken so long for the matter to reach the stage that it has and I can wholeheartedly support the motion.

HON J EOSSANO:

Mr Speaker, I think the concern that we should feel as Members of the House must stem primarily from the point made by my Colleague, Mr Mor, that the credibility of the House is undermined by what appears to be a low regard on the part of the administration for the wishes of the House. If the House passes a resolution saying, "we want this dealt with as a matter of urgency", and nothing happens and let me say that the Minister for Economic Development may have been persuaded that this is a complex matter and that this requires a great deal of to-ing and fro-ing but I believe that to be a red herring. All this business of having to get the approval of the Secretary of State is so much nonsense because, in fact, it was quite obvious from the beginning that the claim that was being put for the pensionability of part-time service was not going beyond anything that had already been approved for the UK Departments in Gibraltar by the same British Government so that is all the case that had to be made to the Secretary of State, all the Secretary of State had to be told was: "We are amending part of our pensions legislation to bring it into line

with UK practice, with what UK civil servants get in UK and in Gibraltar". I do not see that it takes six years to get that message through and in fact when the expert came it was quite obvious that all the expert was going to do was to look at the UK Department's Pension Scheme and suggest amendments to the Gibraltar Government's Pension Scheme which would bring it more into line with that of the UK Departments and again we did not need an expert to come and tell us that, it was obvious, we had the information here. The 1972 date, the proposal that was put to the unions in 1983; in 1983 the Government after having studied this thing, came back and proposed to the unions that service prior to 1972 should count for half which means, effectively, that instead of the person who works part-time getting a part-time pension they would get half a part-time pension and, obviously, the unions rejected it and the argument for rejecting it was that the UK Departments had made service from 1949 count in full and prior to 1949 count in half and that all that the unions were accepting from the Gibraltar Government was equal treatment. The UK Departments, in fact, introduced in UK in 1972 what was and is still known as the Principal Civil Service Pension Scheme and that replaced establishment. In Gibraltar, agreement was reached in 1980 after eight years of negotiations, to introduce a scheme which was almost the same as the UK one known as the UK Departments Gibraltar Pension Scheme backdated to 1972. If we have got a situation where the UK civil service gets the Principal Civil Service Pension Scheme saying: "service of 12 hours a week is pensionable", it takes eight years to do the same thing for the UK Departments in Gibraltar and now we find that it takes six years to do the same for the Gibraltar Government employees and we are talking about the same thing, we are not breaking new ground, we are not introducing new principles, we are not having to establish whether it means a major disruption of public finance because in any case we are talking about a mere handful of people. The choice of 18 hours is quite arbitrary. I agree entirely with what the Minister for Economic Development says that if a person is regularly working six hours why shouldn't he get a pro rata pension for six hours and I certainly think that it is very unfair if service is not pensionable that it should be paid at the same rate as pensionable service because the Financial and Development Secretary knows that he is not entitled to a pension and that he gets a gratuity for his three-year contract in lieu of a pension because he is not pensionable.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

On a point of information purely, Mr Speaker, that is not correct in my particular case.

HON J BOSSANO:

Well, other Financial Secretaries before him have done, Mr Speaker, because one in particular, I remember, came along to this House with an amendment to the Income Tax Ordinance shortly after he had raised the tax for all of us, to make his gratuity tax free which I took strong objection to if you will recall, going back to 1976, but if he is not in that category then I have no reason to know that he personally was not affected by that situation but there are expatriate officers in Gibraltar whose service is not pensionable and it is recognised that because it is not pensionable they need to be compensated for and we have the same thing with supply teachers. A supply teacher gets a higher hourly rate because the service of a supply teacher is not pensionable. Clearly, the principle is recognised that pensionable service has got a value attached to it and that people who are not eligible to have a pension approved for their service are entitled to a payment in lieu of their pensionability except in the case of part-timers. What we have is an omission in the Ordinance and an omission which was brought to the notice of people in the Government service because it was put right in the UK Departments following UK practice, so if we have got a situation where we are following UK practice where there are clear parallels, where there is a very small number of people, where everybody recognises that an injustice is done, where there is unanimity between Government and Opposition and we cannot get it done quickly, it doesn't, Mr Speaker, give grounds for much optimism of the prospect of things being done quickly in the implementation of the Tourist Report or in dealing with other major important issues. My recollection of this, Mr Speaker, is that whatever arguments may be put now about the complications and the need to go backwards and forwards and so forth, what really happened was that every six months or so I put a question in the House and every six months or so another move took place and something happened either just before or just after the question in the House and somebody rushed off and searched for the paper where they had left it last gathering dust. Apart from the important principles involved which I think must matter to us as Members of this House, apart from that, we have to recognise as well the great injustice, it is not just a matter of regret, the great injustice that is being done to people who have left Government service, who should be getting a pension already and should have been getting it already if the wishes of the House of Assembly had already been complied with and some of those people who, regrettably, may no longer be alive when the legislation is passed because we are talking about people who have retired already and the agreement is there. I remember, Mr Speaker, we had an argument in negotiations about paying the pensions to people who had left between 1972 and 1982 when proposals were being discussed about retrospective payment and after we had spent hours at meetings discussing it, I said: "Well, look, how many people are we talking about?" and we were talking about

five. It was cheaper to have done a collection in the meeting and paid the five pensions than to have spent any more hours in the meeting and I think this is what has to be understood, that it suggests an inertia in our machinery for getting things done which is really terrifying, Mr Speaker, and therefore I think and I hope that the fact that it is being brought here, and let me just make one final point, I think that the Minister for Economic Development said that proposals for teachers were with the GTA at the moment. I think that the position as far as I understand it is that the Establishment Section has accepted that if the GTA have got a special problem that affects the GTA and the GTA only, it should not be allowed to hold up the whole thing if agreement cannot be reached with the GTA. That is my understanding of the situation and I hope that that is understood and accepted by the Government, that an understanding has been given to the other unions that the only problem is the problem affecting teachers which is a peculiar problem which nobody else has because, in fact, I think it has always been the case, for example, with industrials in the Education Department, most of whom are cleaners, that they are not considered to be part-time and have never been considered to be part-time notwithstanding the fact that they do not do 40 hours because the nature of their employment is that they are not specifically employed for a number of hours, they are specifically employed to do a particular task and that particular task is paid for by measuring the area that has to be cleaned and therefore they are not considered to be part-timers because their service has always been considered full-time and pensionable although it may be in fact less than 18 hours a week, they may actually be working for less than 18 hours a week. I think the only outstanding area is the one of the teachers. We may be talking about one or two individuals and I think it would be criminal to allow that to hold up the treatment that the rest deserve and the treatment that the Government and the Opposition have for years been wanting them to have and I think we need to get on with the job.

HON G MASCARENHAS:

Mr Speaker, I concur entirely with what my Hon Colleague has stated a few minutes ago. This is a very complicated matter and I do admit to not understanding it fully but accidentally the other day I came to hear about it as a result of the motion by the Hon Robert Mor. I just want to reiterate what Mr Canepa has said a few minutes ago that the revised conditions were put to the Staff Side in March, 1984, and were accepted by the Transport and General Workers Union and all the members of the Staff Associations Coordinating Committee with the exception of the Gibraltar Teachers' Association. What I want to make clear is that the blame must not be apportioned entirely for the delay to the Teachers' Association because this has happened since March, 1984. On the

question of the GTA dispute on the matter of the hours and whether we should combine three mornings and two afternoons, I understand from the Director of Education that there is absolutely no problem for the Department to be able to fit in teachers mornings or afternoons on their own which would resolve the problem completely. I don't know whether the GTA will accept this or not but I want to make the point that not all the blame has to be apportioned to the GTA because it has happened in March, 1984.

HON J BOSSANO:

If the Hon Member will give way. Nobody is in fact saying that the GTA is responsible because out of the six years that we are talking about the GTA has only had the proposals two or three months. They might be responsible for the last three months of the delay at most but in any case what I want to make clear is that my understanding of the situation is that when the GTA reserved its position the other unions said that as far as they were concerned, and the GTA accepts that, and the Establishment said that that was acceptable to them and I think it is important that we should know that the Government understands that position, that there was no reason why the GTA should not carry on negotiating and discussing the position as it affects them which is peculiar to them and the amendment should be implemented for the rest so that at least the rest can get their pension. All the unions are agreed on that so there is no reason at all why a delay should affect anybody other than the GTA and the one or two people who may be affected, there is no reason at all.

HON G MASCARENHAS:

Mr Speaker, my understanding of the matter is that the GTA, this happened in March, 1984, that they would resent that the blame would be apportioned to them, this is what I am trying to get at and I do not want the blame to be apportioned to them because this happened in March, 1984, and this is the point I want to make.

MR SPEAKER:

I do not think anything has been said here to suggest that the GTA should be blamed for any delay. Are there any other contributors? I will then call on the Mover to reply.

HON R MOR:

Mr Speaker, since there hasn't really been any opposition as such to the motion, I cannot really say that I am exercising my right of reply but I would like to record that I fully appreciate all the problems the Government had, that this was a constitutional matter, that the Secretary of State was

involved, but it does not alter the fact that it has dragged on for ten years now and I think this is the important thing and if we look now and see what is holding up the agreement we find that it is just a simple question of one union involved with the Establishment. Therefore, I fully agree with my Hon Colleague that if one union is stuck with the Establishment then the others should go forward and agreement should be made with the others. As regards the Teachers' Association I really cannot see such a big problem in that area because the United Kingdom agreement which was made with the Government and the teachers, there it says that any contracted time is pensionable and I really cannot see why the Government should not make proposals on those lines. Thank you, Mr Speaker.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J B Perez
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon H J Zammit

The following Hon Members abstained:

The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Member was absent from the Chamber:

The Hon Major F J Dellipiani

The motion was accordingly passed.

The House recessed at 12.40 pm.

The House resumed at 3.25 pm.

HON M A FEETHAM:

Mr Speaker, I beg to move the following motion standing in my name that: "This House views with concern the further cuts in MOD expenditure announced in the reduction in the role of the Royal Naval Hospital leading to the loss of twenty jobs, rejects the explanation that it was known publicly that the Royal Naval Hospital was due to close as part of the 1981 Defence Review and calls on the MOD to give a public assurance that there are no further cuts in expenditure in Gibraltar planned to take effect between now and 1988". Mr Speaker, I hope that Government does not view this motion as a motion which was not necessary to bring to the House because there are important implications arising out of the decision of the MOD in deciding to take the decision of making a reduction in the expenditure and jobs as far as the Royal Naval Hospital is concerned. It is important in the general framework of what is happening in Gibraltar as far as defence expenditure is concerned, it is important when one loses twenty jobs and I am convinced that the Government will agree that it is lamentable. However, a very important aspect of the press release issued by the MOD was that in fact this was known publicly in the 1981 Defence Review. Secondly, this side of the House was not aware and I am sure that Gibraltar was not aware that the Royal Naval Hospital was due for closure under the Defence Review. In bringing the motion we do so questioning whether the MOD has been misleading or has intended to mislead the people of Gibraltar in putting out the press release in the manner they have done so. However, it may well be that it may have been known to Government that the Royal Naval Hospital was earmarked for closure. It may well be, for example, that the Chief Minister may have known confidentially because he made it quite clear yesterday that he is, in fact, told everything. I do not wish to make an issue of that at all, I have only made that point because I think for a person who believes that there is a certain amount of confidentiality and it goes with responsibility but there is a time when it has to stop and there is a time that even though you may not break confidentiality there is a time to simply answer a question yes or no without going through the finer details of it and the Chief Minister chose yesterday in response to the Leader of the Opposition to simply make a general statement saying no to certain questions which were important and it is his prerogative

HON CHIEF MINISTER:

I didn't say no, I just didn't answer him.

HON M A FEETHAM:

He did not answer and that for me means a no. Anyway, I do not wish to get involved and I do not wish to draw the Chief Minister, I do not think it would be fair, he has made his

decision. Therefore I would welcome whether the Chief Minister knew because certainly we did not know neither did most of Gibraltar know that the Royal Naval Hospital was earmarked for closure and it is not good enough for the MOD to say now that it was due for closure but there has been a reversal of the decision and only twenty jobs are going to be affected. The third part of the motion calls for assurances whether the House has the right or does not have the right to demand an assurance from the MOD, that is something that within the general framework of the philosophy of both sides of the House, which I want to dwell on, can be debated and we can have a difference of views on it, there is no doubt about it at all. Why we have felt it necessary then to bring this motion apart from the implications of it is because in effect looking at the wider implications of what is happening to Gibraltar today there are clearly in the House two different philosophies and I have to bring to the notice of the House the debate which took place in February, 1983, which crystallised the philosophy existing between the Government at the time and the GSLP. I am sure the Chief Minister will defend that he had a perfect legitimate right to do so when he attempted to make great political capital because that is what we are in politics for, one likes to take advantage of what one may consider to be certain errors, when he tried to make great capital out of a press release issued by my Party on the 20th January where we took great exception to the fact that the consultants regarding the closure of the Dockyard made the point on the Bland proposals that the scheme proposed by Bland was not compatible with the essential requirements of the Base and the Chief Minister very ably took the line, and it was a very clever move at a very difficult time politically for the party in Government, that we were trying to question whether we should have a Naval Base in Gibraltar or not. He took exception and I think he made greater political capital, if I may say so, out of the fact that in one of the paragraphs of our press release we said that the decisions that need to be taken as to how Gibraltar's economic future is to be secured must be taken "exclusively from the point of view what is best for Gibraltar", and not what he said for a Naval Base which like the Dockyard could be here today and gone tomorrow. And the line that was taken by Government at the time was that because we were taking that political line which was in fact laying the framework for future development economically of Gibraltar, that we were putting at risk 1,100 jobs in the Naval Base and, of course, the Leader of the Opposition, at the time in minority in the Opposition, defended the party line quite ably and that was not our intention and it has been proved that the Naval Base could be here today and gone tomorrow and this reduction in jobs and the decision to do so without any consultation not even with the trade unions which is secondary, there should be consultation with the Government, but certainly no consultation with the unions because in fact I do not know how that decision came about because the employees who may have wished to have opted for redundancy payment under a voluntary scheme were not even given the

option to do so, is one further step in the British Government's policy of re-orientating the economy of Gibraltar as they see fit and it is clear that the message that we are getting now, and I say so as a Member of the Opposition who has very little difference of views with the Hon Minister for Economic Development. I think we concur a great deal with the policy that is emanating from the British Government that fails to understand that decisions which are taken which are going to affect us economically, decisions which are taken ought to be taken considering that Gibraltar has to completely change its economic framework and it is not good enough, for example, for the MOD to think that they have a right to make a decision without consultation because Gibraltar has been geared exclusively at the public sector in Gibraltar, our own source of revenue in Gibraltar has been geared to practically providing a service or living from a service that is geared towards a defence economy. And the changes that are taking place in Gibraltar require a complete reappraisal and that reappraisal must come about by a joint approach between the Government and the British Government and laying a framework for the future. It is no excuse at all for the MOD to have made this decision at a time when Gibraltar least expected it. I see somebody nodding his head. If it was to be expected that there was going to be a closure why didn't they say so at the time of the Dockyard closure that in effect there were more jobs that were going to be affected, more jobs than the 1,100 that it was alleged that we were going to put in danger because, in fact, Mr Speaker, if we look at the attitude of the changes that have taken place we find that it is all very well and good to be given the message that we have got to pay our own way and I am in total agreement and this side of the House is in total agreement that we may have to begin to pay our own way but equally I think that everybody else has got to begin to pay their way because it is only jointly that we are going to be able to get Gibraltar out of the economic problems that we have. So by stating, for example, that the British Government is solidly behind the people of Gibraltar as regards sovereignty does not in any way respond to the changes that are taking place economically. We have had the Dockyard closure, we have had a cutdown on the foreign service allowances which have affected us economically, we have had a reduction of the RAF personnel, we have got a problem whether we like it or not and I think both sides of the House are in agreement as regards future ODA and the way the ODA programme was handled, we have had cuts in the PSA/DOE expenditure and we have had a total lack of real will to support any changes in the relationship between Gibraltar and the EEC to give us an opportunity to get ourselves out of this economic chaos that we are faced with not because of our fault. And so we have brought this motion to the House first of all because we wanted to crystallise that our analysis of the situation was correct, they can be here and gone tomorrow, that we agree we may need to pay our own way but, equally, there is a responsibility on the MOD to respond to the needs

of Gibraltar by adequate consultation and that in fact if we are going to get ourselves - this is another example - that if we are going to get ourselves out of the enormous economic problems that we have, our party stands by its policy that we will need to ensure that all the resources which are available are not determined by the military establishment, it cannot be, Gibraltar will not prosper if we are not allowed to develop our economy in conjunction with them but not totally dependent and geared by military thinking and that in effect if we are both going to pay our own way that we should begin to think in terms of quantifying the cost of the Base and that we should begin to be adequately compensated for this. This does not mean, Mr Speaker, that we are questioning whether we should have a Naval Base in Gibraltar or not and as the mover of this motion, I do not think there is anybody in this House who is more committed to British institutions because not only do I come from a family that has got military traditions whether I like it or not, I have, I have been educated in the United Kingdom and my trade union role has been based on British trade unionism and I am totally committed and so is this party totally committed to Western defence but that does not mean that if we are going to pay our own way it means that the British Government have got a right or the Ministry of Defence has got a right in not making the contribution that is necessary to enhance our economy and pay our way in the world. If I were the Chief Minister I would be concerned, unless he has got the answers, as regards future MOD expenditure cuts because if he hasn't then I think that his policy of confidentiality, of being the man of confidence of the British Government, could very well put him in a position of being a prisoner of his own doing at the end of the day and I hope that what is left over for the rest of us to pick up is something that we at least have got an opportunity to build on. I hope, Mr Speaker, having said that, that there will be support for the motion because in trying to put one's feelings and one's views over we are in many ways trying to support the difficult problems that Government have. Nobody on this side of the table fails to recognise that but I do not think we ought to allow the MOD or anybody to run away with the idea that we can continue to be natives who have no control whatsoever over their own economy, Mr Speaker.

Mr Speaker then proposed the question in the terms of the Hon K. A. Feetham's motion.

HON CHIEF MINISTER:

Mr Speaker, I am grateful to the Hon Mover for the one or two kind references he has made to me and to my Colleagues and I would like to tell him when he said: "If I were Chief Minister I would be concerned". Well, gladly, you do not know what it is to be Chief Minister in these circumstances because it is a matter of continuing concern and the heaviest possible

responsibility and it would have been the easiest thing in the world for me, after nearly forty years in public life, to have gone home and pass the buck on to other people but it is because they are difficult years and because I think I can make a contribution and so do at least 6,644 people, that I stood for election and let me say that it is no pleasure to have to preside over a Government at a time when this big change is coming and some of which we ourselves, either confidentially or whatever, we do not know what Spanish entry into the EEC is going to mean to us at all. There is a big question mark, I did not want to make any reference this morning but I can assure you that Baroness Young did tell me very positively that she could understand the uncertainties, the worry that people have about the uncertainties of the future because they are all uncertainties and they are all factors which are outside our control. But let me first of all disabuse the Mover on the question of confidentiality about which we spoke yesterday. Heseltine has not got a hot line to me to tell me how many frigates he is going to allow or whether he is going to allow the Chief of Staff to have the power to order materials or anything. I have sometimes advance knowledge or notice of what is going to happen but insofar as the MOD is concerned that has nothing to do with what I was speaking about yesterday, I was speaking yesterday purely about advising the British Government on the conduct of her foreign affairs insofar as it relates to Gibraltar. I do not want to talk about that any more, I said it yesterday, but I wanted to tell the Hon Member that there is no question of whether this was known to me, in fact, we have been making research in the office and we have resources to do that, we have been making enquiries and unfortunately in the time available we have not been able to establish whether there was - and I will come back to that in my substantial contribution - whether there has been or there has not been a statement that the Royal Naval Hospital was going to close down. I do have a faint recollection of The People newspaper publishing something about that and a letter from the Admiral about it. I have not been able to see it, I did not have enough time, they spoke about cuts in the Naval Hospital and there was a letter from the Admiral, I have seen the cuttings.

HON J BOSSANO:

I think the Hon Member is mistaken. I think the Admiral, in fact, wrote to the newspaper about the cuts in naval personnel in the Base and I raised the question subsequently in the House of Assembly and, in fact, the Government admitted that they had not been forewarned about the cuts in the Naval Base, that the cuts had not been taken into account by the consultants and that that strengthened the Government's hand in any future representations.

HON CHIEF MINISTER:

I am trying to recollect because, as I say, I have not had time to make the research but I am not certain now. First of all, that would not be the sort of thing that would be told to me and not told publicly and then the commitment of the naval authorities to publish as was anticipated. We have tried, I can assure Hon Members opposite, and I will pursue it and I will report either here or publicly or to the Hon Mover if we find something that justifies it. He has not attached much importance to it, I am glad to say in a way, but he put it in, I suppose, for safety's sake but, anyhow, that is one small aspect. We on this side of the House entirely agree with the Mover that the cuts in MOD expenditure in Gibraltar are to be viewed with concern inasmuch as they affect Gibraltar's economy which is already suffering major difficulties and blows, of course we are concerned. I would like to be able to tell the Hon Member that I am more concerned because I have the responsibility to deal with it but who is to measure concern in matters that affect everybody in Gibraltar? Nobody can be the judge of concern, all I can tell the House is that we are very concerned. Perhaps in the nature of things we have sometimes more information, not secret information, but information in the course of dealing with it which make us more concerned. If I told the Hon Member that this afternoon I have received a letter that has worried me very much, it has nothing to do directly with this, I would say, well, this is an on-going concern. We cannot emphasise enough the fact that when everybody suffers and everybody is likely to be affected, nobody has got the patrimony or the exclusiveness of being concerned or worried and the closer you are to the problem the more you are concerned and if you are the chap who is affected by the cuts you are the most concerned so this is a matter which doesn't need repeating but for the sake of the record I am saying it. We believe that every effort should be made to persuade the MOD to maintain in Gibraltar as substantial a presence as possible and consistent with their own requirements, the requirements of NATO and the requirements of the defence of Gibraltar itself. This was one of the reasons why I proposed the motion on the 22nd February, 1983, which reaffirmed that the Gibraltar Government wished the Naval Base in Gibraltar to continue. The Hon Mover has talked about a clever move, well, if he says it was clever it must have had some merit but it was not a political one, it was because we were concerned that anything said by other responsible parties even though at the time in the minority, could be interpreted as a negative approach to the presence of the British Base and as the Hon Member has said, it was prompted by the GSLP motion on the Naval Base. It seemed to me then that it had to be reasserted that we wanted the Base for the people that it employed and for what it represents. After all, the only safeguard of the people of Gibraltar against passing to the hands of people we do not want to pass under, is the fact of the British presence

in Gibraltar and that anything hostile to that presence is hostile to the United Kingdom and that is why I made so much stress on the question of the Base and our policy on this one is quite consistent. We need the MOD presence in Gibraltar and the MOD needs Gibraltar. I often say that there is, apart from any question of requirement of support and sustain, there is a coincidence of interests between us and the British Government and I say this because consistently all officers of the highest rank that go through Gibraltar which we have quite a number passing through from time to time, make no secret of telling me and this is not on a confidential basis because they say so at press conferences and so on, that they attach the highest importance to the British presence in Gibraltar so let us not think only that what is being done for us is being done for us for our own sake, there is an element of coincidence of interests and that is very valuable and let us hope that that continues and that can only continue if there is a friendly people who want that to be the case, it does not continue with a hostile population. The British Government has got the obligation to stay where they are wanted if they have created that situation but they are equally very anxious to clear off from where they are not wanted. We have no choice apart from anything else. I think it is in our mutual interest to accommodate each others requirements through consultation and cooperation as far as it lies within the ability of each of us to do so without detriment to the respective essential requirements of the other. One important example that has been created in respect of this joint interest is following on the Dockyard agreement, the Joint Consultative Council of the Government and the Services on the user of land which I propose and which took a little time to get agreement on and is now at the highest level in Gibraltar doing very useful work in identifying the requirements of each other. The question of the Royal Naval Hospital, I think, we ought to put in its proper perspective. The motion rightly states that the reduction in the Hospital role will lead to a loss of twenty jobs and the press release states that this was in three or four years and this is perhaps the weakest, perhaps because it is the latest of the cuts, to warrant a motion though the Hon Mover has enlarged it rather with which we entirely agree. But to mention in a motion twenty jobs which is very important for the twenty people concerned over three or four years, at the time of widespread unemployment in many parts of the world of loss of jobs, I think it is a bit of overreacting when you are talking in terms of six or seven jobs a year in the next three years but that part of the motion we will support because any one job is a concern and we do not want it said that we do not share with those who are likely to be affected the concern that is expressed in the motion. I know that there have been others and it is the cumulative effect which is a matter of concern in this particular case, if it were not because of what has happened before this would have been purely an internal matter of adjustment. But this is a matter, really, where the MOD thinks it can achieve economies by concentrating their Hospital service within one wing and without curtailing that service but,

really, if you look at the rest of the motion can you really tell them: "No, you must not dispose of jobs that you do not need". Indeed, were it not for the fact that in Gibraltar's peculiar circumstances at present this would in most cases do more harm than good, we ourselves ought perhaps to be doing some streamlining in certain areas but if we were to get involved in that in order to create economies we would be making the economy worse. That part of the motion though it deals with a small matter in terms of numbers compared to the sort of things we have been discussing here over the year, will receive our support. The next point is where the motion says that we should reject the explanation that it was known publicly. As I said before, I am having this matter investigated and I will make public what information I am able to make but we cannot be a party to that statement until we have established the facts and let me say just for the record also that it is no part of Gibraltar Ministers to defend the MOD. We have here castigated the MOD when it has been necessary and therefore what we are trying to do is to put the matter in its proper perspective. And, finally, on the third point, I was intrigued about the year 1988. I can tell you without any hesitation that there is no Minister, no Cabinet, nobody in the United Kingdom who can give the assurance you want that there won't be cuts between now and 1988. I am sure the British Government would be delighted to be able to say that in respect of themselves, never mind in respect of Gibraltar. I think that part of the motion is really unrealistic. I thought that 1988 had been chosen by the Mover in the hope that by 1988 they would be in Government and would be able to bring everything to a change and there would be no need but I can now understand that he was referring to the life of this legislature, I appreciate that. At the beginning, knowing the Hon Member's tactical approaches sometimes, I have known him for some time, I thought he was saying: "Well, we will put this thing right in 1988". Well, I hope that in 1988 whoever is here will be able to put things right, I hope we on this side of the House will be able to do so. But I think it is really a little pressing on the prestige of the House to try and expect Members of the Government to agree to a statement such as "public assurance that there are no further cuts in expenditure in Gibraltar planned to take effect between now and 1988". I am sure that in the MOD they will say: "We have nothing planned for 1988 as yet in many areas and woe the day that we come to that not only in Gibraltar but somewhere else", having regard to the changes in the nature of defence. We are positive, we agree to the spirit of the motion insofar as the House should collectively do what it can to avoid further cuts to take place in MOD expenditure in Gibraltar but we cannot achieve that by seeking an assurance that we are not going to get anyhow. We must act in two other ways. First of all, we must ensure through the deliberations, as the Hon Member has said, a joint approach between the Gibraltar Government, the Ministry of Defence that there is indeed JCC consultations, that the best possible arrangements are made for the future in

the practical interests of the people of Gibraltar for the future use of that part of the Royal Naval Hospital which is to become surplus to MOD requirements. The second way in which we can make a positive contribution is to make every possible effort to diversify the economy and strengthen the private sector in the way of Dockyard closure and of other cuts in MOD expenditure. I know the Leader of the Opposition knows about that, he wants a very big public sector which he can control but the public sector is shrinking whether he likes it or not, the public sector is shrinking, and it is shrinking out of a result of MOD requirements worldwide and we have to look elsewhere. I was somewhat disappointed that yesterday's statement on tourism did not produce at least a word of encouragement from the Opposition.

HON J E FILCHER:

If the Hon Member will give way. I think the Hon and Learned Chief Minister is referring to the stand taken by the GSLP on the tourism side. I must remind the Hon and Learned Chief Minister that, in fact, we did give the Government the assurances in the last House of Assembly that we would do everything in our power not to stand in the way of tourism. What he did yesterday was give us a statement which we did not have time to digest and obviously once that stage passes then we cannot come back to the statement.

HON CHIEF MINISTER:

First of all, I am very grateful, I apologise if my understanding yesterday was wrong. I am very grateful but not to stand in the way is one thing and supporting is another so you have been cautious with your words so we have to realise that, too. We think, talking about that, that the Opposition have a role to play in activating the private sector. I know it does not arouse much enthusiasm in certain sectors of the party, I appreciate that, I have already mentioned the reasons, but perhaps we hope that with performance and with results they will be more encouraged, a little encouraged as I am now on the intervention of the Shadow Minister for Tourism, he must believe in it otherwise he could not be Shadow Minister for Tourism otherwise we would be in the same position as those people who have been elected to the European Parliament who do not believe in Europe. Anyhow, having said all that, Mr Speaker, I do not propose to change any words in the motion but I really must move that all the words after "jobs" in the fourth line be deleted, we could not be a party to that. First of all, the one factor which we do not know and, secondly, the commitment is not likely to be responded and could put the House at a disadvantage. If that is acceptable to the Hon Members then we would be happy that "This House views with concern the further cuts in MOD expenditure announced in the reduction in the role of the Royal Naval Hospital leading to the loss of twenty jobs". Really, that is the gist of the motion. Thank you, Mr Speaker.

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

HON J C PEREZ:

Let me say, Mr Speaker, that it is regrettable that the Government should not consider it necessary that these assurances should be called for from the Ministry of Defence. The situation that we are facing is one where there is a Government elected by the people that is being given the responsibility of planning an economy and that the basis of the foundation of that economy or of that plan, if there is any, is being weakened every time by further cuts from the MOD which is put upon us without giving notice whatsoever. The assurances that were being called for were assurances and the date of 1988 is significant in that we are being told by Baroness Young that we should be grateful for the help that we are given from the British Government, that in the light of the Government and in the planning that there has to be and in the future economic outlook that one has to make, that there should be this assurance because in the same way, and I accept the Hon and Learned Member's view that he has not got a hot line to Mr Heseltine because Mr Heseltine has important matters in a very big Ministry, but in the same way as he has his responsibilities for his Ministry the Government of Gibraltar have their responsibility to the people of Gibraltar and the Government of Gibraltar stood on an election platform of building an economy on two pillars - one was tourism and the expansion of the private sector, and the other one was the Shiprepair yard and by not asking for that assurance what the Government is saying that it could be, that if everything worked fine which we in this side of the House don't think is going to happen, if everything worked fine and we have a situation where the MOD continued with its cuts, that the programme and that the policies of the Government cannot be carried out because of that. The MOD or Mr Heseltine has the responsibility to his Ministry and to his electorate and we have a responsibility to our Ministries and to our electorate and what we cannot have is a situation where we have to keep adapting our economic philosophy to suit the needs of the MOD. The MOD have the right like the Hon and Learned Member said to reduce jobs which they do not need but they have also a right to give enough notice so that if we need to adapt our economy accordingly, that we can do it with enough time and perhaps with enough help because our economy has been orientated on an MOD presence in Gibraltar and if that is to be reduced we need enough notice and we need enough help because as the Hon and Learned Member said the MOD is receiving something in exchange for its presence. It is not here solely to help the people of Gibraltar but it is because it wants to be here and it is because it is using Gibraltar and we are not receiving - I wouldn't say we are not receiving the benefits - but we are not being given enough time to adapt to their changes. The other thing I would like to say is that although the Iberian Report

the reasons for these cuts perhaps are not updated in the Iberplan Report, the effects of these cuts, of the rundown of the MOD in Gibraltar, is spelt out clearly in the Iberplan Report and although it is a long time ago that that Report was done it makes very interesting reading today because the effects of the rundown of the MOD in Gibraltar were spelt out inasmuch as it said that this would reduce the standard of living of the Gibraltarians and the Report was based solely on an opening of the frontier and on the economic integration of the territory in relation to an open frontier. I am not saying that this is the reason but the effects of it are spelt out and they are very dangerous in a situation where we have got Spain joining the EEC, we might have a normal frontier situation and we might have a very, very dangerous situation. I regret that the Hon and Learned Chief Minister has not been able to support the motion fully on the question of the assurances and if I may just say briefly, on the question of "rejects the explanation" perhaps, Mr Speaker, because I remember more about newspaper reports than maybe other Members, I can bring light to the situation by saying that in fact the Hon and Learned Member was right, there was a mention of the Royal Naval Hospital in the Admiral's letter to the newspaper The People because the article of the previous week had suggested that with the rundown of MOD presence that the next thing that could be affected would be the Royal Naval Hospital and he assures The People in the letter he wrote to the paper that this was not the case and that is why we feel that if a public announcement has been made by the Admiral that this was not the case then we should reject the explanation that it was known publicly because, in fact, when it was brought out by a local newspaper publicly it was rejected by the official sources. Thank you, Mr Speaker.

HON J BOSSANO:

Mr Speaker, I think the House cannot really accept as an explanation that not enough time has been available to the Government since notice was given of the motion to establish whether the closure of the Naval Hospital was announced publicly in 1981 or not, I would have thought if it was announced publicly in 1981 it was something the Chief Minister could not forget. There are a number of pieces of circumstantial evidence showing that it was not publicly known. There is the fact that when it was speculated in the local press, as my Colleague Mr Perez has said, the Admiral wrote back saying that this was causing unnecessary concern to people in the Naval Hospital and there was nothing in it, it was just pure speculation. Perhaps the most important thing from the point of view of the official documentation available to the Hon and Learned Chief Minister and to the Government is the reports of their own consultants. They appointed consultants in 1981 to assess the impact of the Defence Review in Gibraltar, the effect of job losses, and amongst that assessment was not included the loss of jobs from the Hospital closure so, clearly, the Hospital closure was not envisaged in that Report and was not taken into account by the Government.

HON CHIEF MINISTER:

If the Hon Member will give way. I am not saying that that is not the case at all. I am saying that in the time available and if I may say so we have enquired even from the Navy but the people who should be able to help us were not available. There is a statement made by the MOD and we are not saying that it is true or false, the point is we have no evidence on which to support the denial or to approve it. I have left it pending in that respect. In that respect we cannot find any evidence one way or the other. I agree that if there had been a positive statement it might well be easy to have found it, we have searched and I say quite clearly we have found nothing but that is not the end of the road as far as we are concerned because the people who issued that statement must justify themselves to us. That is my point.

HON J BOSSANO:

I am grateful for the Hon Member's intervention, I accept that he is not saying that in seeking to remove the part of the motion that

HON CHIEF MINISTER:

No, I did not say that. I said it was uncertain.

HON J BOSSANO:

It was uncertain, that is right, this is like when I was asking the Government previously at question time, Mr Speaker, about the case relating to the Customs, the answer of the Hon and Learned Attorney-General was 'not proven'. Well, not proven does not mean guilty and does not either mean innocent, it means whatever you want it to mean and I accept that the Chief Minister is not saying that he accepts that it was publicly known or that he rejects that it was publicly known. He says that there is no evidence that it was publicly known, on the other hand, there is no evidence that it was not publicly known.

HON CHIEF MINISTER:

There is no evidence that it was made public in the statement, which requires a little inquiry. There is an allegation.

HON J BOSSANO:

There is an allegation that it was publicly known but it is clear that it was not known to the Government of Gibraltar because the Government of Gibraltar in assessing the impact of the review on the economy of Gibraltar did not provide for

an effect of the closure of the Naval Hospital and that is a valid argument for the Government. The Government should be saying to the MOD: "Look, if you are saying it is publicly known" - without us having brought the motion - "well, it certainly was not publicly known to me and it was not publicly known to the experts we brought out from UK and it was not publicly known to the consultants", and I think the importance of this, Mr Speaker, and let me say that there is an almost conclusive piece of evidence. I have got a photocopy of a letter here sent on the 4th April to two employees of the Royal Naval Hospital, 4th April, 1984, signed by Surgeon-Captain Hersey, the Medical Officer in Charge, saying: "I regret that your application for voluntary redundancy cannot be accepted because unfortunately you are not employed in one of the fields of redundancy", on the 4th April, 1984, so how could they have announced in 1981 that they were closing it if three years later the man in charge of the Hospital didn't know it? I do not know what other research one needs to do but what I am saying is that irrespective of any of that, from the Government's point of view, the Government I think has got a case in its favour for saying to the British Government, I mean we in the Opposition have said the £28m package is not the answer but we went to an election accepting that having agreed that level of aid, there was no mileage in saying to people: "We are going to go back and ask for more money", but if that level of aid has been agreed on certain premises and the premises are incorrect or they are changed, then I think the Government has got a case. The Government has got a case to say the Naval Hospital cutback was not part of the original effects of the 1981 Paper, the cuts in the size of the people employed in the Naval Base which I brought in a question to the House and the Government accepted they have not been taken into account because I went back to the Report myself and I looked up at the number of UK based servicemen and civilians that were going to be removed as consumers from our economy and in the number that were going to be removed was not included the figures that the MOD had made public were going to be leaving Gibraltar between now and 1986. So if the consultants made certain recommendations and if the Government prepared a strategy to deal with a situation produced by a cutback in defence expenditure and they go to the British Government and the British Government accepts the principle that in the case of Gibraltar because we are not self-governing, because we cannot send the bill for our unemployed to a central government like they have done in Chatham and Portsmouth, because our economy has been geared to meeting defence needs over the years they cannot simply say: "Oh, well, it is uneconomic now to keep the Naval Hospital so we are closing it". They accept a responsibility to try and help the Government of Gibraltar to find something to substitute for what is being removed from the economy. They have accepted that principle in providing money for the commercial dockyard. We do not think the money is enough, we do not think the commercial dockyard is going to work but we think one thing is clear, that the Government is embarked on a

strategy for which they have received a mandate for four years and that the Government has got the right to go to the British Government and say: "Our strategy which we fought an election on a couple of months ago and won and got a mandate for is based on the assumption that Defence expenditure is going to stay at its present level. Changes in that are a new element in the equation for which we can no longer take the responsibility because we are not taking it into account". If they had been announced in 1981, well, then we could not have a motion saying that we are concerned that they are reducing twenty jobs, we ought to be glad that they are restoring fifty which is what the press release said that instead of closing down and losing seventy jobs it was only going to be reduced in size and retain fifty out of the seventy. If that was the case then, obviously, the whole motion would be nonsense. The first part of it is only valid because the second part is valid. If the explanation that it was publicly known in 1981 that it was going to be closed was a valid explanation and, in fact, instead of closing it they are now keeping it open on a reduced scale, then the House should not be concerned about the cut of twenty jobs, the House should be glad about the restoration of fifty. I think I have already dealt with the latter part, I think the Government may say that the people in the MOD do not know what is going to happen in the future, it is quite obvious because in fact on the 4th April the Medical Officer in Charge of the Naval Hospital did not know what was going to happen in June. There is no question about them knowing but I think that the Government of Gibraltar has got a strong case to put to the British Government of saying: "Look, we are planning a strategy which is based on an assumption that in 1985/86 we are going to have so much money coming from the private sector and so much money coming in from the commercial dockyard and so much money coming in from Defence expenditure and if you start reducing Defence expenditure and we have not taken that into account then the figures will not work". I think they are entitled to do that. They are entitled to do that because in fact they are defending more than we are that the Ministry of Defence should have priority in the use of resources. The motion that the Chief Minister brought to this House in February, 1983, which I opposed and which I tried to amend unsuccessfully, was giving the MOD priority, putting their interests first and therefore if anybody has got a right to demand as a quid pro quo from the MOD assurances and guarantees it is the Chief Minister more than anybody else and therefore I think he ought to support the motion because it is a motion that should strengthen his hand in his negotiations with the British Government.

MR SPEAKER:

If there are no other contributors to the amendment I will call on the Hon the Chief Minister to reply.

HON CHIEF MINISTER:

Mr Speaker, the Hon Mr Perez who spoke to the amendment, there is nothing which he said with which I do not agree about enough notice and enough help and enough time. Of course we want that and we keep on asking for it. Unfortunately, the terms of the motion are phrased in such a way that we cannot agree to its terms but that we need notice, we need time and we need help, I think has been made quite clear, not just to the latest visitor to Gibraltar but from the very beginning of the White Paper in June, 1981. We have been urging that and I can assure Hon Members that, I don't know, it is very difficult to say, I would imagine that but for the fact that I have been able to use as much, I do not want to claim any credit but I think some redundancies have been avoided as a result of strong representations behind doors and therefore I need time and I need help and we need notice so in that respect I do not dispute the sentiments of the Hon Mr Perez but that does not take me into the area of having a public assurance that is going to be worth very little in passing because nobody will give it to us. If we said: "a public assurance that before any other cuts are taken notice should be given so that we can adjust our economy" and so on, that sort of thing, yes, but "public assurance that there are no cuts before 1988", I don't think anybody in the United Kingdom, I don't think any Ministry, any Department, any Minister, even the Prime Minister if she wanted to give that assurance would not be able to do so at all particularly in the area of defence and particularly with a Government that is set on the purchase of very expensive modern weapons of destruction which puts everything else even the pay of men into insignificance and that is a reality, that is why we cannot do so, it is not because we do not sympathise with the sentiments about seeking assurances, it is because we cannot accept the wording as it is, that is all.

Mr Speaker then put the question in the terms of the Hon the Chief Minister's amendment and on a division being taken the following Hon Members voted in favour:

The Hon A J Canepa
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The following Hon Member was absent from the Chamber:

The Hon Major F J Dellipiani

The amendment was accordingly passed.

MR SPEAKER:

If there are no further contributors I will ask the Hon Mr Michael Feetham to reply.

HON M A FEETHAM:

Mr Speaker, I think enough has been said to crystallise the thinking of both sides of the House on this. There is one point that I want to make emphasis on and that is the remark by the Chief Minister as regards the views of this side of the House on the matter of the private sector and that perhaps we place too much emphasis on the public sector at the expense of the private sector and I think we have been quite clear in our philosophy on the private sector. There is a sharp contrast because when I asked the Hon Minister for Economic Development whether he would give a progress report on the Think Tank which he had set up, he said that it was something private, his own thing, it was something about getting ideas together and that he didn't have to report to us because he didn't think it necessary and I respect that. Our thinking on the private sector is much more fundamental than that. We said in our manifesto and it is party policy and let us be quite clear about that, we have said and we said in our manifesto that within six months of taking up office we would draw up a three-year economic plan with specific targets for economic growth and we said that this national economic plan would be drawn up after detailed discussions with the business community and they would be invited to join in and that was a definite commitment for the private sector.

HON A J CANEPA:

Mr Speaker, the Hon Member is introducing new matters which we are unable to reply to.

MR SPEAKER:

I was directing my mind to that but I wanted him to develop what he was saying before I called him to order.

HON M A FEETHAM:

With respect, Mr Speaker, I am just trying to reply to the remarks of the Chief Minister that implied that we were not giving importance to the private sector, that for us the private sector was not within our philosophical thinking. Having cleared that I think that there is nothing more to say, Mr Speaker.

Mr Speaker then put the question which was resolved in the affirmative and the Hon M A Feetham's motion, as amended, was accordingly passed.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I formally move that this House do adjourn sine die.

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

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

The adjournment of the House sine die was taken at 4.45 pm on Wednesday the 27th June, 1984.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

30TH OCTOBER, 1984

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Fourth Meeting of the First Session of the Fifth House of Assembly held in the House of Assembly Chamber on Tuesday the 30th October, 1984, at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan CBE, MVO, QC, JP - Chief Minister
The Hon A J Canepa - Minister for Economic Development and Trade
The Hon M K Featherstone - Minister for Health and Housing
The Hon H J Zammit - Minister for Tourism
The Hon Major F J Dellipiani ED - Minister for Public Works
The Hon Dr R G Valarino - Minister for Labour and Social Security
The Hon J B Perez - Minister for Municipal Services
The Hon G Mascarenhas - Minister for Education, Sport and Postal Services
The Hon E Thistlethwaite - Attorney-General
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon J Bossano - Leader of the Opposition
The Hon J E Pilcher
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J L Baldachino
The Hon R Mor

IN ATTENDANCE:

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

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 26th June, 1984, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

The Hon the Chief Minister laid on the table the following document:

The Charity Commissioners Report for 1983.

Ordered to lie.

The Hon the Minister for Economic Development and Trade laid on the table the following document:

The Gibraltar Registrar of Building Societies Annual Report, 1983.

Ordered to lie.

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

The Tourist Survey Report, 1983.

Ordered to lie.

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

The Employment Survey Report - April, 1984.

Ordered to lie.

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

- (1) Supplementary Estimates Consolidated Fund (No 1 of 1984/85).
- (2) Supplementary Estimates Improvement and Development Fund (No 2 of 1984/85).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 9 of 1983/84).
- (4) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 2 of 1984/85).
- (5) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No 1 of 1984/85).
- (6) The Report of the Gibraltar Museum Committee and the Accounts of the Gibraltar Museum for the year ended 31st March, 1984.

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.15 pm.

The House resumed at 3.20 pm.

Answers to Questions continued.

The House recessed at 5.25 pm.

The House resumed at 5.55 pm.

Answers to Questions continued.

THE ORDER OF THE DAY

MR SPEAKER:

The Hon the Chief Minister has given notice that he wishes to make a statement.

HON CHIEF MINISTER:

Mr Speaker, as you are aware it has now become customary for me to make statements in this House on the affairs of HMS Calpe and the Gibraltar Regiment.

It is particularly gratifying for me to be able, on this occasion, to report on the two at the same meeting of this House. Members will recall that both Units provided armed Guards of Honour to His Excellency the Governor on the occasion of the Ceremonial Opening of this House earlier this year. It was HMS Calpe's first ever Guard of Honour and I am told that both Units excelled themselves on this occasion.

Mr Speaker, I shall deal with the Gibraltar Regiment first.

This statement covers the period 1st April, 1983, to 31st March, 1984.

The establishment of the Volunteer Reserve is 227 and was two below strength at the end of the period under review. In addition to the two annual Training Camps held in Gibraltar during this period the Infantry Company carried out their annual camp at St Martin's Plain Camp, Cinque Ports Training Area. The Company was sponsored by Infantry Junior Leader Battalion at Shornecliff. A number of the regular members of the Regiment and volunteers successfully attended courses both locally and in the United Kingdom. In addition all members of the Permanent Cadre carried out military training in accordance with Army Training Directive and Administrative Instruction No. 24. Training included weapon training, first aid, all arms personal weapon and ammo fitness, battle fitness, annual personal weapons test and annual personal weapons assessment.

The now traditional local shoot was held on 15th and 16th October, 1983. Thomson's Battery fired their 105mm Light Guns both in the direct and indirect roles. The Battery fired a total of 100 rounds; forty in the indirect and sixty in the direct role. The Infantry Company also took the opportunity to fire their General Purpose Machine Guns in the sustained fire role. A total of 15,340 rounds x 7.62mm belted were fired. The Commandant Royal Artillery Brigadier T Jones visited the shoot.

The Regiment took part in several Fortress run call-out exercises in which the Regiment was deployed and its operational role practised. It also organised its own exercise nicknamed "Ted's Folly" from 24th to 26 June, 1983. Again the Regiment practised its operational roles. The Regiment was also involved in exercises "Pronto's Pip II" and "Tarik Torch", two Fortress run command post exercises. The Air Defence Troop of the Regiment took part in several air defence exercises in conjunction with the RAF. The Infantry Company organised their own exercises at section, platoon and company level in which the different techniques of attack, defence, patrolling, cordon and search and Key Point duties were practised. In addition the Company provided personnel to act as enemy for several Marble Tor exercises. Regimental personnel were also involved in a C-in-C Study Day and in a Logistics Tactical Exercise Without Troops organised by FHQ. One Officer and six Other Ranks from the Permanent Staff of the Regiment took part in an adventure training exercise in Morocco between 7th and 21st March, 1984. The expeditioners climbed Mount Toubkal at 4,167 metres, the highest in North Africa, and explored the different physical and cultural aspects of life in Morocco.

The Infantry Company took over Frontier Guard duties from 1st Battalion Duke of Wellington's Regiment on two occasions from 15th to 17 July, 1983, and from 4th to 6th November, 1983. The Company provided a platoon of one Officer and thirty Other Ranks on both occasions.

Other ceremonial duties carried out by the Regiment were as follows:-

- a. Regimental Day Parade on the occasion of the 25th Anniversary of the Naming of the Gibraltar Regiment on 30th April, 1983.
- b. The Guard at The Convent on 11th June, 1983, and from 21st to 25th November, 1983.
- c. A Quarter Guard on Remembrance Sunday for the Wreath Laying Ceremony by His Worship the Mayor in the Lobby of the House of Assembly.
- d. Colour Party for the Remembrance Sunday church service at the Cathedral of St Mary the Crowned.
- e. A Guard of Honour and Colour Party on the occasion of the Ceremonial Opening of the Fifth House of Assembly on 22nd February, 1984.

- f. Quarter Guard for the visit of Mr Robson, Deputy Under Secretary of State for Army on 29th June, 1983.
- g. Quarter Guard for the visit of the Minister of State for the Armed Forces on 22nd September, 1983.
- h. All gun salutes.

The Corps of Drums performed on the following occasions:-

- a. The Queen's Birthday Parade.
- b. St John's Day Parade on 3rd June, 1983.
- c. The Miss Gibraltar Show on 15th August, 1983.
- d. Convent Guard Mounting on 15th and 22nd August, 1983 and 20th November, 1983.
- e. Three Kings' Cavalcade.
- f. RB's Freedom of the City Parade on 3rd March, 1984.
- g. 1 x drummer and 2 x fife players from the Corps of Drums formed part of the Escort to the Keys in every Ceremony of the Keys Parade.

Regimental teams, which have participated in several sporting activities, have met with varying degrees of success in their respective competitions.

As part of the extra mural activities, the Regimental Drama Group entered the Gibraltar Drama Festival and won the competition with the play "The Walrus and the Carpenters" which was awarded a trophy for the best play. They also won the third prize for a float which they entered for the Three Kings' Cavalcade.

The Regiment organised a recruit selection week-end from 7th to 8th October, 1983, for 100 potential recruits for the Volunteer Reserve. The aim was to select the best recruits for service with the Regiment. After undergoing a series of physical and written tests, twenty-five were selected to undergo recruit training from 9th to 23rd October, 1983. Twenty-five applicants took part in a selection week-end from 10th to 12th June, 1983, to select four recruits for vacancies in the Permanent Staff. A potential officers selection week-end was held from 1st to 3rd July, 1983. The selection was run and organised by FHQ for potential officers to the Regiment. A total of eighteen applicants took part, nine for each type of commission. The applicants were involved in lecturettes, essay writing, physical assessment tests, command tasks and interviews. Mr Mark Randall was selected to fill the regular vacancy and Mr Philip Canessa the volunteer reserve.

The Regiment continues to give assistance to Youth Clubs and Schools. The following were sponsored:-

Visit of parties of school children from St Anne's School to Buena Vista Barracks on 28th February, 1984; and

Visit of party from Edmund Rice Home on 3rd March, 1984.

Mr Speaker, I shall now deal with HMS Calpe.

This statement covers the period 1st September, 1983, to 1st September, 1984.

The Unit continues to play an important role in Gibraltar's readiness for time of tension and war, providing essential manpower for the manning of the Maritime Headquarters (the Port Headquarters and augmentees for the Communication Centre). The Unit now has a well balanced Ship's Company and is fulfilling its peace-time role satisfactorily, as proven in exercises held during the period covered by this report.

In March, 1984, ten Officers and sixty Ratings manned the MEQ and PHQ, and augmented the Commcen for the NATO Southern Region Command Post Exercise "Dense Crop 82", which was designed to test and exercise plans and procedures of the Southern Region War Headquarters. In early April the Unit provided the support of six Officers and twenty-five Ratings for the NATO Command Post Exercise "Sea Supply 84" and between late April and early May, three Officers and twenty-eight Ratings participated in a live Inter Command and Maritime Warfare NATO Exercise "Open Gate 84", which took place in the Eastern and Western approaches to the Straits of Gibraltar. During both exercises, one RNR Officer from Calpe was appointed to augment the Staff of Commander-in-Chief Iberian Atlantic in Lisbon. Also in May, two Officers and three Senior Rates participated in Exercise Damsel Fair/Distant Hammer, a NATO Southern Region Maritime and mine counter measure exercise which culminated with the sailing of a live convoy from Gibraltar.

The requirement for personnel to undertake professional training courses in the United Kingdom has been considerably increased owing to the introduction of a standardized training curriculum throughout the Royal Naval Reserve, particularly for communicators. Eleven RNR/WRNR Officers and thirty-two RNR/WRNR Senior and Junior Ratings attended courses in the United Kingdom. Seven Officers attended Naval Control of Shipping Courses and the remaining Officers and Ratings attended the following: Instructional Technique Courses at the Royal Naval School of Education and Training Technology in Portsmouth; Communications Courses at the Signal Training Centre, HMS Drake, Plymouth; RNR/WRNR Ratings New Entry Course at HMS Raleigh, Cornwall; and the Divisional Senior Rates Course at HMS Excellent, Portsmouth. In addition six Ratings attended a Sight and Sound Communications training week-end at HMS Mercury in Petersfield.

In December, a team from the Maritime Trade Faculty (School of Maritime Operations), based at HMS Vernon, once again came to Gibraltar to coordinate and conduct a Naval Control of Shipping week-end. The training experience gained from this exercise was evident during the major NATO Exercises which followed in early 1984. The training week-end was well attended by thirteen Officers and eighteen Senior Rates from HMS Calpe. The week-end was preceded by a series of weekly sessions conducted by an NCS Specialist in the Unit.

Seven Officers from HMS Calpe were attached to the Ministry of Defence Sales Organisation during the Seventh Royal Naval Equipment Exhibition held at Whale Island (HMS Excellent), Portsmouth in September, 1983. Most of these Officers were tasked with the duties of Escort Officer/Interpreter with Spanish speaking delegations from Latin American countries. In June, 1984, following a request from Defence Sales an Officer of HMS Calpe was again appointed as an Escort Officer/Interpreter at the British Army Equipment Exhibition held at Aldershot.

Between 1st September, 1983, and 1st September, 1984, twenty-eight members were recruited and seventeen left the Unit for a variety of reasons, including six on retirement. On 1st September, 1984, the complement of HMS Calpe stood at eighteen Officers and ninety-two Ratings. The present situation is that numbers seeking to join the Unit far exceed wastage. Thirty-five applications for entry are currently being processed.

In January, 1984, HMS Calpe moved from the location it has occupied since 1966 in HM Dockyard into the more suitable and central premises previously occupied by the United Services Officers' Club. This move was very much welcomed by the Unit and amongst other advantages will enhance the social and sporting activities of HMS Calpe.

Members of HMS Calpe again joined their RN counterparts for the two annual services held at the Trafalgar Cemetery and Cross of Sacrifice on the occasions of the Trafalgar Day Ceremony and Remembrance Sunday. On the 22nd February, 1984, and for the first time, the Unit provided an armed Guard of Honour to His Excellency the Governor and Commander-in-Chief of Gibraltar on the occasion of the Ceremonial Opening of the Fifth House of Assembly. The highlight of this year's Ceremonial activities was without doubt the Re-dedication Service of HMS Calpe which was held at the Naval Hockey Ground on 24th March, 1984, presided over by His Excellency the Governor and Commander-in-Chief, Admiral Sir David Williams, and attended by amongst others, the Chief of Fleet Support, representing the Admiralty Board, the Flag Officer Gibraltar, local dignitaries, retired members and families of serving members.

During the period under review, the Unit was visited by the Commander-in-Chief Naval Home Command, Admiral Sir Desmond Cassidi, who inspected Divisions, met personnel at their training classes and was later introduced to officers and ratings informally in their respective Messes. The Unit was also visited by the Chief of Naval Personnel and Second-Sea Lord, Vice Admiral Sir Simon Cassels; the Senior Officer Communications Branch RNR, Captain J M Davies; the Chief Staff Officer (Reserves), Captain G Oxley, Royal Navy; the Director of Naval Security, Rear Admiral W D Lang; the Ark Royal Survivors Association during their visit to Gibraltar and the British Maritime League (Gibraltar Branch) who were given a presentation on HMS Calpe.

Mr Speaker, should any Member wish to have copies of the detailed reports I will be pleased to make them available.

In conclusion, Mr Speaker, I am sure that this House will agree that both Units continue to play a most important and effective role in Gibraltar. Members will wish to join me in thanking and wishing them all the best in their future endeavours.

The House recessed at 7.25 pm.

WEDNESDAY THE 31ST OCTOBER, 1984

The House resumed at 10.45 am.

MR SPEAKER:

Before we start today's proceedings I would like to say that we will have to recess today at 12 midday due to matters related to the production of Hansard and the recording system and we will resume at 2.45 pm so the recess for lunch will be from midday to 2.45 this afternoon. Secondly, I would like to say that the Hon Mr Michael Feetham has given notice that he wishes to raise on the adjournment the question of the EEC rights arising out of the enlargement of the European Community insofar as it affects Gibraltar. May I say that, of course, the matter will be raised on the final adjournment and the final adjournment will be on the 19th November.

MOTIONS

HON DR R G VALARINO:

Mr Speaker, Sir, I beg leave in view of the long wording of the motion standing in my name that it be taken as read.

MR SPEAKER:

I understand you have three motions in your name. Then you can start with your first one if you so wish.

HON DR R G VALARINO:

Mr Speaker, Sir, I am required by the Social Insurance Ordinance to review annually the rates of benefits and contributions under the Ordinance having regard to the general level of earnings and prices. In determining the standard rate of Old Age Pension for a married couple, this must be fixed at not less than 50% of the average weekly earnings of weekly paid full-time employees in Gibraltar or 33% for a single person. At the time of carrying out this review, the latest available Employment Survey was that for October, 1983, which gave the average weekly earnings at £121.70. On this basis it is proposed that the standard rate for Old Age Pension for 1985 be £50.90 instead of £57.80 for a married couple and £40.60 instead of £38.50 for a single person. These new rates represent increases of approximately 5%. All other benefits under the Ordinance will be increased by the same percentage approximately except once again for maternity and death grants which are still higher than that in the United Kingdom. The proposed increases in benefits are estimated to bring the total expenditure of the Social Insurance Fund for 1985 to about £6.06m. This is about 9.8% more than the estimated expenditure for 1984. The difference in percentage terms between the increases in benefits and estimated expenditure is accounted for by the continuing increase in the numbers qualifying for Old Age Pensions and the higher number of claims to unemployment benefit in 1984 which is expected to continue in 1985. My predecessor last year mentioned that because over the previous five years the rising expenditure on benefits had to some extent been met from the income from the Funds investments, the percentage increase in expenditure had outstripped the percentage increases in the value of the Fund to an unacceptable degree. In order to reverse the trend, the increase in contributions last year was designed to provide a surplus over expenditure, and it is proposed to continue the same trend this year. The value of the Fund now stands at £10.65m which represents well under two years' expenditure at the proposed 1985 rates of benefit. It is therefore proposed that in 1985 contributions should be raised by £1.59 a week for an adult (£0.80 from the employer and £0.79 from the employee). These increases will produce an estimated surplus of income over expenditure of £25,000. In percentage terms the increase represents 15% for men and 25% for women as against 23% and 25% respectively in 1984. It would have been desirable to increase contributions somewhat further in order to build towards an adequate contingency reserve for the future, but it has been decided to keep the increases as low as possible within the parameters which I have explained in order to cushion the effect of having to bring women's contributions in line with men's contributions with effect from 1 January, 1985, as required by EEC directives on equal treatment for men and women. I trust that what I have said will enable the House to support my motion. I will subsequently be presenting two other motions under the Employment Injuries Ordinance and the Non-Contributory Social Insurance Benefit and Unemployment Ordinance which are also part of the annual review of the Social Security Scheme. Sir, I commend the motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Hon Dr R G Valarino.

HON R MOR:

Mr Speaker, I am supporting the motion but I am supporting the motion not because this fulfils everything I would wish for with respect to Old Age Pensions but because the motion moves that rates of benefits be increased and to oppose this would obviously give the impression that the Opposition is against these increases and nothing, of course, could be further from the truth so we do welcome the increases on benefits. But apart from that, Mr Speaker, I think there is something very important missing in the motion. There is absolutely no reference at all in connection with a reduction of the pensionable age. That is to say, Mr Speaker, it does appear that for any man to qualify for Old Age Pension he would still have to reach the age of 65. Mr Speaker, it seems like only yesterday that the governing party - the Association for the Advancement of Civil Rights - you will have to excuse me, Mr Speaker, I cannot refer to them as the Gibraltar Labour Party because my Colleagues would laugh. Anyway, as I was saying, it seems like only yesterday that the AACR was going around telling everyone that it was their policy to reduce pensionable age to 60 and they made it a point during their election campaign that they would fulfil this commitment if they were returned to power. Well, Mr Speaker, they are in power and it is nearly a year since the election and what have they done to reduce the pensionable age - nothing, Mr Speaker, and what is worse this motion which we are debating today which should contain some sort of indication as to what they intend to do about reducing the pensionable age also contains nothing. The least one could have expected, Mr Speaker, is that an attempt should have been made to have reduced the pensionable age to, say, 64 or even 64 years and nine months, in fact, any reduction would have been welcome. Mr Speaker, for the last ten years the Trade Union Movement in Gibraltar has been pursuing a policy of reducing the Old Age Pension to 60. This has culminated in a petition to the Hon and Learned the Chief Minister from the Transport and General Workers' Union calling upon the democratically elected Government of the people of Gibraltar to introduce the necessary legislation to bring down the pensionable age. Mr Speaker, this petition is endorsed by no less than 8,023 signatures and, to my mind, Sir, this petition expressing the feelings and the opinion of over 8,000 people just cannot be ignored. Yet, Mr Speaker, as we can see from the motion presented by the Government, this motion which could have been ideally suited to convey good faith on the Government's part by reflecting their intention to keep their promise to the electorate, this motion, Mr Speaker, has no reference whatsoever to reducing the pensionable age. When the petition was presented the Hon and Learned Chief Minister said that the Government would study the petition and since then there has been no indication as to whether they intend to do anything about it or not. Judging by what we have before us the answer is, no, they will reject the petition. They will reject the expressed wishes of over 8,000 people many of

whom may have even voted for the governing party. No doubt, Mr Speaker, the excuse the Government will give for not reducing the pensionable age is one which is connected with financial constraints. They will say they just cannot find the money, they will say they just cannot consider introducing new measures because of the present economic crisis. Of course, Mr Speaker, we have heard all this before, we are used to hearing this and I can assure you, Mr Speaker, that we on this side of the House believe it when the Government says they have no money. We believe it because given the way they run our economy and the way they have been running our economy all along it is no wonder that they should be running out of money. As I have said, Mr Speaker, we the Opposition believe the Government have no money to spare but can we honestly ask the people of Gibraltar to believe this? Can we ask the people to believe this when the Government can actually afford to spend public money on an advertisement in the Gibraltar Chronicle to explain why a Minister was unable to be present at a discussion programme on television regarding pensions at 60? A five and a half inch advertisement, Mr Speaker, worth, possibly, £35 or £40 when a press release or a letter to the media would have been free of charge, and all to say why a Minister could not attend the programme. Mr Speaker, we all know we do not have many tourists in Gibraltar but we do have lots of civil servants, civil servants who in most cases are most capable. In the Department of Labour and Social Security there is a Director of Labour and Social Security, a Deputy Director of Labour and Social Security, some Higher Executive Officers as well as some Executive Officers. Mr Speaker, I know some of them personally and I can assure you that any one of them could have attended that programme and would have been able to have participated in the discussion had they been authorised by the Government. If the Government was so concerned about letting the people know, perhaps, they could have made a statement to the House, after all, it would have been free. In conclusion, Mr Speaker, we believe that if the Government has any intention to do anything about the petition to reduce pensionable age, they should have introduced the measures in this motion. The fact that they are not doing so is indicative that they are ignoring the wishes of over 8,023 Gibraltarians. Thank you.

HON CHIEF MINISTER:

Mr Speaker, after listening to that very carefully written speech prepared beforehand in order to put in everything in case anything is left out

MR SPEAKER:

I would like to think that they are copious notes.

HON CHIEF MINISTER:

I would like first of all to ask the GSLP, what is their policy? They were challenged by the TGWU to define their policy. As far as I can remember they remained very dumb and said nothing about it. We said and we have said before that as our aim of policy we accept it but for an Hon Member of this House, however recent his election may have been and certainly we have not been here a year, to expect a petition of this nature which was presented two or three weeks' ago, that by now we would be able to have anything ready in connection with that even if we were able to, is I think, somewhat ridiculous. If I remember rightly, the manifesto of the GSLP did not speak about early retirement pensions at 60, they spoke about the new economic plan which covers everything and now they can say "it is in our plan", of course, if it suit them they would say "it is in our plan". I think it is less than honest of the GSLP to come here and say: "You should have done something about a petition that the TGWU - or one section of it - prepared". And who is not going to sign that petition? Who is not going to sign? I said to them when they came "if you have a petition that people should not pay income tax I will sign it", it is very easy to do that, the point is how to deliver and in any case the Labour Party in the United Kingdom over fourteen years of rule were never able to produce anything like advancing even one year the pensionable age from 65. It is true that the position is not the best now, of course it is true, you knew that yesterday when questions were being asked from the Financial and Development Secretary but it is sheer hypocrisy and an attempt to try and curry favour with everybody without taking any commitment publicly until the thing comes here and say: "We support the 8,000". Of course, the 8,000 signatures have got to be carefully considered and that is exactly what I told those who came to deliver it, that something that is signed by 8,000 people requires serious consideration. By the time the petition was delivered the Agenda for the meeting of the House was virtually ready. How could anybody expect such an important matter to be raised here? They asked me if there was any hope of raising it in the House of Assembly on the 30th and I said: "Not at all, it is impossible, what we will be bringing is the usual annual review which is what we are discussing". The GSLP has been equivocal to their people in not saying whether they supported when they were challenged by the TGWU for political parties to express their views on the matter, it is sheer hypocrisy. That speech written in the quiet of your home in order to cover everything is absolute hypocrisy, it deserves only contempt.

HON J BOSSANO:

Mr Speaker, I accept that the Hon and Learned Member is undoubtedly the highest authority in Gibraltar to talk about hypocrisy and if the hallmark of the hypocrite is an attempt to curry favour with everybody then undoubtedly his entire political career, Mr Speaker, can be defined in that particular way because if there is something that is particularly characteristic of the politics of the Hon and Learned Member is his ability

MR SPEAKER:

With respect, I must call you to order; it is one thing to accuse a political party of hypocrisy in the formulation of their policies, it is another thing to call any individual Member of this House a hypocrite and to that extent I must call you to order and I will ask you to withdraw.

HON J BOSSANO:

I accept your ruling, Mr Speaker, I think it is a thin dividing line. I will therefore rephrase what I have said and I will say that if there is anything that can be construed to be the hallmark of hypocrisy it is the performance of the AACR in their forty years of political activity in Gibraltar because, in fact, the AACR throughout those forty years has done precisely that, they have been precisely adept to a degree that earns them the admiration of everybody concerned at not defining themselves on any issue and on playing on every issue according to the way the wind is blowing. The GSLP, for the education of the Hon and Learned Chief Minister, stated in its manifesto that we were committed to introducing social security pensions payable at 60 as part of a comprehensive welfare state system to ensure a social wage and, in fact, what the GSLP did, again for the education of the Hon and Learned Member, was to write back to the TGWU and to say that our whole programme was in fact a reform of the entire social security system and not simply the introduction of reduction in ages within the existing system. We are not asking the Government to adopt the policy of the GSLP nor are we going to tell the Government how to deliver which they manifestly do not know how to do either in this area or in any other area because that is precisely where the incompetence lies on the part of the Government, Mr Speaker, as they cannot deliver on anything and it is not our job to tell them how to deliver or how to govern or how to do their job, it is our job in this House to ask them what are they doing about the things they are theoretically committed to do. What is the Government doing about its longstanding party policy to review the pensionable age because in fact the only way people are going to be convinced that the AACR remotely means anything it says is if some attempt is made to move in that direction. If it is the policy of the governing party to reduce entitlement to old age pension for males from 65 to 60 then at some stage they have to start moving from 65 even if they only move by one week and they make it 64 years and 51 weeks but until they do nobody will believe that they have any intentions of moving in that direction and that is really what we are entitled to ask them here in this House. They have brought a Bill which the Minister has defended saying that the level of contribution is required to meet the existing commitments, it follows from that that in the level of contribution that he has brought there is no provision for a reduction in the age, that follows logically. Then one can deduce from that that it is not their intention to reduce the age of entitlement in 1985 unless they explain that when they are considering doing

this they are also considering financing it by coming back either before the end of this year or some time during the year and changing the contribution rates in midstream. One would assume that it is their intention that the level of contribution they are asking the House to vote for and which we will support because we believe, in the GSLP, that if people who are better off have got to make a contribution to help those that are less well off then that is right and even if it is something that the people who are better off do not like doing we are prepared to support that politically, therefore, we will vote for the increase in benefits and we will vote for the increase in contributions if that is required to pay for the benefits. And if it was required to pay more to give people a pension earlier because they are unemployed, because I think the Government in answering the request of the TGWU has produced figures which assume that the pension would be payable universally at 60 or at 64 or whatever, irrespective of whether the person was working or not working, it is on that assumption that the cost has been calculated. I would have thought that since the main impetus for the need to reduce pensionable age on this occasion has come from the prospect of unemployment being faced by a greater number of people over 60, I would have thought that it was a reasonable response from the Government to have said: "We are prepared to consider making it payable before 60 as exists in other EEC countries" - which the Hon Member who introduced the motion made a reference to, he has made a reference to the fact that we are carrying out an EEC directive in removing the inequality in contribution between males and females. Well, we are only removing part of the inequality because females were contributing less and getting a pension earlier, they are now contributing the same but they are still getting a pension earlier and, in fact, it is true that in many other EEC countries, in most of them, in fact, I think I am correct in saying, even if pensions are not payable at 60 there is an option. For example, in France people are given the option of early retirement and there is a pension payable earlier and the percentage is lower the earlier one gets it so therefore the formula, for example, that exists in the French social security system is that probably over the period when the person is retired he receives the same amount of money but he can either start getting it later and get a higher amount or start getting it earlier and get a lower amount. To some extent this is true in the United Kingdom where people, subject to an earnings limitation at 65, get a reduced pension but then if they carry in employment they accumulate extra pensions for the age of 70. So there are a number of formulae that can be explored to make a system more adequate for the need of the community and certainly the Government has got to recognise that however longstanding their commitment might have been theoretically on this point, the situation that Gibraltar faces today with a higher level of unemployment than in the past and with lesser prospects of re-employment for people who retire and the Government must accept, they must accept, that they are the biggest generator of unemployed over 60's because in fact, Mr Speaker, they are the only ones in Gibraltar who

make retirement at 60 compulsory for non-industrial workers which is 50% of their employees. So 50% of their employees are obliged by the Government to retire at 60 and particularly at the lower level the pensions are inadequate. The Member knows that because there have been occasions and there are occasions happening now where the Government insists on retiring somebody at 60 and then finds that the Government pension is below the supplementary benefits level and then they re-engage them. So the Government itself has been producing people over the age of 60 unemployed for a very long time and it is still the only one committed to this policy in the whole of Gibraltar. The situation now arises that somebody over 60 is competing for jobs in a labour market where the competition is greater than it has ever been before. In the past, theoretically, the Government has been doing a favour because in fact they might have been retiring somebody at 60 who then got re-employed and who finished up getting more money with his civil service pension and his new job than he was getting in employment but that is no longer true and therefore the system can no longer continue to be run the way it has been until 1984 and ignore the environment that we are going to be facing in 1985 which is a completely different one and I think, Mr Speaker, the Hon and Learned Chief Minister has done the Opposition a great disservice if his analysis of the response that we have brought is that it is simply sheer hypocrisy and trying to curry favour with everybody and so forth. We have got our own ideas how we would do it, it is not our job to tell the Government how to do it and we do not intend to do that on this problem or on any other or the many problems they will face for as long as they are in office. What we do intend to do is to tell them that there is a problem; that they are failing to solve that problem and, of course, as the Hon Member invited us to do at the Official Opening of the House of Assembly, demonstrate to the people outside that we can provide an alternative and that is what our job in this House is.

MR SPEAKER:

Are there any other contributors?

HON A J CANEPA:

Of course, Mr Speaker, there is no question of Hon Members opposite telling us how to govern, they wouldn't begin to know how. Their only experience of Government was between 1 am and 5.30 am on the morning on the 27th January when the Hon Leader of the Opposition thought that he was Chief Minister. During the election campaign he had promised that if he came into Government he would appoint Mr Joe Pitaluga as his Hon tea-maker, that is what he would do to humiliate, no doubt, the person who after

HON J BOSSANO:

Give him 50% of the tea-maker's salary on top of his own.

HON A J CANEPA:

I am sure he would welcome it. I know he did say: "If all that Mr Bossano would want for my salary is to take him tea at 10 o'clock in the morning, I would be well paid". That was just an attempt to humiliate the person who after the Chief Minister has done most to defend Gibraltar through the last twenty years.

HON J BOSSANO:

And the AACR.

HON A J CANEPA:

Leave the AACR out of it. The Hon Members opposite were, in fact, relieved that they lost the last election, relieved that they did not have to take office and whilst the Hon Mr Bossano may have been outwardly enjoying himself for a few hours, some of his colleagues sitting opposite were going around looking pale with worry and wondering what on earth were they going to do.

MR SPEAKER:

Order. We will come down to earth again and talk about the motion before the House.

HON A J CANEPA:

Heaven help Gibraltar if Hon Members opposite were in Government. They are wolves in sheep's clothing.

MR SPEAKER:

Order.

HON CHIEF MINISTER:

Why is the Hon Member out of order?

HON A J CANEPA:

Why am I out of order, Mr Speaker?

MR SPEAKER:

I have called you to order because I feel you are out of order, you are not speaking to the motion before the House. The outburst that you have just made has been a reply to a general statement by the Opposition saying that they would offer alternative Government and nothing else but in any event do continue.

HON A J CANEPA:

The question of the petition seeking pensionable age at 60, I think, Mr Speaker, if we are going to debate this matter some of the considerations that have to be brought out and discussed in full detail is what are the arrangements that are going to be made? Are people going to be asked to retire at 60 or are people, in fact, going to be getting two pensions at 60 and a job as well because I have no doubt that a lot of the people of the 8,000 that signed that petition - and everybody wants pensionable age at 60, I won't say who, but I heard somebody in a very important Government position say to me the other day: "If there were to be a petition for pensions at 55 I would support it, naturally". But what were people signing for? Retirement at 60 with an Old Age Pension at 60 and whatever pension they get from an employer if they do have such a pension or what is it that people are after? A pension from their employer? The Social Security pension at 60 and thank you very much, I am fit enough to carry on doing a job and let that young man who is out of a job, let him be provided for by his parents who are able to pay good pocket money to him in addition to the taxes and the social security contributions that they are paying. In the United Kingdom the system at the moment is one where people retire at 65, they get their retirement pension at 65 and anybody who is in part-time employment earning more than I think it is £57 or £58 a week, does not get the social insurance pension at 65, they do not get it. Is that the kind of system that we want in Gibraltar? I have serious doubts about the extent to which such a system can be made to work in Gibraltar. The Hon Mr Bossano says that there are similar options in France at the age of 60, you have the option to get a lower pension at 60 or you carry on working and get the higher pension later on. I have no doubt that if that system were to be introduced in Gibraltar people would abuse it, people would get around it. Law enforcement in Gibraltar, unfortunately, is not what it ought to be and it is not what it ought to be because Gibraltar is a very small community in which the people who are supposed to enforce the law have got cousins or brothers or uncles or what have you somewhere and this brings problems. There is then the Old Boy network, we all know each other, and there are difficulties in going for somebody and what I have no doubt would happen is that a lot of people would get their pension at 60 and carry on working surreptitiously. They might not be able to do it in the public sector, they might not be able to get a job with the Government but they could certainly get a job in the

private sector and there are many people, I do not mind saying publicly, in the private sector who would lend themselves to that kind of situation and it would be very difficult to stamp out that abuse, I have no doubt whatsoever about that and I am speaking with the experience of nine years as Minister for Labour and Social Security. The extent of abuse in Gibraltar on the question of social security is very much less, I am glad to say, than what it is in the United Kingdom but on the question of employment there are only too many people who are prepared to carry somebody in their books, it is happening now, difficulties that we are having about people coming in from Spain and getting employment without a work permit, we know that that is happening, it is very difficult to stamp it out because there are people that collaborate in this situation, they help out their cousins or their wife's cousins and that is what would happen with a system where you pay a pension at a lower age conditional on it being a retirement pension. What is the way ahead? I have always been of the view that people in employment must be prepared through their contributions to support people who have retired but the employment situation today is a contracting one. The latest employment survey shows - and we are going to be debating unemployment later on - we have the smallest labour force since records were kept. Is this the time to impose a further burden on that workforce, to pay higher contributions so that people can retire early, and what is the objective behind it? Is the objective to have something which is desirable or is there an economic purpose to it, there are so many people unemployed that the more elderly should make way for them and it should begin to happen at 60. The petition was given an impetus by the redundancies declared by the PSA; I think it was, the MOD perhaps as well, a few months ago. A lot of people were given notice that by the end of this year 200 people at the end of this year would be retired. The position now seems to be not as serious as it was. The position also appears to be, and again I am anticipating, that Appledore are going to have a shortfall if everything goes according to plan. Some people have taken voluntary redundancy and have been able to find employment. How many people are there due to be retired in the near future at the age of 60 who are going to find themselves without a job and who are going to find themselves with no pension or with such a meagre pension that they are going to suffer hardship? Let us quantify the extent of the problem because that is what we are talking about or are we talking about the general desirability of everybody getting a pension at 60 and either carrying on in employment because they are required to do so or everybody being retired and if everybody is retired at 60 then we can employ all our young people and we would probably have to import labour from outside. Is this the economic rationale behind the petition? It is not difficult to get signatures for a petition in Gibraltar and I do not wish to decry the seriousness of this or any other matter where signatures are obtained and the matter is of great public import but it is not difficult because people are reluctant when you knock at their door to say: "I won't sign this petition" because you know who they are and you will go

around talking about them and telling others "so and so didn't sign". People are submitted to pressure, to individual pressure by the very fact of having a petition. If instead of going around the houses all that you did was you said: "There is a book somewhere, please if you feel very strongly about it come and sign", then we would know how many people really feel strongly about it but in a nutshell the position is that everybody if he has a choice of course they would have their pension at 60, at 55 and at 50 if they could. Is this the time, are we not in Gibraltar at the crossroads where we have to be careful how much money we take out of the economy and put away in a fund? Is this the time to do it? Is this the time to increase contributions? Is this the time to lose a number of years of contribution and to have a number of years of extra benefits to pay? And there is another aspect I want to bring up as well. The Hon Leader of the Opposition well knows the stand that I have taken on the issue of the Spanish pensioners where I have said that I will resist any attempt that the people of Gibraltar should have to pay either through increased contributions or from increased taxes, assuming that the Spanish pensioners become entitled to the same level of pensions which we are enjoying today, that we should have to pay towards that bill and I said that the bill will have to be picked up elsewhere, by the United Kingdom Government. But the United Kingdom Government could conceivably also turn around to us and say: "What is this that you are saying you do not have money to pay, you cannot increase contributions today when you are able to have an additional benefit under your Social Insurance Scheme in lowering pensionable age to lower than we have in the United Kingdom". There was a motion at the Labour Party Conference, a composite motion, composite motion 62, on the question of the future of the social security system in the UK which made a reference to the introduction of equal retirement ages. Perhaps the two Hon Members opposite who were there might inform the House whether that meant reducing pensionable age to 60 or upping it for women to 61, 62, 63 or 64. I do not know, because all I have been able to get hold of is the motion but I do not know what was behind that. But in the days when I was Minister for Labour - and I will give way in a moment to invite Hon Members if they have the information to provide it - in the days when I was Minister for Labour and I used to follow these matters very carefully, I am aware of the fact that both, forget about the Conservative Party, but even the Labour Party could not realistically foresee the lowering of pensionable age to 60 as being a distinct proposition for decades to come, the country just could not afford to do that and if that is the position in which they are in, that they are perhaps having to think of a common retirement age at 63, say, for everybody, in other words, take away from women what they now enjoy which in my view is a retrograde step, if that is the position in which the United Kingdom is in, what is the position in Gibraltar, how will we look to them if on the one hand we are saying: "We are not going to pay a penny towards the cost of the Spanish pensioners, you pay", but we have a level of benefits as high as the United Kingdom in real terms

much better because our pensions are tax free and there is no country in the EEC, let me tell Hon Members opposite, which has got pensions tax free and contributions counting for tax relief, that does not happen anywhere, only in Gibraltar. You either have one or the other; either the contributions do not gain you tax relief and you get the pension tax free or, what is more common, is that the contribution counts towards tax relief but the pensions are taxable. Here we have in this motion a proposal to have a level of Old Age Pension for a married couple of £60.90. What is that worth in real terms? At least 30% more, at least £80 that is worth in real terms, depending on other income which a couple aged over 65 might have. So already we enjoy in many respects a social security system far better than the United Kingdom has. I remember Mrs Judith Hart when she was here in 1978, a well known left-wing socialist, not from the right wing of the Labour Party, from the left of the Labour Party, asking us for details; how did we manage to have the level of pensions that we did for the very low contribution that we are paying here because the contributions in the United Kingdom are more than double what they are here. How did we manage to do it? Well, we have managed to do it and the Fund has been able to grow reasonably over the years. I do not know whether it is worth in real terms today as much as it was worth in 1970 to 1972, it would be interesting to do an exercise, but it has been growing and we have been able to finance the level of benefits by drawing from investment income for many years and not have to increase contributions as much as would otherwise have been the case. I am not defining a definite policy here this morning. Our policy is that pensions at 60 are desirable, yes, and I think we should work towards that over a period of time, I would imagine, I think they are desirable, but what I am doing is bringing a number of considerations for Hon Members opposite because the matter is not as simplistic as the Hon Mr Mor has made it, nor is it entirely coloured by political overtones as the Hon Leader of the Opposition has done, there are many other facets of the matter which have got to be looked into. I shall give way to the Hon Leader of the Opposition.

HON J BOSSANO:

Mr Speaker, if he is going to move towards it, shouldn't there be some indication at some stage when the move is starting?

HON A J CANEPA:

But, surely, not this year for some of the reasons that I am indicating.

HON J BOSSANO:

Not this year.

HON A J CANEPA:

I also give way to see whether Hon Members have any information about equal retirement age as Labour Party policy.

HON J E PILCHER:

No, we don't, perhaps we weren't even there when this was discussed. Following the point that the Hon Member is making that it is a question of time, the Transport and General Workers' Union have been putting in petitions to the Government since 1977.

HON A J CANEPA:

The Transport and General Workers' Union wrote a letter to me in 1974 which I think Mr Michael Feetham signed. It is the easiest thing in the world to write a letter to the Government and say: "Please, can we have pensions at 60?" That is all that they did. I think, if they look through the files, the letter will probably still be found in the offices of the Department, that does not mean that they have mounted a campaign, that does not mean that they have made considered proposals, it is the easiest thing in the world. What does that mean, to write a letter asking that pensionable age should be reduced to 60? What is the import, what is the value of that? And even now all that they do is a public exercise asking the Government to reduce pensionable age to 60. What sort of detailed analysis have the TGWU done for the problem? Have they made any suggestions as to how the cost can be funded? Do they believe that there is a real cost to it or do they think that the Government is pulling the wool over people's eyes? I would invite them to go into the matter in great depth, it would be very interesting to see what they come up with. That is all that the TGWU have done and that anybody can do and that is why, as I say, I have serious doubts about the validity of a petition on this basis. Thank you, Mr Speaker.

MR SPEAKER:

Are there any other contributors?

HON J E PILCHER:

I think only, Mr Speaker, to highlight the point that I was making because the Hon and Learned Chief Minister did mention that he had only received the petition three weeks' ago and therefore what he was saying was that this petition would be looked at by the Government but he had not had enough time between then and now to come up with specific proposals.

HON CHIEF MINISTER:

If the Hon Member will give way. I did not mean that. What I said was that despite the fact that it was our aim and so on, that you cannot lightly dismiss a petition with 8,000 signatures and therefore we would be looking at it. That is all I said, I did not say we would be framing proposals, the only point is that a petition with 8,000 signatures requires a review of the matter on which we had already made our point of view known. It required a review of the matter and a review of the matter is on the lines that the Minister has now given you more details and that is a process that even if we carried it out and was beneficial could never have been ready for this meeting, perhaps not for the next meeting or the other meeting, it is a long process. That is all I said, I did not say: "You came too late we cannot have it at this meeting, we are having it at the next meeting". What I said was that they thought the matter was so simple as far as they were concerned that they thought it could be brought at this meeting.

HON J E PILCHER:

If I understand correctly what the Hon and Learned Chief Minister is saying is that if they have time to look at it and given the different situations that the Hon Mr Canepa has mentioned, if they can keep the level of people over 60 as they have done in the past since 1976 towards a lower level than that which was envisaged, if they can keep the level low and there are only 50 or 60 people involved, then it will not be a political problem for the Government and it does not really matter whether there are 50 or 60 people who are not getting enough money after 60 to be able to live. If the problem is such that there are 500 people, which creates a political problem for the Government, then they would review the situation. This is the only thing that the Gibraltar Government is looking at.

MR SPEAKER:

I will then call on the Mover to reply.

HON DR R G VALARINO:

Thank you, Mr Speaker. I thank the Hon Mr Mor and the Opposition for their support of this motion. I reiterate once again the fact that the Labour Party when in office in the UK for many years were never able to introduce pensions at 60. A point also raised by Mr Mor. A certain person on that television programme on this matter stated that he had been told that an increase of £3.20-odd per week would be able to pay for retirement at 60. I don't know where the figure came from but in any case this would not solve the problem alone. There would have to be legislation prohibiting those who got early pensions from taking up employment again and depriving younger people from jobs, these are the

realities which have to be faced. I deliberately avoided the mention of the reduction of pensions. One of the reasons which prompted the petition by the TGWU on this subject was the fear of the effect of redundancy of the Service Departments of the over 60's. Present indications are that the effects will not be as widespread as had been originally anticipated. In any event the Government's reaction to the original representation made on this aspect of the matter was that it would be necessary to assess to what extent and in which cases hardship would be caused to those over 60 made redundant. Finally, Mr Speaker, if one cares to compare pensions in Gibraltar with those in the United Kingdom, in Gibraltar the pension is tax free, this in UK can be grossed up to £86 per week which is 60% more than old age pensioners are getting at the moment and this is on a basic contribution of £12,250. Also in the UK the rate at which they have to pay stamps is only £7 a week so that is £3.50 after relief which in the United Kingdom is £17 a week. This shows, in fact, that the Gibraltar system is far more beneficial to the old age pensioners. I commend the motion to the House, Sir.

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

HON DR R G VALARINO:

Sir, I beg leave in view of the long wording of the motion standing in my name that it be taken as read.

MR SPEAKER:

I think it will.

HON DR R G VALARINO:

Sir, following on the previous motion, I am now moving this one which is intended to increase benefits under the Employment Injuries Insurance Ordinance by about 5% in January, 1985, in line with increase in benefits under the Social Insurance Ordinance. Injury Benefits for a man with a dependant wife goes up from £43.75 to £45.85 per week, with additions for children; gratuity on death due to an industrial accident from £9,900 to £10,400 and likewise for a 100% disability (or a weekly pension of £36.75 instead of £35). The weekly contributions under this Ordinance have not been increased since 1981 and currently stand at 16p (8p each from the employer and employee). Expenditure on benefits has, however, increased by 49% and it is accordingly proposed to increase contributions for 1985 by 25%, ie a 2p increase for each employer and employee. Sir, I commend the motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Hon Dr R G Valarino.

HON J BOSSANO:

Mr Speaker, last year I raised at this stage the inexplicable differences between the Benefits under one Ordinance and the other and I think the Government cannot complain about our criticism because here we have got an example of something where a year later it is obvious that the arguments which were put last year which were accepted as valid have had absolutely no effect. We have a situation where we are increasing benefits, presumably by a percentage which is the same sort of percentage that other benefits are being increased. I would like the Minister who is defending the motion to explain why it is that if a person is unable to work due to industrial injury, then that person gets £36.75 and £9.10 in respect of a dependent adult which would be his wife, yet if he is unemployed he gets £30 and £15 for the wife; for each child unemployed he gets £6 but in the case of industrial injury it is £4.90 for the first child and £3.15 for the second and subsequent. I said last year that quite probably the explanation was very simple, that nobody had bothered to look at it and that it was a historical accident that the benefits had been fixed historically at a certain level, that there had been percentage increases to those levels year after year and that nobody had really given any thought to the adequacy of the level. I pointed it out and I said I would not be moving any amendments, the Government said that it was a valid point and that certainly they would look at that and here we are a year later and they obviously have not done anything about it for the last twelve months because all that they have done this year is what they did last year and what they did every previous year which is simply to come along with percentage increases without asking themselves the question that I am asking them and which they seem to be incapable of answering. Can the Minister explain why he considers, why his Government considers that a person that is unemployed needs £6 increase in benefit for every child but a person that is unable to work due to industrial injury does not need £6, he only needs £4.90 for the first one and £3.15 for the second dependent child and I think, equally, the other benefits. There seems to be no rationale. I also think it is important to give consideration to an anomaly that appears to exist in the way the Government as an employer deals with the situation which we believe to be an illegal action on the part of the Government in depriving employees of their benefits, that is, the Government has got an administrative arrangement with the Labour Department as a result of which the Labour Department pays the industrial injury benefit to the employer and not to the beneficiary. We understand that the law requires them to pay the individual who is suffering from industrial injury but the individuals that have been in a situation of insisting on having the benefit paid have been refused on the grounds that there is an arrangement with the employing department. The reason why this matter has come to a head within the Government employment is because the employees feel that since under their entitlement to sick pay the amount of injury pay is deducted from their wages, when they go on half-pay it should not be

deducted from their half-pay, that is, we have a situation where, for example, it is one thing for somebody who is injured and is getting, say, £80 a week working, it is reasonable to say he should not get the £36 on top of the £80 otherwise it would be an incentive not to get better, fair enough, and therefore the £36 is offset against the £80, but when he goes on half-pay and he is getting £40 a week and the £36.75 is offset against the £40 then the man is only getting from the employer £3.25 and not half-pay and therefore what the employees have said in those circumstances is: "Well, I will then insist on the Labour Department paying me the £36.75 and let the employer try and recover the £36.75 from me out of the £40 that they are paying and let us have a test case". But they have been unable to pursue their rights under this Ordinance because in fact the Department has said: "There is an administrative arrangement and we refuse to give you your money", and I think that is something that is pertinent to bring to the attention of the Government since we are looking at amending the Ordinance and if it is not clear then we would expect the Government to correct the situation or else to defend the position politically in the House.

MR SPEAKER:

Are there any other contributors? Then I will call on the Mover to reply.

HON DR R G VALARINO:

Thank you, Mr Speaker. I welcome the Hon Member's comments. I am afraid he was somewhat misled when he said that he was present at the last House when this was debated. There is no record in Hansard of his having said anything on the motion and he can look at the Hansard for himself. If I remember rightly, this was the time when a ship was on fire and he as a member of the Trade Union Movement had to leave in a hurry and go out and try to rescue various people but there is nothing in the Hansard about his contribution to that effect. He was entirely wrong when he said he had made a contribution because if he had made a contribution last year we would have taken it into account this year but he did not make a contribution he was too busy otherwise engaged.

HON J BOSSANO:

Not in my practice.

HON DR R G VALARINO:

With regard to the point raised by the Hon Leader of the Opposition now that he has brought it up I shall look into it and I shall take it into consideration when the matter comes up next time.

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

HON DR R G VALARINO:

Mr Speaker, I beg leave in view of the long wording of the motion standing in my name that it be taken as read.

MR SPEAKER:

I think leave is granted and you can proceed with the motion.

HON DR R G VALARINO:

Sir, this is the third and last motion in the annual series and deals with Retirement Pension and Unemployment Benefit. Retirement Pension, the cost of which is met from the Consolidated Fund, is a transitional benefit dating from the time of the introduction of Old Age Pension in 1955. There are now only 41 pensions in payment and no new cases have arisen for the past four years. It is considered that the relevant legislative provisions have outlived their usefulness and at a subsequent meeting of the House it is proposed to introduce legislation to revoke those provisions. The rights of present beneficiaries and any other rights which may be acquired by other persons in the future will be safeguarded by an administrative arrangement whereby they will be brought into a special category under the Supplementary Benefits Scheme and paid out of the provisions of that Scheme, the cost of which is also met from the Consolidated Fund. Meanwhile, and pending the preparation of the draft amending legislation, the Order proposes increases in Retirement Pensions under current legislation of the same order as other Social Security increases, i.e. 5%. Pensions will be increased by £1.60 a week (from £31 to £32.60) and £2.40 (from £46.60 to £49) in the case of a married couple. In the case of Unemployment Benefit, it is also proposed to increase the basic weekly rate by about 5%, from £28.50 to £30 a week, with increases of £15 for wife and £6 for children. Persons who qualify for the Benefit but who have not been either ordinarily resident or insured in Gibraltar for at least two years since July, 1970, receive much lower rates, and these are also being increased proportionately. Sir, I commend the motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Hon Dr R G Valarino.

HON R MOR:

Mr Speaker, I have a short contribution to make on this motion and I hope I do not incur the displeasure of the Hon and Learned Chief Minister this time.

HON CHIEF MINISTER:

You can say what you like.

HON R MOR:

The observation I am referring to, Mr Speaker, is of great concern to the Opposition. We notice that there is no indication in the Government motion to bring unemployment benefits and conditions up to a more realistic level. Mr Speaker, unemployment is a monster which is rearing its ugly head in this city of ours and it seems to be settling down for a long stay. Our figures of unemployment are at present alarming and the MOD Dockyard has not closed down yet. The figure of nearly 600 people unemployed suggests that the whole problem of unemployment needs raising in a new context. There is a need, Mr Speaker, to act now to take preventive action to ensure the welfare of our unemployed. The system we have had up to now has served us well because we have never really had serious problems of unemployment. The Government needs to provide a new system which will ensure that those unemployed may be able to keep their pride and dignity without ever having to feel the need to either beg, steal or borrow. Regretfully, Mr Speaker, in this motion there is no indication that steps are being taken in that direction. As I said at the beginning, I will support the motion with the reservations I have made.

MR SPEAKER:

Are there any other contributors?

HON J BOSSANO:

I think, Mr Speaker, the simple application of a 5% increase to the level of unemployment benefit is insufficient and I think what we would like to have an indication from the Minister is what he proposes to do about supplementary benefits. If I can just dispose of one item and that is his reference to retirement pensions which rather puzzled me. If he has said that legislation is going to be brought at a subsequent meeting of this House, presumably he is referring to a meeting between now and the end of the year as a result of which retirement pensions are being abolished and a different way of paying the beneficiaries which protects their rights is being introduced and we shall have to look at that when it is brought to the House, can he explain to me what is the point of increasing the benefit now from the beginning of January when, in fact, it will not exist in the beginning of January because that baffles me and I will give way if he can explain.

HON DR R G VALARINO:

Mr Speaker, Sir, I do not know what the Hon Member is getting at. I did mention that subsequent legislation will be needed to bring to the House at a subsequent meeting to go away with the way this is done and to bring it out from the Consolidated Fund. The EPP Regulations will also need legislation in the future so that we are able to process them in another manner and form and they go hand in hand.

HON J BOSSANO:

I am afraid the Hon Member has failed to grasp the question. What I am asking is, if it is the Government's intention to abolish retirement pensions at the beginning of January, 1985, then why are we increasing them at the beginning of January, 1985, when they will not exist on that date? It seems to me that if they were going to abolish it next month then all they had to do was to leave them as they are and then next month abolish them but we are voting to increase the pensions in January, 1985, in the knowledge that they will not exist then.

HON DR R G VALARINO:

Mr Speaker, I now get the Hon Member's point. This is really so that he has got an advantage of seeing the level at which we shall put these pensions on the 1st January, 1985, once we abolish the present Regulations and we introduce the other method of paying the pension. This will be the level on the 1st January, 1985, and at the subsequent meeting of the House we will change the basis of the supplementary benefits scheme, how the pensions will be paid. This is the level at which on the 1st January they will be paid out of the Consolidated Fund.

HON J BOSSANO:

Well, Mr Speaker, I am afraid it still does not explain why the Government is doing it because, in fact, all he had to do was to say that he was not increasing retirement pensions because they would not be existing in January but when they were they would be dealt with on the basis of the current rates plus 5% and we would not have needed to vote on something which we are voting in the knowledge that we are providing a benefit that is not going to be there when it comes into effect. I wanted an explanation because it seemed to me an odd thing to ask the House to vote for something and to inform the House at the same time that before the wishes of the House can be given effect, another Bill is going to be brought along to abolish it, that seems a peculiar way of legislating.

HON DR R G VALARINO:

If I may, Mr Speaker, this is really in order to get the administrative arrangements going.

MR SPEAKER:

Fair enough. Have you finished your contribution?

HON DR R G VALARINO:

Yes, thank you, Sir.

HON J BOSSANO:

No, Mr Speaker, he has interrupted me, he has not finished his contribution, he has not made it yet, I am still speaking.

MR SPEAKER:

With respect, I invited him to reply, he gave way to you.

HON DR R G VALARINO:

I gave way to you.

HON J BOSSANO:

No, Mr Speaker, I was speaking and I said if he could clear that point for me I would be willing to give way to him.

MR SPEAKER:

With respect, I have no doubt whatsoever, the Hansard will show. Perhaps you were not aware of the fact or it went by, I was very careful, he stood up, I said: "No, just a second. Are there any other contributors?" No one stood up and then I invited the Mover to reply. In fairness to the Hon Leader of the Opposition if the Hon Minister wishes to give way to enable him to say whatever he has to say, that is another matter.

HON DR R G VALARINO:

You are perfectly right but it is an honour to give way to the Hon Gentleman.

HON J BOSSANO:

I am sorry for the confusion, Mr Speaker. Coming to the point that I wanted to make in relation to unemployment benefit and the level of unemployment benefit. We consider that £30 for a single person and £45 for a married couple is an inadequate

level and what I was going to ask the Government to say in this context was what are they proposing to do about supplementary benefits because I think if we look at the nature of our Social Security system and I think it is relevant to what the Minister for Economic Development said in the other motion about how we had been able to finance the level of pensions that we pay with the level of contributions that we have. Well, I think the answer is not a mystery, it isn't because we have discovered some way of making £2 out of £1, it is because in fact Old Age Pensions account for the bulk of the expenditure from the Social Insurance Fund and there are other benefits provided for by the UK insurance like statutory sick pay now or sickness benefit before which take up a very substantial amount of money which we don't pay and because the unemployment benefits in UK and in most other places in Western Europe is payable for longer than thirteen weeks. I think the system that we have had in Gibraltar has worked well until recently because until recently the kind of unemployment that we experienced in Gibraltar was what is generally described as transitional unemployment where people were in between jobs for relatively short periods of time and therefore thirteen weeks was, in fact, a very

MR SPEAKER:

Do you intend to speak at some length on this?

HON J BOSSANO:

Only a couple of minutes but if it is 12 o'clock, Mr Speaker, I am prepared to stop in solidarity with the workforce.

MR SPEAKER:

No, it is perfectly in order.

HON J BOSSANO:

Mr Speaker, let me just say that we would like a response from the Government on this question because the point is that to some extent the short term unemployment benefit which is the thirteen weeks, one can argue that even if £45 is not very much money for a married couple it is within three months of losing one's job and people probably have got something to fall back on but we are now experiencing in Gibraltar a situation where there are people, I am sure the Minister can find out from his Department, who have been out of work for a year and a year and a half. Those people after thirteen weeks rely entirely on supplementary benefits which is generally at a lower level even than unemployment benefit and we think that if the unemployment benefit is going to be kept at the existing level which was sufficient in the situation of the early 1980/81 when we had 150 people out of work, then the Government has got to give a commitment that something much more substantial is going to be done to improve supplementary benefits to compensate for the longer term unemployed.

HON DR R G VALARINO:

Mr Speaker, Sir, let me reassure the Hon Leader of the Opposition that the review of supplementary benefits has not yet been completed and the Hon Mr Bossano's point will be taken into account. I must disagree with him in one respect. I have noticed cases where supplementary benefits, in fact, are higher than unemployment benefits because it really depends on the number of dependents. As to the thirteen weeks of unemployment benefit these will remain at thirteen weeks. We want to get as many people from Gibraltar employed and we certainly do not want to keep people on the dole for an indefinite period of time, Sir.

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

The House recessed at 12 Noon.

The House resumed at 2.50 pm.

HON A J CANEPA:

Mr Speaker, in the course of supplementaries arising from Question No. 166, the Hon Mr Michael Feetham asked about the apportionment of costs on the Viaduct Causeway Project. Based on the latest figures available, the apportionment is the following: The Government will meet 69.31% of the cost and the PSA will meet 30.69% of the cost. In addition to that, Shell are making a contribution of £30,000 towards the cost of re-routing their own pipeline.

MR SPEAKER:

I understand that the Hon the Leader of the Opposition has something to say by way of personal explanation.

HON J BOSSANO:

Yes, Mr Speaker, I would like to say something by way of a personal explanation to put the record straight for Hansard with reference to what the Minister for Labour said regarding my having previously brought to the notice of the Government the inconsistency in the benefits payable under the different Ordinances which we have amended earlier on today by way of motion. The Minister said that I had not said this last year because in fact I was not present last year, and he is quite correct but he refused to give way to allow me to point out that when I did say it was in the preceding year, in October, 1982, and what I said in October, 1982, is almost identical, word for word to what I said this year. I said that if there is a logical answer I would like to know what it is. We find that the actual benefit £33.25 paid to a person who is single is higher than the level of unemployment benefit

comparing the benefit that was then payable under Industrial Injury and the benefit under Pensions and Unemployment Benefit and the discrepancy for the adult dependent and for the children which at that time was of the same order but the amounts then were £5.40 in the case of the Social Insurance Benefit for Pensions and Unemployment Benefits and £4.27 for the first child and £2.80 for subsequent children in the case of Employment Injury. It seems, Mr Speaker, that although at the time the Government said they would look at it two years' ago, since I was not here last year to remind them, because as the Hon Member says there were some seamen with problems who required my assistance, nothing has been done and now he has promised to do it by next year by which time it will have been three years since I first brought it to their attention.

HON A J CANEPA:

May I say this, Mr Speaker, because two years' ago I was acting for the Hon Major Frank Dellipiani who was away from Gibraltar and it was I, I think, who presented the motions. I found myself in the rather awkward position of having to present motions, of having a number of points raised by Mr Bossano and also, I remember, by Mr Andrew Haynes, of which I made note of, naturally, and referred them to Major Dellipiani and to the Director of Labour and Social Security. I recall distinctly that some of the matters that were raised, particularly certain anomalies that were raised, were incorporated into the legislation last year. Obviously, the question of the difference between the level of benefits with regard to injury pay and unemployment benefit was not incorporated but most of the other matters, as far as I can recall, were acted on last year. At the time, two years' ago, it was not clear why there was this discrepancy in the level of benefit, what is the reason behind it, and one can only think of one factor and that is that unemployment benefit is only payable for thirteen weeks whereas injury benefits may be payable for an unlimited period of time, there is no such limitation placed on it.

HON J BOSSANO:

I understand it is twenty-six weeks, Mr Speaker.

HON A J CANEPA:

What, Injury Benefit, expires after twenty-six weeks? Well, there you are, what I was saying yesterday, I am not omniscient, I have just learned something that I did not know in all the years I was there.

MR SPEAKER:

We will go on to Bills.

BILLS

FIRST AND SECOND READINGS

THE MERCHANT SHIPPING (AMENDMENT) ORDINANCE, 1984

HON A J CANEPA:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to amend the Merchant Shipping Ordinance (Chapter 106) be read a first time.

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

SECOND READING

HON A J CANEPA:

Mr Speaker, I have the honour to move that the Bill be now read a second time. Mr Speaker, on the 23rd August this year, Legal Notice No. 72 was published in the Gazette applying to Gibraltar the provisions of the Merchant Shipping (Distress Signals and Prevention of Collisions) (Overseas Territories) Order, 1982. This Order applied to vessels registered in Gibraltar wherever they may be and to other vessels when they are within Gibraltar or in our territorial waters. This Order, however, does not apply to either to hovercrafts or to seaplanes and whilst the latter are not in vogue these days, the former are very much so. In fact, from time to time enquiries are received from people who express an interest in operating hovercraft from Gibraltar. Because this point could arise, it is possible that a hovercraft service might be introduced in Gibraltar some time in the future, it is considered important by the Government that the provisions of the Order should be extended to hovercraft and, incidentally, to seaplanes just in case.

MR SPEAKER:

As a question of interest and nothing else, it has just occurred to me, does it apply to hydrofoils?

HON A J CANEPA:

Hydrofoils are vessels, they are already covered under the heading of vessels.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

Mr Speaker, I wonder whether you will allow me to say something which is not really strictly limited to this field about the question of the Third Reading and Committee Stages of all the Bills which are down for this meeting of the House. I think it is a point that has been made previously in the House by the previous Opposition and I think it is a valid one and it is particularly relevant when we have a situation where we have met in June and we have not had a meeting since this and we find that we have a number of Bills some of which we have only had seven days notice of. We believe, as the previous Opposition did, that it is preferable to have the First and Second Readings in one House and the Third Reading and Committee Stage at a subsequent meeting in order to enable us to do a more thorough job of establishing what our own policy reaction should be to the Government proposals unless there are strong compelling reasons why a measure needs to go through, for example, it might be true of the Elderly Persons Pension that the thing needs to be done quickly in order to have the thing in operation by the beginning of January. It is obviously equally valid about the Supplementary Appropriation since these are sums of money which require to be spent and for which the authority of the House is required. But, in particular, for example, two of the Bills, one being the Trade Licensing Ordinance, which appears to involve the application of a new principle to the way the Trade Licensing Ordinance is going to apply, and the other one is the amendment proposed by the Government on the Income Tax Ordinance, which as far as their proposal is concerned, just involves a re-definition of Clause 221A but that which we propose to suggest something more radical and we think more effective in terms of home ownership, which we would like them to consider and which we think they may have difficulty in considering in one meeting of the House but which I would like to explain when we come to the general principles of that particular Bill and ask them to defer taking the Committee Stage until they have given thought to the matter. What I would ask the Government is that they should consider deferring those two Bills to a subsequent meeting to give us a chance to come up with our own policy reactions either for or against them.

HON CHIEF MINISTER:

Mr Speaker, according to the rules if we took them tomorrow we would be within the law but it is not that that we want, we want to give an opportunity to the Opposition to have a say. It looked to me that most of the Bills were purely short amendments to already existing legislation which did not carry great principle except one which I will refer to later. Certainly, except for those that are important, we do not insist that they be taken at this meeting. I am grateful for the helpful attitude in respect of the Appropriation Bill. On the Income Tax Bill if there is something new that they have to think about, I do not think there is any problem about it.

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

HON A J CANEPA:

Mr Speaker, I beg to give notice that the Committee Stage and Third Reading of this Bill be taken when the House resumes on the 19th November.

THE TRADE LICENSING (AMENDMENT) ORDINANCE, 1984

HON A J CANEPA:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to amend the Trade Licensing Ordinance, 1978 (No. 35 of 1978) be read a first time.

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

SECOND READING

HON A J CANEPA:

Mr Speaker, I have the honour to move that the Bill be now read a second time. I am sure that Hon Members are aware of the difficulties that have led to the flea market not being yet operational and the main difficulty is that under the present legislation, people wishing to put up stalls in such a flea market would require a trade licence. At a meeting which was held some weeks ago by representatives of the Government, namely, the Chief Environmental Health Officer, my Hon Colleague the Minister for Health and Housing and myself, you will recall that we made it clear to interested parties that a trade licence was required and in fact we were told that it was no problem because the majority of people wishing to put up stalls already held trade licences. Apparently, that is not the case and the majority do not hold trade licences and, therefore, under the present legislation they would require to apply. This could be a lengthy drawn-out process because it might entail applications from 50, 70, up to 100 individuals which the Trade Licensing Committee, even if they were to be approved without much difficulty, would require a considerable amount of time to process. Notice has to be given, objections have to be heard and it could be months before these are processed. The trade, through the Chamber of Commerce, have in consultation with the Street Traders' Association which has been newly formed, agreed to a formula limiting the range of goods that would be sold in such a street market. The range of goods would be pre-1945, antiques, and goods emanating from what are termed cottage industries within Gibraltar. On the basis of that, the Chamber of Commerce have no objection to such a street market going ahead. My own view is that it is not desirable

that people wishing to sell that limited range in the peculiar circumstances of a street market where a stall is put up once a week, should need to go through the process and should require a trade licence. It does, however, raise the principle of double licences which at the moment occurs in respect of licences that have to be obtained for various Ordinances quite apart from under the Trade Licensing Ordinance. The intention is that the street market would operate, as I say, once a week, and that it should be set up behind the City Hall, in what I understand is called Sir Herbert Miles Promenade; more popularly known as "El Buleva" - and I defy Hansard to spell that one, Mr Speaker - and the reasoning being that it is central, it is near the centre of the city, access for stall holders is convenient from Reclamation Road below, there should be no traffic congestion, and it is in a central part of town where it would add a bit of life and colour to the centre of our city. It is the view of the Government where in such a case, if a person obtains a licence from the Chief Environmental Health Officer in his capacity as Superintendent of Markets, and I want to make clear that the Government will not run the flea market, it will be controlled by the Government but the Government will not run it. The Street Traders' Association will be responsible of clearing the place up, putting the stalls, taking them away and ensuring that the area which is used is restored to its former state of cleanliness. We do not want to see a mess around and we do not think that the Government should be involved because it is going to be one morning in the actual running of that. As I was saying, we do not think that it should be necessary for persons wishing to trade in this casual manner to need a licence and so what we are proposing in the Bill before the House and what is the main object behind the Bill, is that obtaining a licence under the Street Peddlars and Street Traders Ordinance should suffice for people to be able to put up their stalls. At the same time we are taking the opportunity of extending the principle to two other Ordinances, namely, the Petroleum Ordinance and the Firearms Ordinance. Under present legislation, a person wishing to trade in firearms requires a licence under the Firearms Ordinance and under the Trade Licensing Ordinance. A person wishing to supply petroleum, petrol and related products, also requires a licence under the Petroleum Ordinance and under the Trade Licensing Ordinance and because there are serious difficulties it is not easy to get a licence under the Firearms Ordinance, it is not easy to get a licence under the Petroleum Ordinance. In the former case for reasons of security it is a difficult business to get a licence, in the latter case, that was the Petroleum Ordinance, because there are many safeguards that have to be kept with regard to fire hazards, storage and so on, so it is already difficult and we do not think that it should be necessary for people to have additionally to get a trade licence to be able to trade in these matters. These are the principles and the reasons behind the proposed legislation, Mr Speaker, and I commend the Bill to the House. May I say that the reason why we would like to take this through all stages at this meeting is to give an opportunity if it can so be arranged, for the street market to get off the ground before winter really sets in to see what kind of response there is.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

Mr Speaker, the objection that we have got to taking the Bill in all its stages at this House is, in fact, not related to the Market, Street Traders and Peddlars Ordinance which is the main purpose of the Bill. The point is that the Bill appears to be doing something else, additionally, which the Hon Member has mentioned, the Firearms Ordinance and the Petroleum Ordinance, but there is also in the next section when it says that persons who have got licences under the provisions of the Licensing and Fees Ordinance do not require a licence under this Ordinance if they are authorised to sell goods and that is in respect of a tavern licence, hotel licence, beer shop licence, club licence and then we have got another section that appears to say the contrary, that, presumably, if he is licenced under the Licensing and Fees Ordinance for something else, he is required to have a licence. We cannot honestly, Mr Speaker, vote in favour or for that matter against, because we have not had a chance to work out the implications of these changes. This is really our problem. I mean, if it was just a question that the Government was making

HON A J CANEPA:

If the Hon Member will give way. Under Clause 2, Sub-clauses 5, 6 and 7, the ensuing sub-clauses are just a reproduction of the law, as I understand it as it exists at the moment. We are not introducing anything new. We are just repeating what is already there which I think is just for the sake of tidiness, that is why I did not make any reference to these matters in my speech moving the Second Reading of the Bill because it is a reproduction of something which already exists.

HON J BOSSANO:

Well, it does not look like that, Mr Speaker. I accept the Hon Member's word that that is what they are proposing to do. If the Hon Member had brought, quite simply, a Bill that just added to the existing legislation Markets, Street Traders and Peddlars Ordinance - period, and everything else was unchanged, then there would have been no problem. I accept what the Hon Member is telling me that it is not their intention to change anything and that may well be the case, but we have not had a chance to compare what is proposed with what there is now and to satisfy ourselves that there are no changes and, therefore, since we believe that before we cast our vote we have to know what it is we are voting for, quite frankly, and we are not experts in law, perhaps it takes us a bit longer to work it out than somebody who has got legal training, we find ourselves that we are very reluctant, Mr Speaker, to vote for

things that we do not understand what the implications of them are because I think, quite legitimately, for example, if for the sake of omission it had an effect on somebody that was unintended, we would share part of that responsibility.

HON ATTORNEY-GENERAL:

If I can assist on this. If I were to read, Mr Speaker, the present subsection (4) and the Hon Leader of the Opposition could compare the Bill, he will see that it is identical. I am going to read from the present Ordinance subsection (4) of section 3 of the Ordinance. "Notwithstanding anything contained in subsection 6, any person who has been issued with any of the following licences under the provisions of the Licensing and Fees Ordinance, shall not require a licence under the provisions of this Ordinance to sell the goods authorised to be sold by such licence; (1) Tavern Licence; (2) Motel Licence; (3) Beer Shop Licence; (4) Club Licence; (5) Club (Temporary Premises) Licence; (6) Canteen Licence". With regard to sub-clause 6, I read from sub-clause 5 of the present Ordinance: "Without prejudice to the provisions of subsection (4) but subject to the provisions of subsection (6), no person who has been issued with a licence (which expression for the purpose of this subsection includes any registration which authorises the sale of any goods), under any enactment specified in the Third Schedule shall be entitled to sell any goods under such licence unless he is the holder of a licence under this Ordinance". And the Third Schedule, Mr Speaker, contains the following: "Firearms Ordinance (Cap 60); Licensing and Fees Ordinance (Cap 90); Market, Street Traders and Peddlars Ordinance (Cap 98); Petroleum Ordinance (Cap 124); Wireless Telegraphy Ordinance (Cap 162); Medical and Health Ordinance (No 5 of 1973)". It is all consequential. The present sub-clause (7), Mr Speaker, has only been slightly changed and reads as sub-clause (6) of the present Ordinance: "Any person who on the 4th day of May, 1978, was registered as (a) firearms dealer under the provisions of the Firearms Ordinance; (b) was licensed as a baker under the provisions of the Licensing and Fees Ordinance; (c) was the holder of any of the following licences under the provisions of the Licensing and Fees Ordinance - (1) Manufacturers' Licence; (2) Wholesale Wine Merchant Licence; (3) Full Wine Merchant Licence; (4) Beer Merchant Licence; (5) Grocers' Wine Licence; (6) Travellers' Wine Licence - (d) was licensed to sell under the provisions of the Licensing and Fees Ordinances; (e) was licensed as a Street Trader or Peddler under the provisions of the Market, Street Traders and Peddlars Ordinance; (g) was licensed to sell or deal in wireless apparatus under the provisions of the Wireless Telegraphy Ordinance; (h) was selling medicinal products from a pharmacy registered under the provisions of the Medical and Health Ordinance, 1973, shall be entitled to a licence under this Ordinance upon application to the Licensing Authority to sell such goods as he was authorised to sell on the 4th of May, 1978, and the fee payable on the first issue of the licence shall not be payable on the issue of the licence under the provisions of this subsection for the

year ending the 31st September, 1978". What I did there was that I took the three Ordinances that we have taken out for double licences and removed that from that one. And (8) is the same as (7). "Any person who pays any fee in respect of a licence issued under subsection (5), who is refused a licence under this Ordinance, shall be entitled to a refund of such fee". And (9) is the old (8). "Any person who contravenes the provisions of this section shall be guilty of an offence". Clause 3 of the Bill repeals the Third Schedule. Virtually, it is the same.

HON CHIEF MINISTER:

Presentationally it has been altered but substantially it is for the three things that have been mentioned.

HON J E PILCHER:

Mr Speaker, on a point of clarification. I am not a legal expert but referring to the Market, Street Traders and Peddlars Ordinance (Chapter 98). Does that specific Ordinance say that nobody can sell in the streets unless it is pre-1945 or a cottage industry?

HON A J CANEPA:

If the Hon Member will give way. This will be a condition attached to the licence.

HON CHIEF MINISTER:

Under the Ordinance, conditions can be attached because it covers selling of vegetables in the market and so on.

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

HON A J CANEPA:

I wonder whether Hon Members are now in a position to agree and perhaps the Bill could be taken tomorrow for Committee Stage and Third Reading.

HON J BOSSANO:

We are satisfied.

THE TRAFFIC (AMENDMENT) ORDINANCE, 1984

HON M K FEATHERSTONE:

Sir, I beg to move that a Bill for an Ordinance to amend the Traffic Ordinance (Chapter 154) be read a first time.

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

SECOND READING

HON M K FEATHERSTONE:

Sir, I beg to move that the Bill be read a second time. Sir, the purpose of this Bill is twofold. The first part is a very simple part and that is to put the onus on the Finance Officer to be the licensing authority instead of the Financial and Development Secretary. This is simply an administrative procedure and I do not see any difficulty in it. The second part, Sir, has a little bit of history. The Traffic Ordinance was amended some time last year to allow for two drivers to drive any one taxi and, apparently, this was not fully in accordance with the wishes that the Taxi Association would have liked to see. They wanted a system under which at certain periods of the year they could have two drivers to one taxi and at other periods they should only have either the main driver or the registered owner. The idea of the present Bill, therefore, Sir, is to try and meet the wishes of the Taxi Association under which the Government can allow always that a public service vehicles may be driven either by the registered owner or one named driver, or at certain periods which the Government may prescribe, by the registered owner and the named driver or by two named drivers. When will this specific period apply? It will apply when the Government on being approached by the Taxi Association that there should be two drivers for a taxi, considers it fit and reasonable so to agree but I would warn that in making this agreement, the law must not become either the toy or the tool of the Taxi Association. You cannot switch it on and switch it off as you do a light switch. It has to be put on at a considered period and last for a reasonable period and taken off after that period elapses or continue if it is so deemed a reasonable thing to do. The idea would be then that the Taxi Association would initially consult with myself as the Minister for Traffic. I would consult with the Council of Ministers and if we consider it reasonable we would then promulgate that there should be two drivers for a specific period at the end of which period the agreement would either lapse or would be continued if the Taxi Association had suggested to us that it should continue. It is to be hoped, of course, that with an open frontier most of the time we will be able to see that there are two drivers to a taxi to give a better service to the general public and better emoluments to the actual taxi trade themselves. There is nothing sinister in the Bill in

prescribing two drivers, it is simply that it is to try and see that the best service can be obtained from the limited number of vehicles that are actually on the road. I commend the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J C PEREZ:

Mr Speaker, we on this side of the House welcome the amendment to the Ordinance. May I remind the Hon Member that perhaps if in the last meeting of the House of Assembly in answer to a question from me whether he could commit himself to bring this amending legislation to the House, which he didn't at the time, he would have answered me in the positive, then perhaps a lot of friction in the taxi trade could have been avoided. At the same time let me say that we support the Bill because as I suggested in that question to the Hon Member, we think that legislation affecting, for example, as in this case, taxi drivers, should be discussed with the body representing the drivers and this has been done and we welcome the initiative of the Government and we welcome the fact that they have made it possible that these amendments are ready for this meeting of the House. I would nonetheless ask the Hon Member to clarify for me that the whole of the Traffic Ordinance is going to be reviewed and whether this review is still going to be carried out notwithstanding the amendment and whether when this is done all representative groups that are affected will be consulted in the same manner as the Gibraltar Taxi Association has been consulted on this matter. As I already said before we support the Bill.

HON M K FEATHERSTONE:

Sir, I thank the Hon Mr Perez for his remarks. The intention is to make a comprehensive review of the Traffic Ordinance in due course. It will take some reasonable time before it actually comes to fruition and we shall be pleased to consult with as many bodies as are available in so doing.

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

HON M K FEATHERSTONE:

Sir, we have a number of amendments to the Bill which are being considered by both sides of the House and I therefore suggest that the Committee Stage and Third Reading of the Bill should be taken at a subsequent meeting of the House.

THE PRISON (AMENDMENT) ORDINANCE, 1984

HON J B PEREZ:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Prison Ordinance (Chapter 129) be read a first time.

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

SECOND READING

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, for a number of years the duties and responsibilities of the Superintendent of Prisons have in fact been assumed by one of several senior officers. For example, it was the Commissioner of Police until 1975; the Deputy Director of Labour and Social Security for the years 1975, 1976 and 1979; the Captain of the Port in 1977, and the Director of Postal Services in 1978. From 1980 onwards, the responsibility has, in fact, been assumed by the Head of General Division. The need for a senior officer outside the prison grades to substitute for the Superintendent arose from the fact that successive holders of the post of Principal Officer, that is, the next officer in line, were considered experienced enough to act for Superintendent only in day-to-day routine matters but not to undertake the higher duties which the post entails. Although representations for the creation of a Chief Officer post have been made on a number of occasions in the last five years, it was felt, generally, that the time was not in fact ripe to effect such a move. I am pleased to inform the House, Mr Speaker, that great advancement has been made in the past few years in connection with the training of local staff in the United Kingdom ranging from the Superintendent himself to the latest recruits and it is, Mr Speaker, in recognition of the ever increasing maturity of the present cadre in prison matters, that it has now been possible to give formal approval by the Government, which has the full support of the prison staff, for the creation of this new post of Chief Officer who will, in fact, in future deputise for the Superintendent of Prisons. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

There being no response Mr Speaker then put the question which was resolved in the affirmative and the Bill was read a second time.

HON J B PEREZ:

Sir, I beg to give notice that the Committee Stage and Third Reading be taken at a later stage in the meeting.

This was agreed to.

THE SAVINGS BANK (AMENDMENT) ORDINANCE, 1984

HON G MASCARENHAS:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Savings Bank Ordinance (Chapter 142) be read a first time.

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

SECOND READING

HON G MASCARENHAS:

Sir, I have the honour to move that the Bill be now read a second time. Sir, this is a very simple matter but it is a matter nevertheless that can and does produce hardship in certain quarters. At the present moment, relatives who suffer a death in the family can obtain \$500 from the Savings Bank without having to produce Letters of Administration or Probate. We find that in many circumstances these days a cost of a funeral happens to be more than \$500 and, consequently, we intend to increase this to \$1,000 to eliminate any hardship. Sir, I commend the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

R. MOR:
HON ~~MASCARENHAS~~:

Mr Speaker, this Opposition welcomes wholeheartedly the introduction of this Bill. It is however, inconceivable that a similar Bill should not have been introduced to date with respect to a motion carried unanimously in this House in 1980. The motion in question was moved by my Hon Colleague the Leader of the Opposition and read: "This House considers that the relevant Ordinance should be amended to allow the personal representatives of employees who die in employment, having completed the nomination form, to obtain payment of any money due from their employer automatically without the need to obtain grant of representation". Two years later, Mr Speaker, the Hon Mr Bossano again raised this matter in the House by asking Question No. 167 of 1982, and the question was: "Will Government give a firm commitment that by October this year" -

1982 obviously - "it will enact legislation to enable employers to introduce nomination forms for the payment of sums due to the next of kin without the need for letters of administration?" The Hon the Attorney-General replied to this question - at the time, in 1982 - and this is what he said: "I will ensure that the draft legislation is submitted to Government in time to enable it to take the course of action if it approves the details of the measures. Can I add that I am aware that this is a long outstanding matter and if the Hon Member will leave it with me I will expedite it". I think that this is yet another case of the Government moving expeditiously. The other case as you know is that regarding the part-time pension. Mr Speaker, I feel that for the good name of this House these matters should be proceeded with without undue delay and I would ask the Government to introduce a Bill on this matter as soon as possible.

HON ATTORNEY-GENERAL:

Mr Speaker, the Hon Member may like to know that I have drafted a Bill, but my problem is trying to devise safeguards for a Bill which would apply to the private sector as well as to the public sector. I have got to try and devise a way that if an employee of a shop decides he wants to make a nomination to his next of kin, he gives that to its boss, the shopkeeper. I have got to try and devise some means whereby the shopkeeper would keep that nomination and would act on that nomination in the event of the employee's death. It would be the easiest thing in the world to devise a Bill to apply to the official employers, the Gibraltar Government and the MOD but I just do not know what to do so far as private employers are concerned. How can I ensure that if an employee gives it to the shopkeeper, his employer, that he will act on that nomination? Should that nomination be filed with a central authority? That is the point that is exercising my mind. If it were only official employers it would be no problem, you might have had a Bill for this meeting.

HON CHIEF MINISTER:

I remember that I fully agreed and supported the motion at the time and, indeed, it is still bothering me that people with small sums have got to have legal representation for these matters, it cannot be done alone. I do not know that there are shop employees who have any hope of putting a nomination for anything that they are going to get working in a shop at the end of their lives. If there is going to be further delay on that I would rather proceed on the basis of the official employers.

HON J BOSSANO:

I think, Mr Speaker, that the Hon and Learned Chief Minister is absolutely right given the time that has elapsed already since the thing was originally agreed in principle in the House and given, in fact, the reality of the situation that

in the overwhelming majority of the cases, we are talking about people who have got a gratuity due from official employers rather than, you know, even in the week's wages in the private sector it isn't a widespread practice that people have a week in hand. I think in practical terms the nomination form would only be required for a very, very small proportion of private sector employees because only a very small proportion of private sector employees will have anything to collect. I think if it is a major obstacle, better to go ahead for the official employers and still try and think of extending it later on.

HON CHIEF MINISTER:

We might consult with the bigger private employers such as Shell, Cable and Wireless, Barclays Bank, people like that and cover them.

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

HON G MASCARENHAS:

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

This was agreed to.

THE INCOME TAX (AMENDMENT) (NO. 2) ORDINANCE, 1984

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Income Tax Ordinance (Chapter 76) be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Section 21A of the Income Tax Ordinance provides that any individual who purchases for the first time a house or flat situated in Gibraltar for his own residential occupation and has paid towards such purchase a sum of money as a deposit, should be entitled to claim as a deduction from assessable income an amount equal to 20% of the deposit or £1,000 whichever is the less. It was not the intention, Mr Speaker, to exclude those persons who while fulfilling all

the other requirements, purchase their house outright rather than putting down a deposit and financing the purchase through a loan. The use of the word deposit in the present legislation unfortunately has that restrictive effect. The Bill accordingly provides that the deduction from tax assessable income be allowed on any payment by a first time buyer, whether it is on account of or in respect of the total sum for the purchase of the house or flat provided the deductible amount does not exceed 20% of the purchase price of £1,000 whichever is the less. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

Does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

Mr Speaker, this is one Bill that we would like the Government to defer taking the Committee Stage because I would like to suggest to the Government that they should consider doing much more than this to encourage home ownership. The GSLP is committed to providing incentives for home ownership and although that part of our programme is something that has a role within an overall framework, we feel that there are particular circumstances at present operating which make it important for the Government to provide the incentives even though we do not expect them to implement the entire GSLP manifesto wholesale. The reason for this is that there are two special circumstances at present. One is, Mr Speaker, that the amount of money that is going to be paid to ex-employees of the Ministry of Defence over the next three months could be very substantial and that there is a need for incentives to be provided to retain that money in Gibraltar. The Government, in answer to an earlier question, said that they had the intention of making available 250 Government flats for sale but it was clear from what the Minister for Economic Development had to say that this was not going to be done overnight, it would be over a period of time although the position would be protected so that the people who were offered the opportunity last were not prejudiced by the fact that they were last and that the price would be held. It is also clear that there are a number of projects on the drawing-board like the one for the Gasworks which will take some time to materialise. Therefore, if people wanted to buy property in Gibraltar in substantial numbers tomorrow it could not happen because the property is not available and the only thing that could happen would be an inflationary impact on house prices produced by excessive demand. In fact, this is not likely to be the case for the very simple reason that the attractions of buying property on the other side of the frontier are being plugged daily in Gibraltar and very aggressively and, therefore, Mr Speaker, we have a situation where we could have a very substantial amount of money

entering into the economy over the next few months, property purchases for home occupation being seen in Gibraltar as an increasingly attractive proposition particularly because of the rate of rent increases in recent years where the economics of purchasing as opposed to renting is shifting and people interested in selling property on the other side and the possibility of that money going in that direction or if it does not go in that direction going out of the economy in another direction and the difficulty of attracting it afterwards. It would certainly be a very bad thing if when the projects that are on the drawing-boards, or when the Government's intentions to sell reach fruition, the money to buy is no longer there. It is against this background and in that context that we think that the Government should do something on a much bigger scale than is being intended here. Therefore, we consider that the limit of £1,000 should be an annual limit, that is, that it should be possible to claim tax relief on the entire purchase price if people were paying £1,000 a year for a property, that is, they should get relief on the tax and on the capital. That is, in fact, a radical proposal in the sense that I do not think it has been tried elsewhere but we think that that would mean that the prices of houses in Gibraltar would become highly competitive. If you look at the ability to offset the cost of house against the income of the purchaser over a period of years, then in fact it would make the price of the house highly competitive with the prices that are offered across the border. We believe that that could stimulate development of houses for sale on a bigger scale than we have ever experienced and that the impact on employment and the impact on economic activity and the retention of that money here in Gibraltar would go a fairly long way towards compensating the Government for the inevitable loss of revenue that would take place if there were a lot of people taking up the opportunity of paying for houses and putting £1,000 a year towards the house. We also think that because the supply of houses would not exist immediately and if we created an incentive on this scale we could, if it works, be generating a very large level of demand for houses which could not be met, in order to retain the money here and in order not to create inflationary pressures, the scheme should work on the basis that there should be a special account in a building society, that is that by agreement with the Government, building societies should set up special accounts into which people could deposit money which could only be withdrawn in order to purchase a house in Gibraltar and not any other way. That means that the deposits from a number of people could then go to provide finance for the mortgage for the few people who are at present able to buy houses. The repayments from those people would in the next few years then provide the building societies with the flow of funds which would enable those who had been initially depositing money to withdraw their deposits towards the purchase of a house and borrow the difference and it would go a long way towards meeting the potential deficit in providing finance which the Hon Financial and Development Secretary, I think, hinted at in his reference to the talks with the banks and the difficulty

that the banks have to ensure that there is the necessary security and collateral available. I think if you have a situation which would be in some way an application of the principle introduced a number of years ago in UK under the Save As You Earn Scheme where in this case people would be saving towards a house, they would be obtaining tax relief in their savings and the savings would be done in such a way that it would ensure the retention of those funds for re-lending for purchases at this point in time. Because the proposal that we are making we would like the Government to give serious consideration to, we are asking them to defer the Committee Stage rather than simply my trying to move an amendment on behalf of the Opposition which the Government would then say: "We will vote against because we need to work out all the implications as a Government before we commit ourselves", and since we are not simply trying to get them to defeat it so that we can then accuse them of not doing anything to encourage home ownership, we really want them to give serious thought to this idea, we are asking them to defer the Committee Stage and, perhaps, we can discuss it in greater detail before the thing is taken either way. We have given some thought to this matter for some time and as I have said, it would have been an integral part of our own philosophy because we believe that there is no way that one can produce home ownership on a substantial scale in Gibraltar with present prices and present incomes unless something is done to bridge the gap between the cost of repayments and the income of the individual by giving tax relief on a much bigger scale. We believe that this will create a far more desirable balance between rented property and home ownership, would relieve some of the pressure on the Government to provide houses for rent, would do much to stimulate the building industry and as we can see a lot of things in favour although we recognise that from the Government's finances point of view, there is obviously a price that will have to be paid in that the more successful the thing is the greater the possible loss of revenue from income tax but we believe that that loss of revenue is a worthwhile investment from the Government if the other benefits flow from the idea.

HON CHIEF MINISTER:

Mr Speaker, I am glad that the Hon Leader of the Opposition has been able over the years to be able to be more precise in his thinking about home ownership because I invited him to provide me with his ideas some years ago and, unfortunately, the thing did not materialise. He was certainly alone in this House and offered to do the job, then he had a lot of other things that came his way but he and I know that we have thought about home ownership and the desirability of it for a long time, the only point is that it has picked up now. We have been thinking about this long before and it is now becoming attractive. Of course we can discuss these matters. I would rather ask him to do what he promised to do a few years ago, send me a bit of a blueprint of what you have in

mind and we will look at it. There is certainly no objection to leaving this to another meeting because in any case the proposals date back to the date when the amendment to the Bill was done because it was really an omission.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to give notice that the Committee Stage and Third Reading be taken at a subsequent meeting.

THE IMPORTS AND EXPORTS (AMENDMENT) ORDINANCE, 1984

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Imports and Exports Ordinance (Chapter 75) be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to move that the Bill be now read a second time. The purpose of the Bill is to extend the exemption from the payment of the fees that are payable under the provisions of the Fifth Schedule of the Imports and Exports Ordinance to all authorised passenger carrying ferries. At present this concession is limited to the Mons Calpe but as a result of this amendment the local liquor and tobacco merchants will be able to compete on more favourable terms for the supply of spirits and tobacco to all other ferries which call at Gibraltar regularly.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

There being no response Mr Speaker then put the question which was resolved in the affirmative and the Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1984/85) (NO. 2) ORDINANCE, 1984

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31st day of March, 1985, be read a first time.

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

SECOND READING.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to move that the Bill be now read a second time. I think I explained during the Questions and Answers session earlier on in the meeting, Mr Speaker, that although the Bill now before the House seeks approval for a further approximately £600,000, this will not in fact have any effect on the reserves on the Consolidated Fund because as I explained earlier there was a corresponding adjustment to be made to the Consolidated Fund Balance as at 31st of March, 1984, of this amount, £600,000 approximately, of which approximately £500,000 was represented as an under-spending compared with the figure which was presented to the House at the time of the Budget in accordance with the revised estimates and £100,000 which was an improvement on the revenue side. The point is quite simply, Mr Speaker, that this Bill will have a nil effect on the reserves compared with the figures which have formerly been presented to the House and the balance of the Consolidated Fund will remain at £7.7m as seen at this stage.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

There being no response Mr Speaker then put the question which was resolved in the affirmative and the Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE ELDERLY PERSONS (NON-CONTRIBUTORY) PENSIONS (AMENDMENT)
ORDINANCE, 1984

HON DR R G VALARINO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Elderly Persons (Non-Contributory) Pensions Ordinance, 1973 (No 27 of 1973) be read a first time.

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

SECOND READING

HON DR R G VALARINO:

Sir, I have the honour to move that the Bill be now read a second time. The object of this Bill is to raise the weekly rates of Non-Contributory Elderly Persons Pensions from £15 to £15.80 in January, 1985, in line with increases in other benefits that have been approved through the three motions in my name. As in the case of retirement pensions, the Government proposes to introduce legislation at a subsequent meeting of the House to revoke the provisions of the Elderly Persons (Non-Contributory) Pensions Ordinance and to safeguard the rights of present and future beneficiaries by bringing them into a special category under the Supplementary Benefits Scheme. This will have the effect of making the payments free of income tax.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

Sir, it is difficult to talk about the merits of the Bill which will never be law, Mr Speaker, because it is going to be repealed before it is effected. Am I right in thinking that this Bill will come into operation on the 25th day of December, 1984, but that before the 25th day of December, 1984, it is going to be repealed?

MR SPEAKER:

It cannot be repealed before it comes into operation, that much I can tell you.

HON DR R G VALARINO:

What will be repealed are the provisions of the Elderly Persons (Non-Contributory) Pensions Ordinance so that this category will come directly out of the Consolidated Fund and thus it will also be making it free of tax as from the 1st January, 1985.

HON J BOSSANO:

I assume that on this occasion I have just given way, am I right?

MR SPEAKER:

Yes, I am assuming that too.

HON J BOSSANO:

My question is, Mr Speaker, that we are amending the Elderly Persons (Non-Contributory) Pensions Ordinance on the 25th December, 1984. We are amending the Principal Ordinance on the 25th December, 1984, that is when this will come into operation once it is voted. Am I right in that?

MR SPEAKER:

What is being done is that an existing Ordinance is being amended.

HON J BOSSANO:

With effect from the 25th December, 1984, and we have been given notice that the Ordinance we propose to amend with effect from that date is not going to be there on that date because it is going to be repealed before. I do not pretend, Mr Speaker, to have any experts on law on this side of the House but it seems to be a peculiar thing to want to do, to amend something, to pass an amending Ordinance now in the knowledge that what we are about to amend will not exist at the time that we propose the amendment should take effect and, therefore, if we repeal it before the 25th December, 1984, this cannot take effect. I give way again so that he can explain.

HON DR R G VALARINO:

Mr Speaker, what we are repealing is the Elderly Persons (Non-Contributory) Pensions Ordinance, 1973, and I will say it slowly for the benefit of Mr Bossano.

HON J BOSSANO:

I know that.

MR SPEAKER:

When is this Ordinance being repealed? When is the Elderly Persons (Non-Contributory) Pensions Ordinance, 1973, being repealed?

HON J BOSSANO:

If all Hon Members will give way, perhaps the person who introduced the Bill originally in the House might be able to clear the matter, Mr Speaker.

HON A J CANEPA:

Every year when the Elderly Persons Pension is increased by the Government, the Bill that sets the level of benefits at the rate at which it has been paid during the course of the previous year is repealed. That is why under Clause 2, sub-clause 2, the Elderly Persons Pension Ordinance of last year, the 1983 one, is consequentially repealed. All that the Bill last year did was to increase the pension from £14 to £15. What the Hon Minister for Labour and Social Security has given notice of is that the provisions of the original, of the Principal Ordinance enacted in 1973, the provisions of that Ordinance are going to be revoked by the Government. As to the legal point as to why this Bill should be introduced in the House today when in fact the provisions of the Principal Ordinance are going to be repealed at the beginning of 1985, that I cannot answer, that is a matter I think for the Attorney-General, if he can. The way that I see it is that the Government is committing itself here to pay beneficiaries under this Ordinance £15.80 on the 1st of January because it is on the previous week and if the Government did not introduce a Bill at the next meeting, if it didn't, revoking the original Ordinance, then by law the Government has got to pay £15.80 of Elderly Persons Pension on the 1st January. That is a declaration of intent by the Government and this Bill sets the level of benefits in January, 1985. If, however, at the next meeting the Principal Ordinance is revoked then what will happen is that on the 1st January the existing beneficiaries will get £15.80 of Supplementary Benefits and those who after the 1st of January, 1985, would have become entitled under the provisions of the original Ordinance, in other words, they have reached the age of 65 after the 1st January, 1985, and become entitled, will have those rights safeguarded by the Ordinance that will be enacted at the next meeting and which repeals the original. This is the way I understand it, I might be wrong.

HON CHIEF MINISTER:

There is one clear point which arises. First of all, that arrangements must be made now as to how the payments are to be made and books prepared and everything, and there must be definite resolutions and decisions. Arrangements must be made at this time for all the benefits and if we leave this one out and we put the other benefits it looks as if we are leaving them out completely.

HON J BOSSANO:

Mr Speaker, I understand all the explanations that the Minister for Economic Development has given because that is quite obvious. In the absence of the comment by the Minister for Labour that he intended to bring a Bill repealing, the issue would not have arisen because this would just have been what happens every year and all that is being done here is that the 5% that has been applied to other benefits is being applied to this one and so forth. But since we have been told that it is the Government's intention to repeal an Ordinance which we are being told here is being amended because in the front of the Bill it says: "A Bill for an Ordinance to amend the Elderly Persons (Non-Contributory) Pensions Ordinance, 1973". That is, we are amending the original Ordinance with this Bill and it says that that original Ordinance is to be amended with effect from the 25th December, 1984.

MR SPEAKER:

Is to be repealed.

HON J BOSSANO:

No, Mr Speaker, there is an amending Ordinance of a year ago which is going to be repealed and replaced by this one and there is a Principal Ordinance of eleven years' ago which is not going to be repealed except that we have been told that it is in which case, by the time this is supposed to take effect, the original Ordinance will have been repealed by this House so we will have an amending Ordinance in the pipeline due to amend an Ordinance that will be repealed before the amendment can take place, as I understand it, Mr Speaker. Technically, even what the Hon Member says he wants to do, which is to safeguard or to have a sort of written commitment, would not apply unless we agree to amend the Principal Ordinance subsequent to the 25th December to allow this amendment to take effect. If we repeal on the 24th December, this Ordinance is total nonsense because it is seeking to amend an Ordinance that is no longer in existence.

HON CHIEF MINISTER:

What if it is not ready?

HON J BOSSANO:

Well, if it is not ready that is no surprise, Mr Speaker, because, after all, we have just been told that we are soon to expect the one that was going to be ready in 1980, so fair enough, if all we are doing is safeguarding the Elderly Persons Pensions against the almost inevitable delay in the Government being ready on time, then I have no more to say. The Hon Member would have done better not to mention that he was planning to repeal anything.

MR SPEAKER:

I am delighted to see that we are all in agreement.

HON DR R G VALARINO:

Mr Speaker, Sir, if the Honourable Member turns to the law and checks on the law, the law states that it is to amend the Elderly Persons Non-Contributory Pensions Ordinance, 1973, (No.27 of 1973) and to repeal the 1983, this is what the law actually says, and what we intend to do at a subsequent meeting of the House, we hope, is to revoke the provisions of the Elderly Persons Non-Contributory Pensions Ordinance and to safeguard the rights of present and future beneficiaries by bringing them into a certain category under the Supplementary Benefits Scheme. This will have the effect of making the payment tax free, which is very important. We said at a subsequent meeting but if by any chance we were unable to come to a meeting before the 1st January, we could then because we have amended this, we could start paying out from the 1st January the new rate.

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

HON DR R G VALARINO:

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

This was agreed to.

COMMITTEE STAGE

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Trade Licensing (Amendment) Bill 1982; The Prison (Amendment) Bill 1984; The Savings Bank (Amendment) Bill 1984; The Imports and Exports (Amendment) Bill 1984; The Supplementary Appropriation (1984/85)(No.2) Bill 1984 and the Elderly Persons Non-Contributory Pensions (Amendment) Bill, 1984.

THE TRADE LICENSING (AMENDMENT) BILL, 1984

Clauses 1 to 3 were agreed to and stood part of the Bill.

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

THE PRISON (AMENDMENT) BILL, 1984

Clauses 1 to 4 were agreed to and stood part of the Bill.

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

THE SAVINGS BANK (AMENDMENT) BILL, 1984

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

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

THE SUPPLEMENTARY APPROPRIATION (1984/85)(No.2) BILL, 1984

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

CONSOLIDATED FUND SCHEDULE OF SUPPLEMENTARY ESTIMATES NO.1 OF 1984/85

Head 10, Judicial was agreed to.

Head 11, Labour and Social Security was agreed to.

Head 12, Crown Lands was agreed to.

Head 14, Medical and Health Services was agreed to.

Head 16, Port was agreed to.

Head 21, Recreation and Sport was agreed to.

Head 23 - Telephone Service

HON J BOSSANO:

Can we have an explanation on what is meant "to meet the cost of Income Tax", We were told previously that the British Teleconsult Contract was one to which there was no payment.

HON J B PEREZ:

Mr Speaker, as I stated at question time, we have a standing agreement with British Teleconsult whereby should we require their assistance, they then tell us "Yes, we are prepared to do it for so much". This goes back to, I think, 1981, in connection with International Direct Dialling and the agreement was that the contract was to be free of Income Tax, of Corporation Tax. Following that, in 1982 we were advised by the Attorney General that it was unlawful according to the

terms of the present Income Tax Ordinance for the Government by way of contract or otherwise, to do away with the payment of Income Tax, so therefore what we have had to do first of all is two things. One is make it a charge on the Telephone Department, that is why we now come to the House for the supplementary funds and also that in future any contract, anything that goes out for tender, we will have to make it quite clear that Income Tax will have to be paid so in future I do not anticipate any problems.

Head 23, Telephone Service, was agreed to.

Head 54 - Tourist Office

HON J E PILCHER:

Mr Speaker, I would just like to make the point that my Party will not be supporting the extra expense of £57,500 for the Tourist Office. We will not be voting against but we will be abstaining. When the statement was made by the Chief Minister at the last House of Assembly we had no chance to comment on the actual breakdown of the expenditure because it was only a statement and, anyway, the money was going to come out of the I & D Fund. It has now come to this House. We do not oppose it because we think that if the Government is going to give Tourism a drive then it is entirely up to them how they do it. We will not support it because we are not convinced that the drive in tourism, this expenditure, and the way that they spend the money is the way that we would do it so we are abstaining.

On a vote being taken on Head 24 - Tourist Office, 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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members abstained:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham

The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

Head 24, Tourist Office was passed.

Head 25, Trading Standards and Consumer Protection was agreed to.

Schedule of Supplementary Estimates Consolidated Fund, No.1 of 1984/85 was agreed to.

Schedule of Supplementary Estimates Improvement and Development Fund No.2 of 1984/85 was agreed to.

The Schedule 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 ELDERLY PERSONS (NON-CONTRIBUTORY) PENSIONS
(AMENDMENT) BILL, 1984

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

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Trade Licensing (Amendment) Bill 1984; the Prison (Amendment) Bill 1984; the Savings Bank (Amendment) Bill 1984; the Imports and Exports (Amendment) Bill 1984; the Supplementary Appropriation (1984/85) (No.2) Bill of 1984, and the Elderly Persons (Non-Contributory) Pensions (Amendment) Bill 1984, have been considered in Committee and agreed to, without amendments, and I now move, Mr Speaker, 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.

PRIVATE MEMBERS' MOTIONS

HON R MOR:

Mr Speaker, I beg to move that: "This House is concerned at the discriminatory manner in which rent relief applies to private sector tenants and calls for immediate action by Government to amend the relevant regulations and correct this anomaly". Mr Speaker, as can be seen, this motion draws attention to discriminatory treatment which private sector tenants are subjected to with respect to rent relief. I have two leaflets here, Mr Speaker, which explain how rent relief is applied at the present time and it is quite a straight forward operation. After establishing all the income into the household and deducting a certain sum, the tenant has to take 25% of the remainder towards his rent and whatever difference there is between this and the statutory rent he should be paying, this is the amount of rent relief which he is allowed. Mr Speaker, in order to prove to the House how rent relief is discriminatory in the manner it is applied to private tenants, I will be referring to the two explanatory leaflets which I have already mentioned, the Landlord and Tenant (Miscellaneous Provisions) Ordinance and to a subsidiary legislation, the Landlord and Tenant Rent Relief Terms and Conditions Regulations. In the latter case it is purely to draw attention to an anomaly which to my mind makes the procedure applied to private tenants illegal. If I may refer to the leaflets, Mr Speaker, how it applies to rent relief in private accommodation, it reads: "Rent relief applied to persons living in private owned accommodation if they were tenants of the premises on the 1st January, 1984, and continue so to be. Furnished flats are not eligible". Mr Speaker, furnished flats, I would think that this is the first sign of discrimination although I quite agree that a tenant in a private dwelling should pay towards the use of furniture, I fail to see what the furniture has to do with respect to the tenant's economic situation. I fail to see, Mr Speaker, why the fact that a tenant lives in furnished accommodation should in any way be denied the right to apply for rent relief. If we carry on reading the leaflet, Mr Speaker, it says; "after establishing all income coming into the household, applications are dealt with as follows". If I may stop here and go back to what I said before about an anomaly which could well be illegal. If we refer to the subsidiary legislation, the Landlord and Tenant Rent Relief Terms and Conditions Regulations, in paragraph 6, it reads "where the tenant is in receipt of an average weekly income of less than 110 shillings and there is living with him in the dwelling house any other person in receipt of a weekly income in excess of 110 shillings, such other person may, notwithstanding any other provision of

this regulation be at the discretion of the Housing Manager to be the tenant only for the purpose of calculating the amount of relief payable under this regulation. This, Mr Speaker, I think is in direct contradiction to what is said on the leaflets where it says "after establishing all income into the household". We now come to what I think is the main cause of discrimination. Again private tenants. The first paragraph of how the rent of the private tenant is established with respect to the application of rent relief says that if the premises is inclusive of rates the area in this case is 100 square feet. It multiplies by £33.60 pence in order to determine what the rent should be. The rent applied by landlords should be the same, that is, if the rent declared by the landlord is higher, the tenant has to pay the difference. Mr Speaker, there is quite a difference in the way the rent is being established with respect of rent relief, to the way that the rent is established under Section 7A of the Landlord and Tenant Ordinance. According to Section 7A, it says that a private rent would be agreed between a landlord and a tenant and if the Government is satisfied that the rent is reasonable then that is accepted as a statutory rent. Mr Speaker, from our investigations, what the Government considers to be a fair rent, a reasonable rent, is worked out at £108 per square which is 100 square feet. If I can give you just one example, under Section 7A the rent worked out on a 500 square foot flat would work out to about £16 per week, the rent worked out under this leaflet would work out to about £3.50 which means that if £3.50 is the rent established under this section it means that the person would be getting no rent relief at all whereas in the case of a Government flat that is not taken into consideration and whatever rent the tenant is paying is considered statutory rent and rent relief is granted on whatever rent the Government tenant is paying. If we carry on with the leaflet, Mr Speaker, we also see something which seems to be an anomaly, I really cannot find any information to this. There are two sections in this paragraph, one says that the area is multiplied by £33.50 if the premises is inclusive of rates, and the other section says that if the premises is exclusive of rates the area is multiplied by £24.37. Mr Speaker, in both cases the tenant is paying for the rates whether it is directly or included in the rent it is still the same so why should there be a difference of figures when the purpose is to find out just what the rent should be for rent relief purposes. Mr Speaker, this is all I have to say on the motion. I feel that the Members of the House should vote for the motion because it is discriminatory if not in all in most of the points that I have placed and I therefore commend the motion to the House.

Mr Speaker then invited discussion on the Hon R Mor's motion.

HON M K FEATHERSTONE:

Sir, I am afraid Government cannot accept that there is discrimination against the private tenant. The first point that the Honourable Mr Mor made is the question of whether furnished flats should be eligible or not. If we were to make furnished flats eligible, then the person who lived in an unfurnished flat and paid a fair amount of money to furnish the flat himself with high quality furniture etc, might turn round and say 'I have put the furniture into this flat, why don't you subsidise me for so doing?

ION J BOSSANO:

If the Honourable Member will give way. There is a difference, Mr Speaker, between saying the person shall be eligible for rent relief on the rent inclusive of furniture and saying that the person shall not be eligible for rent relief at all which is what the Government is doing at the moment. We have not said that we want somebody to be able to rent a luxury furnished flat for £100 and then pass the bill to the Government but the reality is and I am sure the Government can find this out if they look into their own department, the reality is that I can tell the Member that there was a particular case of somebody living on supplementary benefits getting £40 a week, she was living in a furnished flat, paying £30 a week rent and when I brought the matter to the attention of the Department they told me they could do nothing, that if she had been living in an unfurnished place they would have been able to do it. Well, surely, they could have assessed the rent as if it had been unfurnished and at least help towards meeting that part of the rent. I don't see how that cannot be done. At the moment this is impossible.

HON M K FEATHERSTONE:

That puts a different complexion on it. I think that there is, perhaps, some merit in a person living in furnished accommodation, in taking the value of that premises on an unfurnished basis in accordance with the method of calculation of what the unfurnished rent should be and that I am willing to look at. But the question of persons going into furnished accommodation and expecting if they are willing to pay a high figure for such furnished accommodation that that figure should be taken into account, I think we cannot accept. I am willing to look at the question of the equivalent value of the unfurnished area by itself. As to how the actual rent is assessed, this is done as the Honourable Mr Mor has said, by

a formula in which the area is taken and is multiplied by a specific figure, in one instance £33.60 if rates are paid, and I think it is £24.37 if rates are not paid. This gives what is basically considered to be the statutory rent. The Honourable Mr Mor has brought up the case where somebody under Clause 7A for his own convenience has accepted a rent from a landlord higher than the statutory rent based on those figures and which he says the Rent Assessor has accepted as the new statutory rent on application. If that is so, this has been done for the convenience of the actual tenant and I do not see that it is really for Government and the general public to suffer the increased rent that has been accepted over the basic statutory rent that the figure should provide and therefore I do not see that there is any discrimination if the person has accepted the higher rent for his own convenience. The figures that are used to obtain the so-called statutory rent are to put them on a par with Government accommodation but should the figure so obtained be considerably different to what the landlord is charging, then the tenant does have the remedy by applying to, I think it was the Director of Crown Lands, for remedial action to be taken against the landlord for overcharging the actual statutory rent and when the new Landlord and Tenant Act comes in he will be in an even stronger position. The method by which the actual amount of rent that should be paid by the tenant is calculated is exactly the same whether the person lives in private accommodation or Government accommodation so it would only seem to be that the Honourable Mr Mor is at variance with the way the statutory rent is calculated. This has worked well up to the moment and I do not see that there is any discrimination against the private tenant since he has the remedy, if he is paying an exorbitant rate for furnished accommodation, in his own hands. Government is, however, although not willing to support the motion, ready to look at the question of people living in furnished accommodation to see if the share of the rent for that furnished accommodation which would apply to the premises if they were unfurnished can be taken into account.

HON J L BALDACHINO:

Maybe I can clarify a few points with reference to what the Honourable Member has said. As a matter of fact, when you assess for rent relief purposes, people living in private flats are based on controlled rent and not under Section 7A, in other words, in pre-war houses, which are rent controlled at a very low rent. Once you have worked out the area, then you go into the other formula which is the one that is worked for Government flats. Mr Speaker, there is a clear discrimination between the two just by looking at the formula. There

is even discrimination, Mr Speaker, in the formula used for private flats because it does not make any difference whether the rates are inclusive or not. We feel that a Gibraltarian should have equal rights to rent relief depending on their income and not the place where they reside. Rent relief is applicable to very few people because it is based on income and if it is based on income then it can only apply to very few people. What we are saying, Mr Speaker, is that the least that the Government can do if they accept a registered rent under Section 7A, and accepts that the landlord is charging a fair rent for that then surely, that should be the rent that should be assessed under Section 7A, and not find out what the controlled rent of that building should be and then apply the other formula because if the Government accepts that as a fair rent, then the formula should be automatic in that case. As a matter of fact, Mr Speaker, I think that the formula for private flats should be done away. If the rent is under Section 7A then that is the rent that should automatically apply to the second formula which is based on the income of what should be the supplementary benefits which is £44.40. You take that away from what the person earns and then you take away 25% and that is what he pays for the rent and the balance is paid by the Government as rent relief. But what we are talking about Mr Speaker, really, is of people of low income. If people of low income are living in a private flat and all of a sudden we have the Dockyard closing and he loses his job and he has nowhere to go, then he gets no rent relief if the building is registered under Section 7A. We feel, Mr Speaker, that even if the Government does not go along with this motion, at least they should give the benefit to those buildings which are registered under 7A and take away this formula for rent relief in private accommodation and get another one which is more equitable. Mr Speaker, when the Government announced its increase in rates in the Budget, representations were made to the Honourable and Learned Chief Minister by the Tenants Association and as a result, the Government's policy was that they made eligible all their Government flats. As a matter of fact, in my opinion, they had no other option because if they had not done that what they were admitting was that they were not charging a fair rent to those tenants. If the Government accepts that they are charging a fair rent to their tenants then, logically, people living in 7A must follow suit because if they are registered and the Government accepts their rent to be a fair rent, then that rent is the one that should be applied. I think that the Government should consider this because there is clear discrimination between one and the other. I hope that even if they do not go all the way with the motion of my Honourable Colleague, at least they agree to have a look at the way they are working the rent relief for private dwellings

and also include buildings under Section 7A which, in fact, it covered under the new Landlord and Tenant Ordinance under Section 15. Therefore, Mr Speaker, I think that if the Government takes that into consideration at least they will stop the discrimination that is going on between people living in private flats and those in Government flats.

HON CHIEF MINISTER:

I am grateful for that contribution. It is true that when the increases of rents were announced, that the Tenants Association came along and I undertook to see that as a result of any increases no hardship would be created and, if necessary, there would be a review of the rent relief. I did undertake that and I think that in respect of Government housing there has been an investigation. In the case of private landlords there is one point which has been made by Mr Mor which I think is a valid one and that is that a furnished flat should have a notional value as an unfurnished flat and that there will be, no doubt, more cases for rent relief when the Landlord and Tenant Ordinance is put into effect because that gives an element of increase of rent for private landlords up to, I think, 1945, which had been up to 1940 and it will be necessary to look at it. With regard to tenants under 7A, 7A is the section which provides that if a flat is vacant and there is a Gibraltarian willing to take it, a rent controlled flat, they can negotiate a rent which is more than the old statutory rent. I think the criteria should be to set as standard for the value of the premises rather than for the rent that is paid. In that way you could give a more realistic value and no doubt as a result of this the 7A increases are tied up to rent control which is better and when you pay up to the level then you pick up with the others, that is to say, you make a tenancy agreement of a flat that was paying £25 a month at £50 a month and the statutory increases are authorised until they go up to £50. Then they level up and then they go up together. I think that there are two points that have to be looked at in this case. though we do not accept the motion, as the Minister responsible has said, I think that it has served a useful purpose and we will look at these two points and perhaps, in the light of that the Honourable Member might think fit to withdraw it but that is a matter for him.

HON J BOSSANO:

Mr Speaker, I think there are a number of points in relation to the existing legislation which clearly shows that the legislation has been so long in the statute book that the Government itself is not sure how it operates, that seems

fairly clear. I think if we refer to the answers that I obtained in supplementary questions to Question 66 of 1984, when the Honourable Mr Mor raised the matter about the provisions of rent relief being inadequate in the case of the private sector, the Honourable Mr Featherstone answered that he did not accept that they were inadequate in the private sector but then he went on to say that his understanding was that relief was on the rent actually paid. Clearly, if his understanding was that people were getting relief on the rent actually paid, there is no reason why he should believe that the system was inadequate or discriminatory. But, in fact, today, he recognises that it is not on the rent actually paid and at the time the Honourable Member said in reply to a question, when I said to him "Does the Minister not accept that the formula which he is applying to the private sector does not relate rent relief to the rent actually being paid but to the rent that would be payable if the property was rent controlled outside the scope of Section 7A". And he said: "this is not the way I have read it, Sir, it is assessed from the rent that is paid". Obviously, under that impression, I would agree with him there is no discrimination and the system is adequate. Our contention is that it is wrong for one arm of the Government to say "I accept the rent agreed with the parties should be registered as a reasonable rent under Section 7A and become the statutory rent, and then for another arm of the Government to say: "We do not recognise this statutory rent. We will do our own calculation as to what is the statutory rent". There is a conflict, we have two different definitions of a statutory rent both in the same Ordinance, which is the Landlord and Tenant Ordinance. The new Landlord and Tenant Ordinance due to come into effect, protects the position of 7A tenancies and maintains them. The purpose of 7A tenancies, as we understand it when it was first introduced into the legislation was, in fact, to make it attractive to landlords not to rent to non-Gibraltarians and therefore to introduce a more realistic rent. Clearly, it cannot be the intention of the Government to make it attractive to landlords not to rent to non-Gibraltarians and then make it impossible for certain categories of Gibraltarians to be able to rent at a reasonable rent because they could then go through a period of unemployment and in that period they do not have the fallback protection of the safety net that a Government tenant has. We cannot believe it is the intention of the Government, we believe that it is a discriminatory situation that has arisen out of the fact that the provisions of the law for the private sector have remained static and the provisions of the law for the Government have progressed and the fact that they have progressed is the latest amendment introduced by the Honourable and Learned Chief Minister as a result of the representations where he agreed that if previously tenants in

the latest housing estates, Kosia and so forth were excluded, presumably on the argument that they had a choice whether to go there or not to go there in the first place knowing what the rent was going to be, he agreed to include it. That was a recognition of the fact that somebody can enter into a commitment and in the present circumstances where there is greater uncertainty about employment that there has been in the past, the persons might enter into a commitment and then find himself redundant and then what does he do? He cannot afford the rent, he cannot get rent relief, what does he do, Mr Speaker? I think we have to recognise that we are not asking for privileged treatment for the private sector tenant, we are not asking for landlords to be given a loophole where they could write themselves cheques and then pass the bill to the Government. What we are saying is that if the Government considers a rent is fair and reasonable and is prepared to give it the legitimacy of declaring it the statutory rent for the premises, then it ought to be the statutory rent for rent relief. If the Government thinks the rent is too high, then they ought to say it is not the statutory rent and refer the rent to the Rent Tribunal which is the other remedy that the law provides. The law provides a remedy for people who are paying excessive rents for the rent to be reduced and therefore, eventually, the philosophy that we believe in is in devising a system which provides equal treatment between landlord and tenant irrespective of who the landlord is and who the tenant is because it is the need of the tenant that should be paramount and not the nature of the accommodation or who the owner of the property is. We all know, Mr Speaker, that there are instances of people who are themselves landlords, living in Government premises on subsidised rents whilst their property is then rented to somebody else who may have less income than they have and is required to pay higher rent and has got less protection. If we are going to move to a system of removing anomalies, which is what we are urging the Government to do, then essentially the motion is not a criticism of the Government or a censure motion on the Government, it is a motion that draws attention to an anomaly in the law which we think is not an intentional anomaly and which we think the Government should put right. Coming to one specific point mentioned by my colleague which the Minister also mentioned but did not explain which certainly has got us baffled, perhaps the Honourable and Learned Attorney General can explain this situation, is this formula which obviously has been there for a very long time, which says that, no, in the Regulations, where it tells you how to calculate the rent for the purpose of assessing the entitlement to rent relief and a figure of £33 is used if it is 33/16ths to determine the rent where the rent includes rates and 24/37ths where it is exclusive of rates. We tend

to look at legislation as laymen and therefore I would welcome the Honourable and Learned Attorney General's expert advice of this if we have misunderstood what appears to be the law but our understanding of the formula that is being applied by the Government at the moment is that if we have got two identical cases, in one case the tenant pays a rent of £33 which includes rates and the Government then pays £9 of rates to the Government, the rent for rent relief purposes is the £33. If in another case, the tenant pays £33 but he pays £24 to the landlord and £9 to the Government in two separate payments, then the rent is £24. Effectively, what we are saying, as we read this section, is that a tenant would be better off by saying to the landlord "You pay my rates and charge me for it and then I can get more rent relief". It is incomprehensible to us because at the end of the day whether you pay £33 inclusive of rates or £24 exclusive plus £9 of rates, the total amount that you pay is the same, so why should one get more rent relief than the other. That point has not been answered by the Minister. We have gone over it a number of times to try and see what the logic of it is and it baffles us completely and clearly there is one obvious anomaly even without improving the system, on the system as it is based on the rents that are controlled rents going back to 1940 you have got one clear oddity there which I think requires explanation. I think we will not withdraw the motion, Mr Speaker, because the spirit in which the motion has been brought to the House is a constructive one and we really feel we ought to go through with it and vote.

MR SPEAKER:

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

HON R MOR:

Mr Speaker, I think it is important that this House should vote in favour of the motion because, as my Honourable Colleague has just said, the motion has been brought in good faith and it is in no way a criticism of the Government as such, but a criticism perhaps of the different interpretations. I think that the word discriminatory in the motion and anomaly and all that is purely based on the different interpretations that arise out of this. Throughout the debate it is quite obvious that the Government wished to look at the question of furnished flats not being eligible and they may look also at the substantial difference in what Section 7A of the Ordinance allows and what the rent relief formula produces. I think, Mr Speaker, that the Government should make an effort and vote in favour of the motion.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The following Hon Members voted against:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The motion was accordingly defeated.

The House recessed at 5.10 pm.

The House resumed at 5.40 pm.

HON M A FEETHAM:

Mr Speaker, I beg to move that: "This House expresses its grave concern at the record unemployment figures for September this year, notes the apparent failure of the measures announced by Government in answer to Question No. 11 of March this year which have had no reasonable impact and calls for an immediate initiative on Government's part to significantly reduce unemployment levels". Mr Speaker, here we are, nine months after the elections during which the Government announced that a committee of Ministers were studying the matter of unemployment but that unfortunately the work had been interrupted by the calling of the elections. Consequently, the first thing we did in the first meeting of the House after the elections, was to ask the Minister for Labour if Government had now completed their study and what they proposed to do to deal with the unemployment situation. Mr Speaker, it is the role of the Opposition to monitor the effectiveness of Government policies and as far as we can see, they are still so ineffective that the situation is that unemployment has been getting worse.

The six measures that the Minister announced in March of this year is, in fact, having no effectiveness at all unless, of course, Government is telling us that without having those measures the situation would be worse. That without having those measures instead of having 600 unemployed, we could be having, 1,000 unemployed. How many jobs have those measures created, Mr Speaker? Or is it, Mr Speaker, that they have not introduced those measures yet? How many jobs have been lost to the economy which is not reflected in the 600 unemployed? It is a record in unemployment since the new method of calculation was introduced in November, 1982, but there is a very important factor in these figures. On this occasion, however, a higher proportion of the unemployed are British subjects. There are 530 this time as against 388 in October, 1982. There were 83 juveniles as against 135 at present. It is clear as well that the Government plans for tackling youth unemployment have failed and recent events have shown that Government lacks imagination in dealing with the problem. The overall employment figures show the lowest since 1972; 433 jobs have been lost since April 1983, of which 430 are males, of which 200 are in the private sector. Particularly bad has been the wholesale/retail with 193 jobs lost and the retail trade with 118 jobs lost. The ship building has lost 147 jobs. The wholesale and retail trade figures reflect to a degree our view that the full opening of the frontier will cut even further into our job opportunities, particularly in the areas where it will not be possible to compete fairly with services coming in from across the frontier, primarily due to the two differently oriented economies from which we have obtained no derogation or special terms under the EEC, particularly in the light of Spanish entry. Every indication we have, on this side, is that in fact, the situation is going to get worse and at best no better. Every indication, Mr Speaker, is that the Dockyard situation will have an effect from November onwards. The last RFA is supposed to be completed in November, so in effect, the first Dockyard layoffs will begin to happen in November. Up to now, workers who have been leaving have been doing so on voluntary redundancies but they have been replaced by temporary workers insofar as the Dockyard is concerned. These temporary workers have been taken on to replace redundant workers but they themselves will find themselves redundant in the next couple of weeks. What is Government planning to do with the situation? They are therefore facing a situation which is 600 unemployed in September and it could be 700 at the end of November. It is also very, very clear that employment in the tourist industry is not going to provide any alternative. The employment expected to be generated by tourism will practically be nil. What we can hope at best is that there isn't a contraction in that industry and create even more unemployment. The Government needs to

explain the policies they announced in March of this year. What we would like to know is what has happened, have they implemented them, or some of them or none of them? That is what we would like to know. And furthermore what effect have they had or expected to have in the next few weeks. We also want to know if they do not produce the results if that is the end of the road or do we accept that they have failed and they need to come up with something better in their handling of the unemployment situation. We have brought this motion at this point in time because in the same vein as the Minister for Economic Development explained and argued the case for not lowering the pensionable age because it was not the right time, we feel that here is an occasion where we need to tackle this, we need to know what is going to happen in the coming months in the light that nothing has happened as all the figures indicate in the last 9 months Mr Speaker, and we hope that the Government can produce some of the answers.

Mr Speaker then invited discussion on the Hon M A Feetham's motion.

HON DR R G VALARINO:

Sir, despite the fact that the Government is naturally concerned at the high unemployment figure, it cannot accept that their measures have been totally ineffective and is unable to accept the motion as moved by the Honourable Mr Feetham. One should make a careful comparison of the unemployment figures for 1983 and 1984. It will be noted that though the September figure for this year is the highest since the new system was introduced, there were months in 1983 when the figures were almost as high. The figure for July, 1983, was in fact higher than the figure for the same month this year, ie 542 unemployed as opposed to 540. It must also be borne in mind that there is a very high proportion of unemployed persons who have been drawing supplementary benefits for many years and who unfortunately for a number of reasons are almost totally unemployable. I must also point out that during the past 4 months there has been a sharp increase in the number of non-Gibraltarian EEC Nationals registered as unemployed. During the month of September this year we have had 100 non-Gibraltarians EEC Nationals unemployed which amount to about 17% of the unemployment figures. However, under the present system of registration, an EEC National who registers only once during the course of the month is included in the unemployment figures for that month. The youth training schemes were originally designed to provide employment or training for approximately 60 unemployed persons, particularly among the juveniles. Unfortunately, as mentioned previously by me, there was no response to the Construction Training Programme B

ie the accelerated course of 44 weeks duration. In an effort to make it far more attractive, the conditions were modified as I mentioned yesterday, and the scheme was advertised for a second time and this produced no positive results. It goes on to show to some extent the reluctance amongst the youth to learn certain trades. However, Government will still be pursuing this scheme by other methods. At this stage I would like to give credit and express my appreciation for the very hard work which is being put in by the Youth and Careers Office in the efforts which they make in finding jobs for school leavers. I am pleased to say that one of the other Construction Training Programmes will provide training for 25 to 30 school leavers who hopefully will acquire enough practical skills to compete more effectively in the labour market. The Public Works Department have employed 6 boy labourers from that batch who received this training last year. Moreover, the current policy of the Manpower Planning Committee of reducing the quota for the public sector will certainly help in creating the sort of vacancies which could easily be filled by this type of trainee. Likewise, 14 new posts have been created to the Employer Based Scheme. It is also proposed to offer 20 posts for apprentices this year between the Gibraltar Government and PSA as against 8 last year. Last year, the PSA did not offer any places. I should like to add that 5 student technicians will also be taken on, last year only 1 was taken. In addition to the number of persons already recruited by the Gibraltar Shiprepair Limited, including apprentices and others who have already had offers of employment, the firm's current prediction is that there will be a shortfall of 140 in the labour requirement by the beginning of the year 1985. With regard to the measures announced by my predecessor in answer to Question No.11 of 1984, steps have been taken to start implementing Government's retiring policy and so far action has been taken in respect of those employees over the age of 65 who are already in receipt of or on retirement would qualify for an occupational pension plus social insurance old age retirement benefit. Approximately 40 of these employees are, or are about to be retired. Whilst the Government is determined to continue applying its retirement policy, it must nevertheless exercise extreme care that elderly employees whose retirement benefits are very reduced do not suffer hardship as a result of their retirement. A good majority of these employees have completed over 10 year's service but failing to satisfy the 20-year minimum qualifying period of service would not be eligible to a pension award if retired now. Their retirement must therefore await the lowering of the minimum qualifying period from 20 to 10 years which the Government proposes to introduce as part of the proposed unified pension scheme currently being drafted. Once the unified pension scheme is agreed with staff side and sub-

sequently implemented the Government will be able to proceed with the retirement of employees over the age of 65 without fear of causing hardship and approximately 150 job openings are expected to be created. To summarise, if we take into account the 14 new posts created by the Youth Training Scheme, the 12 extra posts for apprentices and student technicians, 140 for Gibraltar Shiprepair and the 150 jobs in the Gibraltar Government we are talking of recovering about 320 new posts. In view of this the Government cannot accept the contention contained in this motion about the steps taken to combat the situation. As stated in answer to question No.11 of 1984, a sub-committee was set up under the Chairmanship of the Minister for Public Works to consider the creation of additional posts by splitting up those which are conditioned to long working hours or by reducing current levels of high over-time working. The Committee has met on a number of occasions and considered a number of areas where it may be possible to apply the policy. The Staff Side will be consulted when the findings are finalised and it is expected that the first case will soon be presented. Other areas are being examined and it is expected that a limited number of additional posts will arise as a result of this exercise. Two other measures which were contemplated in answer to question No.11 of 1984 were the move towards a retirement pension instead of an old age pension and the control of part-time work. In his earlier intervention in the House my colleague the Minister for Trade and Economic Development expanded on the difficulty and the undesirability at the present time of moving towards a system of retirement pension. I concur entirely with all that he has said in this respect. The results of such a measure are so unpredictable that the administrative expenses which would be involved in monitoring the system are not considered justified.

HON J BOSSANO:

In other words, it has been killed by the Civil Service.

HON DR R G VALARINO:

I wish the Honourable Leader of the Opposition would not interrupt. You will have time later on to reply. The Government's assessment of unemployment levels measured against the employment opportunities which will arise in the near future does not justify the introduction of either of these measures at this stage. Having regard to the present unemployment situation we are now in the process of reorganising the labour section in order to produce more extensive and accurate information to enable the department to properly evaluate the position and plan for the future. Finally, I must add that the Government and the Department of Labour and Social Security

will always welcome any suggestions from any sector on measures which will alleviate the unemployment situation. Thank you, Sir.

HON J C PEREZ:

Mr Speaker, the Minister for Labour does not seem to read in the trend of the unemployment figures the seriousness of the unemployment situation. We are talking of about a level of 600 unemployed which more or less is 6% unemployment in an economy like ours and he says that his measures are going to create 320 new posts. We, on this side of the House, are not convinced that any of his measures are going to work but even if they were, 320 new posts in the context of 300 unemployed today might be a significant reduction but not in the context of the unemployment that is expected towards the end of the year and the trend is that in the private sector there are going to be further contractions and there is going to be more unemployment not only because of the present economic situation but because as a result of unemployment in the Dockyard the purchasing power of the people of Gibraltar is going to be reduced and that could cause further contraction in the private sector with further unemployment levels. He says that in July, 1983, the level was nearly as high. We are not talking about a figure only we are talking about the figure in the context of today and in the context of today's situation. It is no excuse to say that in July, 1983, we had more or less the same level. We do congratulate in the same way as the Minister does, the Youth and Careers Office for their efforts but the Youth and Careers Office cannot perform miracles, they have to work on policies and those policies are lacking on the part of the Government who are responsible for policies for the Department. On the question which he raised on Government retirement policy, Mr Speaker, where the Government is due to retire I think he said 40 over 65's, although we discussed this this morning, Mr Speaker, perhaps if under his same Ministry the Honourable Member would have considered reducing the pensionable age from 65 to 60 or to 64 and taken into account the repercussions in other areas economically, perhaps, that might have been a worthwhile policy to pursue because he could have killed two birds with one stone.

HON A J CANEPA:

I object to the killing of birds.

HON J C PEREZ:

Anyway, Mr Speaker, effectively what I am saying is that the Honourable Member is not proving in this House that he has

any immediate initiative to significantly reduce unemployment levels or is even conscious of the problem. That is all I have to say and I hope that Honourable Members opposite agree with us and give some seriousness to a very serious situation indeed.

HON H J ZAMMITT:

Mr Speaker, I am going to be very brief and just pick up on what the Honourable Mr Michael Feetham mentioned that tourism will not contribute in any way to the employment situation. Mr Speaker, the PEIDA Report stipulates and now that I have it in front of me, I will quote from it. It surprises me that the Hon Mr Feetham appears not to have done his homework particularly having regard to the words he has used with regard to tourism, its potential and the job opportunities that that industry opens up for Gibraltar and I am somewhat surprised because he has been concerned directly for a number of years with that industry in a professional capacity and therefore had it come from any other Member one would have accepted because of their short time in the House that they have not had access to the PEIDA Report but Mr Feetham is less justified to make such a wild statement without having taken this into account. The PEIDA Report mentions, Mr Speaker.....

MR. SPEAKER:

Are you quoting from the Report?

HON H J ZAMMITT:

I am not quoting the report Mr Speaker, what I would like to say Mr Speaker is, no, you are absolutely right, it has not been made public, I had not remembered that, Mr Speaker. But let me assure the Honourable Member that he has got his facts very wrong regarding the employment and job opportunities that tourism is able to open up and I think that certainly the Honourable Leader of the Opposition who has had the PEIDA Report, I think, well, if he hasn't I am somewhat surprised.

HON J BOSSANO:

It was removed from my possession, Mr Speaker, when I resigned from the Governor's Consultative Committee in 1981.

HON H J ZAMMITT:

Tourism is the industry that for the smallest investment possible opens up the largest amount of job opportunities. So it must not be dismissed so lightly by the Honourable mover

that tourism will not produce anything. It might not produce anything if we have the attitude of the Opposition in abstaining in the money we are seeking as was done earlier on in the meeting, Mr Speaker, in trying to improve the industry and in trying to create job opportunities in line with what experts say that investment in that line can open up. I apologise Mr Speaker, because I did not realise the Report had not been made public but I can say that it certainly is here and there is documentation to prove that the job opportunities afforded by the tourist industry are in excess of any other industry and when we talk of the tourist industry we must not just think of hotels and restaurants but particularly of the figure that the Honourable Mr Michael Feetham spoke of, of the reduction in the distributive trade which directly has a great bearing on tourism. I think that Mr Feetham will accept, having heard this, that tourism can contribute much more than he very quickly dismissed in his original intervention. Thank you, Sir.

HON J E PILCHER:

Mr Speaker, I understand the Honourable Minister's passionate reply when tourism was brought up but I think he has not understood the point that my Honourable Colleague was making. My Honourable Colleague is expressing his great concern at the record of unemployment figures for September of this year when we already know by the words of the Honourable Minister for Tourism that there will not be a great impact for the rest of this year or the initial period of next year on tourism by the inclusion of the funds which the Government is now spending. The point that my honourable Colleague was making is that this will have no initial impact on these figures. By the 1st January, 1985, tourism will not have any impact at all.

HON H J ZAMMITT:

I accept that. All I am saying is that the Honourable Mr Feetham said that tourism will not produce. Not that it is not producing, will not produce even in future.

HON J BOSSANO:

In the long term, Mr Speaker, perhaps tourism will produce but not only do we have no guarantee of that at all the figures that we have had since 1972 onwards do not show that this will be the case and that is why we abstained from the vote on the £357,000 because we are not convinced as a party that this expenditure, made the way the Government is doing now, will produce the amount of tourists that the Government

think that they are going to bring and if this is not the case then it will certainly not produce any increase. In fact, as my Honourable Colleague was saying, there might even be a contraction of the tourist industry as such. This was the point made by my Honourable Colleague and I think that irrespective of the impassioned reply the Honourable Minister for Tourism has to accept that this is the case unless he proves it otherwise at the next Budget or when he produces the analysis and the statistics for the Tourist Report, 1985.

The first necessary condition for the resolution of the problem is perception on the part of the person that has to resolve it that the problem exists and, therefore I am afraid the good doctor cannot cure the illness on this occasion, Mr Speaker. The Honourable Member dismisses the patient with a mild Aspro and tells him that there is really nothing wrong with him. We are using the figures produced by the Government which is all that we have to go on and the figures produced by the Government show a very disquieting situation because I don't know where the Honourable Member gets his figures from but the ones that I have got, produced by his Department, show, Mr Speaker, that there were 599 unemployed in September, 1984, 473 in September 1983, 587 in September 1982, 400 in 1981, and 241 in 1980. So that if we take the last 4 years, we have got a situation in 1984 which is twice the figure of 1980, more than twice. It is even worse than that because the reality of the situation is that in 1982, until November, the Government was calculating unemployment on the basis that anybody who was still entitled to unemployment benefit was counted as unemployed irrespective of whether they had made an appearance at the Department to seek employment or to collect their benefit. And in November, 1982, there was a figure of 634 unemployed. In October, 1982, the figure was the same as for September this year, 599. What happened in December? In December the Government announced that they were introducing a new method of calculating the unemployed, it was announced in the House of Assembly, which was supposed to produce a more realistic figure by only counting people who had made an appearance at the Department to seek a job within that month. Therefore, December shows unemployment going down from 634 to 475 but that it went down, it is that it was calculated more realistically. Therefore, when we are comparing the post 1982 with the pre 1982 figures the difference is much bigger because the figures that I have quoted before 1982 were calculated on a much more liberal basis than is being done today. It is even worse than twice, it is more than twice when we are comparing the old system of calculation with the new one. If we make an adjustment for that we are talking about unemployment in September

1984, three times unemployment in September, 1980, and the Minister for Labour does not think there is a problem. He has mentioned the policies that they have introduced. I do not know to what extent he has introduced those policies or not but he says that one of the things that was announced in the Committee was that there would be retirement of the people over 65 once a unified pension scheme was agreed with the unions. Well, that was announced in the House of Assembly by the Minister for Economic Development in December, 1983 and no proposal has yet been put to the unions in October, 1984, Mr Speaker. He cannot expect a reply when nothing has yet been proposed although it is ten months since it was announced in the House of Assembly and every one of those ten months unemployment has gone up in Gibraltar. We will all be unemployed by the time we see the unified pension scheme. He talks about the work in the Manpower Planning Committee and then he goes on to say that he welcomes ideas from every quarter. Well, I can tell him one idea. My experience in the Manpower Planning Committee, Mr Speaker, is that it has been the Trade Union side that has been fighting half his battle against the Government with notable exceptions here and there. I think the Honourable Major Dellipiani was certainly committed to reducing the quota and certainly the Honourable Member made a fine speech to reduce all the quotas in his first meeting and then promptly proceeded to try and increase them all in his second meeting. It is all very well to say that the initiative has not come from him or from the Government to reduce the quotas, the initiative has come from the unions that have maintained consistently that we have to protect workers who are here but we have to keep more workers coming in because in the long term we cannot have a situation where Gibraltar has got mass local unemployment and employs lots of foreigners because that is a socially explosive situation. We have got to have a sense of responsibility to the people who have lived and worked here for many years but if they want to go for whatever reason then we should not go out of our way to perpetuate the problem by keeping replacing them. That is the view which I think any sensible citizen would defend and any politician can defend with honour because we are not being discriminatory, we are not being racists but we are being practical in saying, well, if we had an unlimited number of jobs, well, fine, open house for everybody, but if we are going into a recessionary situation where the Minister for Economic Development in an earlier contribution pointed out that the latest employment survey shows the lowest numbers of jobs since we started collecting statistics and I do not think that there is any question about it the economy of Gibraltar is shrinking and it is difficult to see how we can stop it shrinking. That is a reality of life. But if the Minister is not aware that that is happening, then we are wasting our time to ask him to produce initiatives to cure an illness which in his perception

is not there in the first place. I think the Honourable Member mentioned that in September there were 110 non-EEC nationals. According to the statistics his Department produced there were 69, 67 of them males and two females. That left a total of the 599 as British Subjects or EEC Nationals, we are not very clear whether it is one or the other but that seems to be the global thing. The most important element in that category in terms of the nature of the problem, we have got a problem of youth unemployment, I think the problem of youth unemployment is a particular one which affects not just Gibraltar but many other areas and it is a difficult one to resolve because from an employer's point of view, a trainee is seen initially as a liability, that is, you are paying somebody to learn to do a job and clearly if you can chose between taking in somebody that you are going to be paying to teach and taking in somebody who might cost you a little bit more but whom you can expect to produce a return for the business, then your obvious preference is an adult. This is why the major source of employment for school leavers has been the official employers and, quite frankly, employers in the private sector have been very deficient in this over the years because they have preferred to let the apprenticeship be financed by the official employers and then at the end of the day when they have got a qualified craftsman coming out of the other end of the system, they offer a better wage or higher bonuses or piece work rates and they effectively pinch the skilled man and that has been happening for years, and in fact, the PSA in days gone by when there was less constraint on expenditure and where the Regional Director in Gibraltar had more freedom in exercising the level of employment, I remember that Mr Corcoran who was a great friend of Gibraltar always said that he did not really mind because he felt he was making a contribution to creating a pool of skills in Gibraltar even if at the end of the day he was really training some people whom he knew the moment they got their indentures, were going to finish the next day working for a contractor. The PSA today is working in a different world and in a different environment an environment where they have to justify every penny. This is the same of the other UK Departments. I think the Government of Gibraltar that has to come up at the end of the year with a way of financing its expenditure cannot simply go into the business of job creation by printing money. But that does not make the problem go away, the reality is there and the reality in our estimation is a serious problem, a deteriorating situation and one that is likely to get worse before it gets better. If there is a long term potential of a growth in the economy of Gibraltar in tourism or in commercial shiprepair, it is a long term potential and before things get better they are going to get worse. That is the message that I think the Government is

receiving from us and unless they accept and they understand that, then we are likely to get, quite frankly, a reply like the Honourable Member has given which can only be described in one way, it is a reply based on complacency. The Honourable Member is not worried by the situation. We do not believe for one moment that he is not concerned about the plight of the unemployed and that he would not be concerned if he thought it was serious but, clearly, he does not see it in the same light as we do and until he does then, clearly, he is not going to see the need to give it the impetus and the priority in his time and in the efforts of the Government that the situation requires and that is a matter for regret, Mr Speaker.

HON A J CANEPA:

Mr Speaker, I cannot say that I disagree very fundamentally with most of the analysis that the Honourable Leader of the Opposition has made, because I think it is one that I share to a very large extent. I would describe the situation certainly as worrying and I agree that we cannot be complacent but the problem that we are facing must also be seen in its proper perspective and it has to be seen against the context of the problems which other countries in the developing world have. In Gibraltar we are very introspective. We are a very small community and problems are always exacerbated. A level of 5% unemployment in Gibraltar is much more serious than the same level of 5% in the United Kingdom. I think many countries in Western Europe and in the Western World, indeed, would yearn to have a level of unemployment of only 5% or 6%, they would count themselves fortunate, but in Gibraltar the problem is seriously exacerbated by the fact that we know precisely who are the people who are unemployed and we know - that the problem multiplies itself because if people queue up at the Social Security Offices to collect £45 a week unemployment benefit and at the counter next to them there is somebody getting a pension of £57.80 tax free and that person is also in employment and the person who is unemployed knows that that person is in employment, you begin to have a process of developing social tensions. That is the fear that I have always had of high levels of unemployment in Gibraltar and that was one of the reasons which impelled me to see that the commercialisation alternative was the only alternative because I honestly thought that to have, say, something in the region of 1000 or 1500 people unemployed early in 1985 would bring such strains and stresses into the economic, social and political fabric of Gibraltar that I was afraid that Gibraltar might not survive as the Gibraltar that we have always known and we wish to preserve. Unquestionably the level of unemployment of 5.99 is worrying and it is a level which indicates a deterioration in the situation over the last four years. What has contributed to this? I think it is important that we should know who has caused it because if we know what has caused it, then we might

be in a better position if something can be done, if not in the short term in the medium or the long term to rectify the situation or to avoid a worsening of the situation. One of the factors that undoubtedly has contributed to this higher level of unemployment was the damaging delay in getting another development programme on the way. There was a damaging delay of 2 years and so, the development programme, the previous one which was supposed to dovetail one into the other, and we got it right, Mr Speaker, in 1980, in 1981 and early 1982 we were spending £10million a year in the Government's development programme. All the criticisms that there have been from former Members of the Opposition for many years could no longer be levelled at the Government because we were having to come here for supplementaries because we were spending more than what we had actually voted initially. So we geared ourselves up and if there had been a smooth transition from one development programme to another and if the bulk of the present development programme had contained the projects that we wanted which were social projects, labour intensive projects, then the construction industry would not be at the lowest ever level as it is now because a few years ago the construction industry was employing over 800. When I came into office in 1972 it was employing over 1000. And between 1972 and 1978, there was a contribution through the development programme from the Government, chiefly through housing and schools, which led to labour having to be imported from outside Gibraltar. There was an important MOD contribution with their build at Europa Point. Filipinos had to be imported, then for the school I think they imported people from abroad and we were looking for labour. I led a mission to Malta because there was a serious shortage of labour. That is one factor, the damaging delay in the development programme and we must be careful that it does not happen again. We must be careful that if there is normalisation at the frontier next year, that the British Government does not turn round to us and say: "You are going to have an economic boom in Gibraltar", because that is what they were telling us in 1980, that the frontier was going to open and there was no need for any more development aid. And that is the wrong analysis. If they do that, we could, in 2 or 3 years, require budgetary aid because what they do not seem to realise is that there have been distortions brought into our economy during all the years that the frontier was closed which require a period of time for them to iron out and the first year or two after an opening of the frontier if anything might exacerbate the present situation then the outflow of funds might be greater before compensatory elements come in. That brings me to the second reason and that is the loss of jobs brought about by the partial opening of the frontier. The present discriminatory basis on which it is open is leading to a loss

in GDP of between £5m and £6m. That loss of £5m to £6m translates itself somewhere in the economy into jobs. The Honourable mover of the motion mentioned one area, the wholesale and retail trade have suffered from the discriminatory partial opening of the frontier. There has been a loss of jobs there which I am sure can be put down to that. But in any case the multiplier effect of the loss of £5million circulating somewhere in the economy of Gibraltar, I think that that can be equated to a loss of at least 100 jobs, something over 100 jobs. And then there is the fact that I have already mentioned, the fact that the present development programme is not labour intensive, there is not a great deal of housing being built under the present development programme and it is housing that has been the main plank on which the high levels of employment in the building industry in the past were built. The building industry was employing more people than ever in our history at the time when Varyl Begg Estate was being built because that was a huge project of 700 units. I heard on the news today that the Minister had been quoted as saying that if we had another 700 units we would solve the housing problem. But 700 units presupposes some £28million of capital and, perhaps, we are no longer geared up for that kind of thing. We made the point to the British Government when we were negotiating £13million of Development Aid, we made the point ad nauseum that we attached a lot of importance to social projects because of the short term requirements to have labour intensive projects. Of course they are right when they say you have to look after your infrastructure, you have got to get things right for the future and therefore you have got to concentrate on areas like the Port, and we have to get right the situation involving power, water and so on, because without that then you are in trouble. But, really, the criteria that they have adopted has gone too far the other way and that is why the building industry is employing so few people. The nature of the unemployment that we are now experiencing as well is of a structural nature and this is where it is difficult when you replace one thing by another, even with retraining, it is difficult to be able to say, "so many people are employed on such and such an industry, we are going to make up the loss of jobs there by creating a similar number of jobs in another industry". You are bound to get some structural unemployment and then people who would have been unemployed for transitional periods you find that for a very, very long time they cannot be employed. As I mentioned this morning, the situation cannot be that bad when over 100 people, I don't know what the figure is but it is probably nearer 200, have been able to take voluntary redundancies in the course of 1984 and find employment elsewhere in spite of the contracting economy and in spite of its lower numbers being employed all round. I will come to where

I think there could be some amelioration of the problem and the direction, in my view, in which we need to move but the measures that the Government had announced earlier this year, although not of as positive a nature as the expansion of the economy would lead to in the creation of jobs, the measures that the Government announced were important and were useful in bridging the gap. The Government could take steps next month to employ 150 or 160 people if we had been able to bring to the House at this meeting legislation amending the Pensions Ordinance. Why haven't we done so? I think the Honourable the Attorney General has indicated the problems that he has been having. In the course of 1984, there was a period of time when he was the only one in his Chambers, there was nobody else in his Chambers. So no matter what priority you give to what is a complex piece of legislation, no matter what efforts are put, when you find yourself that there is one person in Chambers, and no matter how hard he works and how willing he is, that person is not able to produce complex legislation. It has not been done there, it has not yet been done in the shipping registry business, on Development Aid. I would have liked to have seen a Bill brought here in the context of home ownership. I am not giving excuses, it is a fact of life and whoever is sitting on this side would have had the same problem because you require people to draft legislation for you and if those people are not there you do not have legislation drafted. And if you do not have legislation and you cannot reduce pensionable age from 20 to 10 year's minimum, is it fair to sack people who have less than 20 but more than 10 years, I do not think so. We have got to carry those people in employment. Perhaps where we went wrong was that we did not think that so many months would go by without the legislation coming here and I shudder to think that many months may still go by before the legislation gets into the House.

HON J BOSSANO:

The point that I made, Mr Speaker, is that the Minister for Labour said that this was awaiting agreement with the unions of the Unified Pension Scheme. The point is that even if he had had the Attorney General's Chambers packed with lawyers all vying to get the Unified Pension Scheme on the Statute Book no proposal has yet been made to the unions. Surely, the first stage is to make the proposals to the unions before the unions agree and, surely, what will have to be put to the Attorney General is whatever is agreed with the union.

HON A J CANEPA:

The principles which the legislation is going to enshrine

should have been put to the unions because they have been made public and they were made public by me in a very detailed statement that I made here in December, 1983, so there is no reason why they should not have been put to the unions and the principles discussed as we do with many other things. For instance, a breadline formula was devised so that no one who is aged over 65 will be dismissed unless they have an income in excess of that breadline formula. That was the subject of detailed negotiations with the unions, because again, we do not want, what is the point....

HON J BOSSANO:

No, Mr Speaker.

HON A J CANEPA:

It wasn't? Then I have been misinformed.

HON J BOSSANO:

Yes, you have been misinformed, Mr Speaker. The earliest that the unions knew about the existence of the breadline formula was when one particular incident took place about two weeks ago and when somebody complained why somebody was being retained and somebody else was not, then the unions were told, "The reason is because there is a breadline formula in existence and that is the first indication other than the references by the Honourable Member in this House.

HON A J CANEPA:

Then I apologise. There is a breadline formula in existence. I thought it had been cleared with the unions, it was devised over a year ago. I do not know what the reason is, why it has not been done. Maybe it is awaiting, well, I will not say. But there is a breadline formula and the objective behind it is to ensure that we do not give notice to somebody aged over 65 so that he will have to go on Supplementary Benefits. Nor do we want to give notice to anybody aged over 65, so that we have got to employ somebody from Morocco, from Spain or what have you. We have to ensure that there is a Gibraltarian willing and able to take that job. The Youth Training Schemes, I think, in all fairness, require to be given a chance. In the same way as the previous Youth Training Scheme the first year was a failure, by the second year I think over 40 youngsters had enrolled. I am aware of one or two cases where, undoubtedly, it must have had a beneficial effect because if a youngster who has spent a year at the Landport Training Centre is considered today to be good enough to be taken on by A & P Appledore as a

first year apprentice, it must be because they are giving him the advantage of having had a year's training elsewhere which better qualifies him for an apprenticeship than people who have not had such an experience so it can have a beneficial impact. I think that the trouble is that young people, this is my experience over the years, they don't begin to seriously face the problem of unemployment until the summer holidays have gone by because having been at school till the end of June they want to have the two months of summer holidays. I think I know a little bit of what I am talking about because I do deal at first hand with youngsters. And then, in September, they begin to think, the holidays are over, the summer is over, they are not going back to school, how about a job. This is where the apprenticeships come in. The apprenticeships this year, which are about 20 by Government and PSA, the bulk of them by Government, have not yet been awarded. It is on Saturday that young people will go along to select their trade. Twenty youngsters are going to be taken on as a result of that. The student technicians, 5 of them were mentioned, as against 1 last year, were only interviewed about a week ago. Two or three weeks ago about 100 youngsters were interviewed for vacancies for Clerical Assistants and they have been wait listed and as vacancies occur, and they will occur, because for instance, I heard the other day that in the Income Tax Office alone, 4 C.A.'s were being promoted to C.O. so that would create 4 vacancies for CA's, so there is a process now that over a definite period of time over the next six months the Government is going to be employing a considerable number of Clerical Assistants which will also mean a reduction in the levels of unemployment. But what is unfortunate is that where-as the apprenticeships used to be given at the beginning of September, now the whole thing is being pushed back and it is being pushed back because with job opportunities generally being more scarce than what they were, young people want to play safe. You may well get a young man who applies for a Gibraltar Government Scholarship also applying as a student technician, and also taking the apprenticeship exam and so you have got to go through the process of seeing if he has got a scholarship. If he has, he does not take on the student technicianship but if he does not get a scholarship, he has got a second fallback position and then he has got a third fallback position and the apprentices are now being pushed back into November for the first time ever, last year I think it was in the middle of October. These delays are also aggravating the problem and the fact is that eventually in November or so, 50 youngsters find themselves with a job that they did not have in July, 28 being taken on by A & P Appledore and over 30 between the PSA and the Government. That is the sizeable contribution compared to last year and the year before when it should not be forgotten that MOD were not awarding any

apprenticeships at all. Something is happening, things are moving slowly but there they are. What about the future. The construction industry, I think, should benefit from the builds which the MOD are going to have of 60 or 70 married quarters, which have now been approved by the Treasury in the UK and funds have been provided. That will provide jobs in the construction industry. The Vineyard Project which we are launching in November, that will provide jobs, not overnight, but as it picks up over a period of time, that will provide employment. And then, of course, there are the tourist orientated projects in the pipeline. Rosia could come on stream much earlier, not so Queensway. Therefore my message is this, that I do not see a short-term improvement in the situation. I do not think it is going to improve in the next year or two but it should begin to improve after that if our forecasts are correct. If we are mistaken, no. If the frontier normalises and tourism begins to pick up, the tourist industry will expand, there will be jobs. The financial sector is already providing significant employment opportunities, the trouble is that they are going to people from outside Gibraltar. It is UK Nationals that are being attracted to Gibraltar and this has got to stop and the way to stop it is to ensure that we train our people to take over these opportunities. There is a need I think to get obviously the economy moving. I would hope that if the Commercial Yard is able to open its doors on the 1st January, that they will be able to build up as they indicate that they can to a higher level of employment in the course of 1985 than what the Naval Yard has been offering. But here, I think I also have to warn the House, that if there is a shortfall it could well be that because of the nature of the present unemployment which we are suffering which is of a structural nature, they may have to go outside Gibraltar to recruit in some cases. And again that is bad. That is bad from an economic point of view and from a social point of view but there may be no alternative, there may be no other choice because a lot of people have also been playing safe and people who could have been employed by A & P Appledore prefer employment elsewhere and have been getting employment elsewhere in the last few months. That has been happening so the skills that are left amongst the pool of unemployed, if there are skills, may not be such that A & P Appledore can absorb them. There is that problem and I think I have to warn the House about because that has got certain consequences. We have seen the reaction, and rightly so, that there has been with the move by the Ministry of Defence or PSA to terminate employment for the young people because there are others from outside Gibraltar who they considered merited priority treatment. This is the kind of situation where if it is exacerbated within our community, can produce the very great social stresses that I was referring to earlier. I hope,

Mr Speaker, having said all that, that the Honourable Members opposite will accept that there is on the Government benches an awareness of the extent of the problem, of the reasons behind the problem. We think that we have got policies that could ameliorate the situation if they were all to come off. Honourable Members opposite may not agree about the direction in which we want to move the economy. I would like to see them unravel that economic plan once and for all. Not put into effect because to put it into effect they would have to be here and I would rather be here and let them stay there. But at least they must accept that we have thought deeply about the matter and within the constraints that we have, we think that measures in the medium to longer term can be taken that will ameliorate the situation. We are not complacent, the level of unemployment is worrying. I would have liked to have seen what I call the more negative being taken earlier because the number of unemployed would then be lower and if the numbers of unemployed are lower the stresses and the pressures are less. I have explained the difficulties and I hope, as I say, that Honourable Members will agree that it is not because there is not a political will to do something about it that the level of unemployment is what it is today.

HON J L BALDACHINO:

After that lengthy intervention of the Honourable Member, I am going to be very brief. I hope that after the intervention of the Honourable Minister for Labour and Social Security who was very complacent he is now more aware of the grave situation we find ourselves in. I think that one of the main causes of the problem that we find ourselves in now is the delay in aid from UK. I think that for future reference the Government should not be the buffer between the British Government and the people of Gibraltar.

HON DR R G VALARINO:

If the Hon Member will give way. I deny totally that I am complacent. I said in my speech that the Government is naturally concerned. There is no complacency on this side of the House and there is no reason that I can see why Honourable Members on the other side should feel the need to accuse any Member on this side of the House of being complacent.

HON J L BALDACHINO:

Mr Speaker, the impression given by the Hon Member's contribution was one of being complacent. If he is not complacent then we are glad.

HON MAJOR F J DELLIPIANI:

Mr Speaker, the Honourable Minister for Economic Development and the Minister for Tourism have mentioned certain spheres of activity which will produce, not in the short term but in the long term, employment in Gibraltar. If I recall there were three. One was tourism, the other was the build up of married quarters by the Ministry of Defence and the consequent activity that this will create within the building trade and the third was the financial centre. The financial centre is certainly creating work but as my colleague has mentioned because of the specialisation of that work it is attracting UK personnel. But that is a sphere that with proper training local people are attracted to that kind of work. However I beg to differ with both my colleagues because given the traditional attitude of the Gibraltarian towards a specific type of work, the tourist industry in the main will only produce work for other people, for aliens, and not for Gibraltarians. I am sorry to say that that tradition we have in Gibraltar has not changed and, unfortunately, even though I am a parent myself, that tradition must change otherwise what we are doing is providing work for people from outside Gibraltar. The same applies to the building trade because, unfortunately, in the building trade the main skills are again provided by the aliens. We provide the labourers and as an off spin the odd clerk, the odd storeman, timekeeper, MT driver but the bulk of the work is still carried out by craftsmen from other countries. This was why in my time as Minister for Labour I am sorry that it has not been successful, I will certainly try and think of other ways with my colleagues to do something about it. I saw a way forward in the schemes for providing accelerated training courses for two specific areas which have been identified not only by our own Government, but by the PSA/DOE and this was masons and painters. In fact, in a meeting I had with the PSA/DOE Director, he did say that there was a need for painters and rather than employ from other sources he would try and bring them on UK contract in the expectation that by that time we would have trained painters to replace them and that was very laudable of the Director of PSA/DOE. But unless the people of Gibraltar, and I do not blame the children, I blame the parents, unless people realise that we cannot all be clerical staff of the Government of Gibraltar, we cannot all be employed by the Gibraltar Government, that there are other spheres of work, whatever we do to create more activity only the spin off * will be for the Gibraltarian but the bulk will still be for aliens. This situation cannot continue because as you rightly said, we cannot have a situation where we have a huge force from outside and our own people unemployed. The social upheaval that that can cause is tremendous but it is not only the fault of the Government of

Gibraltar or of yourselves as the trade unionists because I am sure that for your part you do try to encourage people to look to other ways and means of finding employment. Everybody is hopeful of the longterm solution. I am worried already of the short term solution because if one person is unemployed who is employable, I worry about him because he is a person and I am human, I could be in that situation. The people of Gibraltar tend always to look at the Government of Gibraltar to provide work through the Public Works Department, and I happen to be Minister for Public Works and though I am not known now as a socialist I think that in my short time there I have already created some work but I would like some of that work which is created within the Government to be reserved for people who are unemployable not because they are social misfits but because they have either physical or mental handicaps. And the Gibraltar Government does quite a bit but I think there is room for more to be done within the Government because we must set the example and I am thinking particularly of a couple of people I have met recently. On the social misfits there is no way we are going to employ them because Gibraltar is very small and we keep sending the same people to the same employers and they keep coming back. What I am saying is that, essentially, if we are looking towards the building trade, if we are looking towards tourism, then we have to change our attitude, we really have to. I know of places within the tourist industry where they want people to work in hotels and other associated business but the youngsters do not want to work on Saturdays and Sundays. The aliens are prepared to work any time. If I remember one of the things that struck me most when I was Minister for Labour and the frontier opened in December, 1982, was the mass of Spaniards who came into Gibraltar and we kept telling them that there was no work for them and they kept going to every workplace and every shop in Gibraltar. The Moroccans still do the same. They will all go to every site, to every shop, to every employer they can think of to look for work but the Gibraltarians will only go to the Labour Department to see if we have work for them or to the union. They have not got that same spirit for searching for work that other people have, we have not got it. Maybe it is because we have had it so good for such a long time and we have got used to it and we are over protective towards our own children. Maybe that will change. But until that attitude changes no matter what scheme we think of our solution to reduce the problem will be even more difficult because even in England, I have been to UK three times this year, I have noticed the difference that before when you went into hotels everybody was either a Greek, a Spaniard, Italian or Portuguese and now you find English people working as chamber maids, as porters, as night porters, etc etc. This situation has not developed in Gibraltar. I hope that the changed attitude that I have found in the United Kingdom will also come about in Gibraltar otherwise what we

are going to have is an imbalance of Gibraltarians unemployed and lots of work for aliens.

MR SPEAKER:

I will then call on the Hon mover to reply.

HON M A FEETHAM:

Mr Speaker, when I put the motion to the House I recall that I started by saying that it was the responsibility of the Opposition to monitor Government policies particularly those policies which have been presented to the House as a means of resolving a problem. In this case the motion dealt with unemployment and the motion was meant to monitor precisely the measures which were announced by the Minister for Labour in response to the unemployment situation. I said that if we were to look closely at the effect of those measures that in our view they have been totally ineffective. I must say that I was rather disappointed, if I may use that word, at the manner in which the Minister presented his arguments against the motion. The impression I got was that there was not an unemployment problem because I began totalling the figures that he presented to the House which I am disputing and at the end of it I came to the conclusion that we were suffering from an over employment situation, that we were short of workers, in effect. That is the distinct impression I got. However, as the debate developed, it was clear to me that the lack of awareness on the part of the Minister was not the lack of awareness which was reflected by the other Members of the Government. It became clear that in fact, Government recognises that not only do we have an unemployment situation but, in fact, much more positive steps have to be taken than the measures that the Minister announced in March this year. But the difference between what the Minister said and what the other Ministers have said is that those measures are going to take time to materialise and in fact one Minister said it could take up to 3 years. The hump that that is going to produce in the unemployment area is going to produce great social problems because unemployment is going to increase and it is going to increase substantially. What are we going to do to alleviate the situation in between? That is where the Government's responsibility lies in resolving it. That is what they were elected for. The argument on which they are basing their policy for resolving the problem in the long term and not the short term because in the short term it is clear to both sides that the problem is going to get worse is that they are basing themselves on tourism on the one hand and the Gibraltar Shiprepair Company as the two main pillars. I agree that it is going to take a long time before not only do we get rid of the unemployment situation but we find ourselves in an expansion

situation. I was really taken aback by the manner in which the Minister for Tourism intervened because I made the comment that tourism isn't going to generate employment in the foreseeable future unless of course we get an opening of the frontier but then we do not see that those jobs are going to be created in the permanent sector of the tourist industry vis a vis the hotels because if he wants an answer from somebody who knows just a little bit about the subject it really boils down to the Minister for Tourism deciding what his policy on tourism is going to be which is the market that is going to generate tourism to fill the hotels in Gibraltar because one day he is saying it is the specialist market, the next day he is saying the mass market. He has to decide so that the people that market will be able to go forth knowing that the Government has made a decision on the matter. The fact is that there isn't going to be a development in the short term and we recognise this. We have brought this motion because we are in fact putting Government on notice of the extent of the problem and that it needs to be tackled and we shall continue to raise the problem and we shall continue to monitor the situation because that is of course, our duty. It is not our duty and we have repeated this time and time again, and we shall repeat it so long as that side of the House keeps bringing up the matter, it is not our job to tell the Government how to resolve the problem and it is not our job to say how the economic problems of Gibraltar should be solved. We will do that when we are elected into Government. That will be the day when we will begin to unfold the economic plan that our colleague, I can assure you, has got in his brief case. Because all the contributors on this side have in fact answered all the points and have covered all the points that need to be covered, I don't think I ought to make any further contribution in support of my motion and in reply to the Ministers opposite.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The following Hon Members voted against:-

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone

The Hon Sir Joshua Massan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon B Traynor

The following Hon Member was absent from the Chamber:-

The Hon E Thistlethwaite

The motion was accordingly defeated.

HON CHIEF MINISTER:

Mr Speaker, I beg to move that this House do now adjourn till the 19th of November, primarily for the appointment of the Gibraltar in Europe Group, and we have a little business that we can do later on before the final adjournment. Whilst in no way subscribing to support anything, I think it must be a sad day when a person who is elected to hold office is assassinated and we know that Mrs Gandhi died this morning. Whatever her policies, she was an elected leader and I think it is dreadful that differences should reach a stage in democracies where the only answer is assassination and I am sure that all Members here share with me the idea that this is abhorrent and repugnant.

HON J BOSSANO:

I would like to confirm, Mr Speaker, that we share entirely the sentiments expressed by the Honourable and Learned Member. We believe in parliamentary democracy and we believe in persuading people whose ideas differ from ours. Certainly, whatever one may think about the particular policies of Mrs Gandhi or in any other political leader, I think the strife that this could bring is one more distabilising factor in a world which is so small that we all need each other whatever the colour or creed and we need to help and give assistance to each other. An unstable India is a more unstable world than we have got and we have got one that is unstable enough already. I associate myself entirely with the Chief Minister.

MR SPEAKER:

As I normally do when both the Chief Minister and the Leader of the Opposition express regret in such circumstances and other matters, I will most certainly join with the words of regret that you have both expressed. It is, I think, sad to

see the life of such a prominent and dedicated politician extinguished in this cruel and horrible manner and I would say that both my prayers and sympathy go to her family and India generally. Having said that I would like to tell the House that I have received a further notice for a matter to be raised in the final adjournment of the House which will be the 19th as has been proposed by the Honourable and Learned the Chief Minister. It comes from the Honourable the Leader of the Opposition, and it reads as follows: "I beg to give notice that I propose to raise on the adjournment the illegal application of funds from the Gibraltar Shiprepair Limited Special Fund contrary to the provisions of Section 6(4) of the Gibraltar Shiprepair Limited Ordinance." I will put the question that this House do adjourn to Monday the 19th day of November 1984, at 11.30. I would ask Members that as we are meeting for a specific purpose, we do make it a point of being early.

HON A J CANEPA:

Mr Speaker, what will happen on the adjournment, are we likely to find ourselves going on beyond one o'clock?

MR SPEAKER:

It is suggested that we meet at 11.30 to hear the motion. We will then recess and return in the afternoon to finish the rest of the business.

The question was resolved in the affirmative and the House adjourned to Monday the 19th November, 1984, at 11.30 am.

The adjournment of the House to Monday the 19th November, 1984, at 11.30 am was taken on Wednesday the 31st October, 1984, at 7.25 pm.

MONDAY THE 19TH NOVEMBER, 1984

The House resumed at 11.45 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 Health and Housing
The Hon H J Zammit - Minister for Tourism
The Hon Major F J Dellipiani ED - Minister for Public Works
The Hon Dr R G Valarino - Minister for Labour and Social Security
The Hon J B Perez - Minister for Municipal Services
The Hon G Mascarenhas - Minister for Education, Sport and Postal Services
The Hon E Thistlethwaite QC - Attorney-General
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon J Bossano - Leader of the Opposition
The Hon J E Pilcher
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J L Baldachino
The Hon R Mor

IN ATTENDANCE:

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

PRAYER

Mr Speaker recited the prayer.

MOTIONS

HON CHIEF MINISTER:

Mr Speaker, it is once again my pleasure and privilege to propose a motion on the subject of our representation in the European Parliament of which notice has duly been given. The Motion reads:

"This House -

- (1) resolves that the following British Members of the European Parliament, having expressed their willingness to represent the interests of the people of Gibraltar in the Parliament, are formally recognised by this House, on behalf of the people of Gibraltar, as representing their interests:

Lord Bethell
Mr Alf Lomas
Mrs Caroline Jackson
Mr William Newton Dunn
Mr Anthony Simpson
Mr Glyn Ford
Mr Tom Megahy

- (2) wishes to express the thanks and appreciation of the people of Gibraltar to the aforesaid Members of the European Parliament for their interest, for their goodwill and for their initiative in ensuring that Gibraltar is represented in the European Parliament, as an interim arrangement, in an indirect way; and
- (3) warmly welcomes the Gibraltar in Europe Representation Group on its second visit to Gibraltar."

Mr Speaker, it is just over four years that the House passed a resolution in very similar terms. Its origins lay in a suggestion which had been made, some months earlier, by Lord Bethell which had led to an invitation from the President of the Parliament to Mr Peter Isola, then Leader of the Opposition, and myself to pay a visit to the Parliament.

During the course of that visit we addressed the various groupings in the Parliament on various issues concerning Gibraltar, the three principal issues being the right of the people of Gibraltar to self-determination, the question of the Spanish restrictions and our wish to be given the right to vote in European elections.

We were heard with great attentiveness on these three main issues, and the interest of members, of all shades of opinion,

was shown by the intensive questioning which followed our presentations.

We made it clear, of course, that we were in no way seeking to obtain from the Parliament an adjudication on the merits of the dispute between Britain and Spain over Gibraltar. We were simply trying to establish that the rights of European nationals, however small a community they might comprise, were worthy of protection.

Perhaps because the question of Gibraltarians voting in European elections was the one that most directly concerned the Parliament, it was that to which many of those to whom we spoke addressed themselves. There was much sympathy for our position and I think it is true to say that the great majority of the members felt, in principle, that the right to vote should be ours. The difficulties of achieving this were recognised and it was then that Lord Bethell proposed to the Gibraltar delegation that, until the matter could be explored further, he and a number of British Conservative and Labour colleagues in the Parliament might represent our interests indirectly.

It was thus that the Gibraltar in Europe Representation Group was born. It was then decided that a motion should be proposed in the House of Assembly by means of which the elected representatives of the people would, on behalf of Gibraltar as a whole, 'adopt', as it were, the six European Parliament members concerned and thus formally establish their status as representatives of the interests of the people of Gibraltar in the Parliament. The resolution was duly communicated to the Parliament by Mr Speaker and was reproduced in the Parliament's Bulletin of 3 October 1980.

Today, as on the last occasion in 1980, I ask the House formally to recognise and establish this status, once more, in respect of the seven members named in the motion. In doing so, I should like to say, first, that we take particular pleasure in noting, among the list of names, as on the last occasion, those of Lord Bethell, Leader of the Group, and Mr Alf Lomas, now Deputy Leader; secondly, I should like to record in this House our thanks to them for their continuing interest in the affairs and welfare of the people of Gibraltar as well as our thanks to Mr Brian Key, Mr Kenneth Collins, Mr Adam Fergusson and Miss Gloria Hooper, members of the first Group but now no longer members of the Parliament; thirdly, I should like to thank the new members of the Group, Mrs Caroline Jackson, Mr William Newton Dunn, Mr Anthony Simpson, Mr Glyn Ford and Mr Tom Megahy for coming forward to assist in protecting the interests of Gibraltar. Mr Simpson and Mr Megahy have of course visited Gibraltar previously. We are aware of the multifarious activities which membership of the

Parliament involves and we are deeply grateful to them all for undertaking this additional task.

It is for this reason that the second paragraph of the motion notes particularly these members' interest, goodwill and initiative in ensuring that Gibraltar has at least an indirect representation in the Parliament.

It is regrettable that, through no fault of their own, but owing to delays between Victoria and Gatwick, Mrs Jackson and Mr Newton Dunn were unable to come to Gibraltar on this occasion. We look forward to an early visit.

The Group's visit to Gibraltar is necessarily a short one. We hope, however, that the new members in particular will have a sufficient opportunity to meet a good number of their adoptive constituents and be able to familiarise themselves at first hand with our problems and aspirations. We ourselves are making full use of this valuable opportunity to discuss these matters with them and we are of course ready, at any time, to provide whatever information may be required.

I should like to express my hope that it will be possible for members of the Group to visit us from time to time during their term of office and to keep closely in touch in this and other ways. It may also be possible to arrange, through and under the auspices of the Group, for members of other nationalities also to visit Gibraltar (I recall, for instance, the visit of Vice President Moller); and, lastly, it may be that a Gibraltar delegation should pay another visit to Strasbourg. In short, I consider it necessary and desirable for the links between Gibraltar and the Parliament to be maintained, strengthened and consolidated.

Sir, I refer now to the third paragraph of my motion in which I ask the House warmly to welcome the Group on its visit to Gibraltar. Although this is essentially a formal occasion and for that reason, Mr Speaker, I have not said anything of a controversial nature, it is right that the warmth of our welcome, which is also being demonstrated in other ways, should be placed on record in this House. We hope that during this visit, and on any future visits, the members of the Group will come to regard Gibraltar as a second home.

Finally, Sir, because of the formality of the occasion, I have refrained, in speaking to the motion, from referring to the current problems facing Gibraltar and to the aspirations of its people. We are discussing these in our informal conversations and the keen interest shown in these discussions augurs exceedingly well for the future relationship between this second Gibraltar in Europe Representation Group and Gibraltar.

If, in our anxiety to make full use of the Group's visit, we have overburdened the programme, I apologise. Perhaps future visits might be a little more leisurely and thus allow the Group's members to relax and enjoy their second home to a greater extent.

Sir, during the last twenty years in particular we in Gibraltar have undergone many stresses and tensions. We are a small community with no natural resources and no muscle in terms of international power. We have been consistently and unalterably determined to defend our identity as a people and our way of life, for this generation and for our children. We have been able to achieve this with the support of Britain and its people. It is a matter of enormous satisfaction and encouragement to us that this support should manifest itself also, once again, among the British members of the European Parliament. I speak from the heart, Mr Speaker, and I know I do so on behalf of the people of Gibraltar as a whole, when I express in this House our gratitude to the members of the Group who have come forward to help us in whatever may lie ahead. Thank you.

Mr Speaker proposed the question in the terms of the motion moved by the Hon the Chief Minister.

HON J BOSSANO:

Mr Speaker, it is indeed a privilege to be able to stand in the House and to have our friends from the European Parliament here at a time when we are moving a motion adopting them as our representatives. I think that the explanation given by the Hon and Learned the Chief Minister of how the group started and the problem of our having direct representation is one where we in the GSLP are conscious of the fact that in practice it is difficult to envisage that we could be better represented or more ably represented by having one member or one sixth of one member, which is proportionately what Gibraltar would be entitled to if it voted directly, than we are at the moment when, in fact, we have increased our representation from six to seven which means we are now represented by the equivalent of nearly one million people in the European Parliament. Lord Bethell's initiative in this respect is something that we must record and be grateful for because possibly if he had not taken the initiative we would not have thought of doing it in this particular way. We are committed, in fact, to direct representation and as far as the GSLP is concerned, that should be by Gibraltar being given a seat in the European Parliament like Greenland had until they decided to leave the Common Market and in the interim the representation that we have is, I think, unique in more respects than one because we all know as politicians, Mr.

Speaker, that there is nothing that sharpens the mind so acutely in political life as the need to go back and satisfy one's constituents who can then vote us into the House of Assembly or into a Parliament or out of it and therefore certainly one can say that our members of the European Parliament do it because they care for us and not because we are in a position to guarantee them their seats or to influence their re-election and therefore it is a labour of love and nothing else in their case. I do not want to draw any distinction between the commitment of the conservative Members and the Labour Members but I can say, and I am sure the same goes for all the friends that we have in the Conservative Party, that within the Labour Party the three members who are presently in Gibraltar and that are part of our group in the European Parliament have got a love and dedication for the people of Gibraltar which is absolutely rock solid and they are particularly valuable friends, I think, for us in Gibraltar because traditionally Gibraltar's position has been seen with a greater sympathy within the ranks of the Conservative Party because it has been linked to Britain's historical past and its now disappeared empire and many people within the British Labour Party and within Socialist Parties in Western Europe see Gibraltar as a relic of that past and as belonging in the past and our concern must be of necessity about the future and about the future of a Gibraltarian people who are as worthy of protection and defence as any community anywhere else in Western Europe irrespective of size. That message is the message we wish our members of the European Parliament to take forward and therefore, as well as expressing from our side of the House our gratitude on behalf of the people of Gibraltar for the honour that they do us by accepting being our spokesmen in the European Parliament, I think it is important that they should appreciate what we want them to say on our behalf and although this is a formal occasion, as the Hon and Learned the Chief Minister has said, and although he has avoided saying anything controversial for that reason, as you very well know, Mr Speaker, formal occasions have never inhibited me from saying controversial things. Therefore, I must say that I believe it is right that it should be said publicly that the proposed visit by some members of the delegation to our next door neighbour is something that the Opposition does not agree with and something that we would ask them not to do. I am sorry if this places Lord Bethell, whose initiative it was, in an embarrassing position and I appreciate that the initiative that he took was motivated by the best interests of the people of Gibraltar as he saw them and I regret that I was not asked for the view of the Opposition before the request was made to the Spanish Government but I think it has to be understood that the partial opening of the frontier is hurting Gibraltar not because of the people they prevent crossing the border in that direction, it is because of the people they prevent crossing the border in this direction,

Mr Speaker, and therefore to say that the Spaniards have in any way done anything other than maintain their restrictions because they allow an MEP, we know is not the case because, in fact, they have gone much further, they have opened the frontier and allowed a motorcade through because, of course

MR SPEAKER:

With respect, you have made your statement of principle on the particular issue as to the crossing of the border but I do not think we must use that as an excuse to expand on the policies that Spain is at the present time implementing towards Gibraltar. You have made the point and to that extent I think you were entitled to but we must not go beyond that.

HON J BOSSANO:

Mr Speaker, I do not think I am going beyond anything, what I am doing is explaining for the benefit of the members of the European Parliament who may not be aware of it.....

MR SPEAKER:

You are speaking about motorcades and such like and I am calling you to order to that extent.

HON J BOSSANO:

I accept your ruling Mr Speaker, but as far as I am concerned I think Lord Bethell ought to know that we have had Sheiks visiting us in this direction in cars and that that is a greater lifting of the restriction than what is going to happen if they let him through in the opposite direction and I think he ought to know. Mr Speaker, that we have had situations where tourists are given identity cards so that they can go across.

MR SPEAKER:

I do not want you to particularise, you can generalise and I think you have done it.

HON J BOSSANO:

I am sure that Lord Bethell when he moved into the situation that he asked the Spanish Government whether they would allow him to go across must have thought that he was establishing a precedent which perhaps as a result of what I am saying he appreciates, in fact, is a precedent that has already been

established in both directions. I think he also needs to know, Mr Speaker, that the elected Members of the House continue to abstain from visiting Spain although, in fact, the vast majority of the people of Gibraltar do so regularly and that is because we feel that part of the responsibility and part of the price that has to be paid by standing as Members of this House and by acting as the representative of the people, is that we put on ourselves voluntarily, without any pressure from anybody, we put on ourselves voluntarily a limitation because we feel that to go across and accept the restrictions that are being placed on the people who cross, the fact that there has to be a pedestrian crossing, the fact that things cannot be taken over and so forth, would be to acquiesce in those restrictions and that we must give leadership and therefore I would ask our members of the European Parliament to follow the example of our Members of the Gibraltar Parliament and out of solidarity, with the stand that we have taken, to refrain from going even though the authorities in Madrid have said that they will make an exception because we know the authorities in Madrid are prepared to make exceptions, we are concerned about the ordinary average citizen being treated at this particular European frontier the same as he is at any other European frontier and not with a Government that, we know only too well is prepared to have different sets of rules depending on whom they are dealing with. If you will be kind enough to allow me to stray a little bit more, Mr Speaker, seeing that I made up my mind to be controversial.

MR SPEAKER:

I am delighted you have recognised the fact that you have strayed.

HON J BOSSANO:

I just want to mention before I sit down that in the view of the Opposition it would have been useful for members of the European Parliament to be present in the Chamber when we debated the motion that we had originally intended to take on the adjournment but which have now given formal notice of and is being to be taken next Monday, dealing with the fears that we have about the way the negotiations are being handled by Her Majesty's Government on behalf of Gibraltar and the lack of information that we have in this House about what is taking place and the total absence of influence that we have on the course of negotiations. We think it was an important occasion for us because we believe that our MEP's should be wined, dined, welcomed, embraced and made to work while they are in Gibraltar, Mr Speaker, and therefore with those words I think I will commend the motion to the House.

MR SPEAKER:

Does the Hon Mover wish to reply?

HON CHIEF MINISTER:

Yes, Mr Speaker, I would like to say a few words. First of all, knowing Lord Bethell I do not think anything that is said here or anywhere else will embarrass him, he is a born fighter of good causes and he is not going to be intimidated by the Leader of the Opposition into not going to Spain if he wishes to and I think it is very bad taste to have raised that as a matter of principle because he knows exactly the position, he knows the position as to how we act on these matters and he knows what he thinks he ought to do and it is because he knows what he thinks he ought to do that he is here today with his colleagues, as the Hon Leader of the Opposition has rightly said, it was his initiative. I do not want to enter into a controversy over this, we all know the extreme views of the Leader of the Opposition about these matters, we respect them for what they are and in respect of the question of the visit that, of course, is something that has been followed by all Members, in fact, I understand that at the beginning there was a reluctance on the part of certain of his new Members to abide by the rule since some of them had properties in Spain but, be that as it may, the position is that these Members have come to Gibraltar to help us and we have to tell them all the information that we have for them to act, as the Leader of the Opposition very rightly said at the beginning because they have no commitment to us other than a voluntary commitment. With regard to the motion, if the reason for changing the notice given on the adjournment, and this meeting was specifically postponed in order to make it possible for members to be here, if they changed that to a substantive motion and thought that the Members were going to be bored here for three days listening to a long debate of which they must have heard many things to do with the EEC, well, I think, he wasted his time because in any case they are due to leave tomorrow and even if we had tried to we would not have been able to deal with this matter. The adjournment was purposely made to receive them and to appoint them and for that reason the proceedings will be adjourned until next Monday to deal with the motions and if he can persuade some of his friends in the group to come over I am sure they would be delighted to hear him and also the answers that will be given. I think this is a formal occasion and it is an occasion for agreement and unity and thanks and gratitude and it is in that spirit that I have addressed the House and it is in that spirit that I reply to the Hon Member.

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

ADJOURNMENT

HON CHIEF MINISTER:

I now move that we adjourn until Monday the 26th November at 10.30 am.

Mr Speaker then put the question which was resolved in the affirmative and the House adjourned to Monday the 26th November at 10.30 am.

The adjournment of the House to Monday the 26th November, 1984, at 10.30 am was taken at 12.15 pm on Monday the 19th November, 1984.

MONDAY THE 26TH NOVEMBER, 1984

COMMITTEE STAGE

The House resumed at 10.40 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 H J Zammitt - Minister for Tourism
The Hon Major F J Dellipiani ED - Minister for Public Works
The Hon Dr R G Valarino - Minister for Labour and Social Security
The Hon J B Perez - Minister for Municipal Services
The Hon G Mascarenhas - Minister for Education, Sport and Postal Services
The Hon E Thistlethwaite QC - Attorney-General
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon J Bossano - Leader of the Opposition
The Hon J E Pilcher
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J L Baldachino
The Hon R Mor

ABSENT:

The Hon M K Featherstone - Minister for Health and Housing
(who was away from Gibraltar)

IN ATTENDANCE:

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

PRAYER

Mr Speaker recited the prayer.

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House resolves itself into Committee to consider the Merchant Shipping (Amendment) Bill, 1984, clause by clause.

THE MERCHANT SHIPPING (AMENDMENT) BILL, 1984

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

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Merchant Shipping (Amendment) Bill, 1984, has been considered in Committee and agreed to, without 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.

PRIVATE MEMBERS' MOTIONS

HON M A FEEATHAM:

Mr Speaker, I beg to move that: "This House is seriously concerned at the continuing uncertainty over the political effects on Gibraltar on the enlargement of the EEC as reflected in the answers to Question Nos. 115, 116 and 138 by the Hon Attorney-General. It considers it unacceptable that negotiations on terms of membership for applicant countries should be taking place without Gibraltar having a say in the matter, notwithstanding the fact that it will be bound by whatever is agreed. It therefore requests that Her Majesty's Government should consult with the EEC Committee of this House before agreeing to any terms for applicant countries which impose obligations on Gibraltar which could prove detrimental to its economic stability". Mr Speaker, I believe that very few, indeed, if anyone in Gibraltar, will disagree with the sentiments expressed in the motion that I have just put before the House. If we deal with the first part, all Gibraltar is seriously concerned at the continuing uncertainty over the political effects on Gibraltar of the enlargement of the EEC. Equally, very few will accept that negotiations on terms of membership for applicant countries should be taking

place without Gibraltar having a say on the matter yet we are all bound by what is decided. Finally, no one will disagree with the fundamental rights of the Gibraltarians to be consulted before agreeing to any terms for the applicant countries which impose obligations on Gibraltar which could prove detrimental to its economic stability. Therefore, Mr Speaker, why is it necessary then for this motion to be brought to this House? Surely, very few will have reason to oppose it, not even those responsible for handling our external affairs, the Foreign Office, should find much in this motion to quarrel with. Yet, Mr Speaker, the unfortunate reality of the situation is that once the sentiments expressed in this motion go beyond the boundaries of the territory of Gibraltar, so many other interests come into play, that the rights of the people of Gibraltar takes second place to other considerations. On the matter of Gibraltar's membership of the EEC, the fact is that Gibraltar has had a very bad deal and all indications are, therefore, that it will continue so. We witnessed in 1972 and particularly since 1976, a manipulation of Gibraltar that for some of us it is very difficult to swallow. The Attorney-General's reply to my questions and that of my Colleague, the Hon Robert Mor, on EEC matters was one further indication of the unsatisfactory manner in which our Government is dealing with this matter and indeed responding with what can only be judged as the official line from the Foreign Office. The answers to our questions on rights of Spaniards and Portuguese nationals already resident in Gibraltar, was met with a reply that negotiations on Spanish and Portuguese accession to the EEC had not been concluded, the terms of accession including derogations and transitional periods had not yet been decided. It was, therefore, according to the Attorney-General, not possible to give the confirmation requested. Mr Speaker, that the Attorney-General should give such a reply at this late stage of the proceedings and, incidentally, that a similar reply be given in the House of Commons after my motion on the adjournment was tabled, confirmed what the Opposition has been maintaining all along and has been kept from us. It was therefore not possible, Mr Speaker, other than to come to the conclusion that there had been a contradiction of the previous position because, Mr Speaker, the replies we have been getting, certainly during the last four years, has been that Spain and Portugal would enter the EEC on the terms provided for by the Treaty of Rome, that Gibraltar's efforts to obtain derogations and similar safeguards would not be acceptable to other Member States and would go against the Treaty of Rome. We now find from the answer given by the Attorney-General, that negotiations are not completed and that derogations and transitional periods have not been concluded. Mr Speaker, I ask, what derogations and what transitional periods? Who has asked for them, which side of the table in the negotiations has asked for them and for what reasons, under what circumstances,

because Mr Speaker, it is precisely the answer to these questions that will demonstrate that Gibraltar which has had the same rights as other Member States to negotiate derogations and transitional periods, have in fact been denied so and yet other interested parties in their own national interest have not hesitated in putting forward their own case in defence of the interests of their own economy. Let me, Mr Speaker, before going any further, spend a little time because it is necessary as we have reached a very fundamental stage in the negotiations, to recall a little of the history of the Gibraltar EEC membership if only to show how badly Gibraltar has been treated and to what extent the Government has to take the responsibility for it. Gibraltar's ills, of course, commenced on entry into the EEC in 1972. It is now a matter of historical fact that the most inept piece of negotiation was done on behalf of the people of Gibraltar during the period from 1970 leading to membership in 1972, because, Mr Speaker, the very arguments that we are faced with today existed in 1972. Surely, it must have been as inconceivable then as it is today that Gibraltar could never achieve an economy of a similar nature to other Member States. Gibraltar could never compete on equal terms with other Member States. Gibraltar without special consideration could be wiped out as a nation with its own economy and consequently, Mr Speaker, fundamental to the rights of the people of Gibraltar would put paid to any political aspirations towards this end. At that time in 1972 these arguments were just as valid. The only difference was that Spain was still a Fascist country but nevertheless European and that Gibraltar was literally cut off from the rest of Europe. This, Mr Speaker, does not exonerate those with the political responsibility for having achieved this deplorable state of affairs. Lack of information, preparation, study and foresight on possible future Spanish intentions on the EEC indeed left many areas in our negotiations that should have been given more careful and detailed consideration but in fact received none at all. Gibraltar was simply admitted as a dependent territory without much detailed consultation and research into our needs. After all, Mr Speaker, amongst the economic policies pursued at the time was the enhancement of Gibraltar as a tax haven. The terms of entry achieved where, in fact, in direct conflict with those very policies which people were promulgating at the time because even today with the directives issued by the EEC since then it has become clear that Gibraltar's ability to encourage this line and this policy is now highly suspect. The difference between 1972 and today is that whilst the same secrecy and lack of information exists, the Government has had the benefit of hindsight of the agreements reached with other dependent territories, for example, the Isle of Man and the Channel Islands, indeed, of numerous representations by various influential sectors in Gibraltar and of opinions

which have been submitted to Government and, indeed the experience of being a Member of the EEC and therefore have had opportunity to begin to redress the situation. Yet today, Mr Speaker, there is greater uncertainty about Gibraltar's future in relation to the EEC and Spanish entry than there was in 1972 because today the reality is that much stronger. Since 1972 and up to 1980 when the GSLP brought a motion to the House seeking a re-negotiation of Gibraltar's terms of membership of the EEC, Government has had plenty of time to prepare the way for a determined piece of imminent negotiations and I say prepare the way with determination; with determination, of course, if the Government believed that Gibraltar's position was vulnerable. If they didn't believe that Gibraltar's position was vulnerable then Government should have said so publicly but instead, as they have always chosen to do in difficult situations, they have ridden the waves publicly and toed the line privately, Mr Speaker. Re-negotiation was possible, it was on and it was made possible by the Spanish and Portuguese applications, Mr Speaker. It is only at that time, at the time of enlargement, that a Member state can make a case of its own and put it forward as a basis for negotiation. The arrangements made for the Channel Islands and the Isle of Man which lead, for example, to the amendment of Section 227 of the Treaty of Rome, itself had clearly set a precedent which could have made it possible to re-negotiate the status of Gibraltar under the EEC during the course of the negotiations leading to Spanish and Portuguese accession to the EEC. There was, of course, also the other less attractive alternative but better than what we have today in our view which was to stay within the provisions of the EEC Treaty subject to certain derogations which could have been set out in a protocol and was done in the case of Greenland which was permitted to retain trade and other licence conditions. But what has happened, Mr Speaker, since 1980? In July that year my Colleague and Leader, the Hon Joe Bossano, brought a motion to this House calling for a study to be made on matters related to the negotiations of Spanish entry to the EEC and the implications for the economy of Gibraltar, for a study to be made on the economy of Gibraltar on trade and employment and that when the results were completed, to seek from Her Majesty's Government special arrangements with the EEC to protect Gibraltar's interests. The result of that motion, Mr Speaker, was that the Chief Minister set up a small sub-committee of the House to look at the matter with a view to seeking safeguards in the context of the negotiations of Spanish entry. That was in July, 1980. In August, 1981, the Chamber of Commerce produced an opinion by Mr Michael Burke Caffney on Gibraltar's position in the EEC and this passed to the Chief Minister soon after though it did not get to the Sub-committee of the House until January, 1982. The opinion,

though in a form of preliminary advice, was nevertheless well documented. Its final view to all intents and purposes endorsed Joe Bossano's motion of July 1980, because Mr Burke Caffney said that he would judge that it would be much easier to persuade not only the British Government but also the other EEC Members to agree to the desired solutions to the problems of Gibraltar if a fully researched and considered report was commissioned and made available with conclusions on the effects on Gibraltar of the accession of Spain to the EEC and recommending specific objectives to be achieved on re-negotiations by the British Government of Gibraltar's position under the Treaty as the price of agreeing to Spain's admission to the EEC. There, Mr Speaker, was another authority pointing the way forward and I have to admit that to expect the British Government to put Gibraltar's case as the price to agreeing to Spanish admission after Britain has allowed a Fascist Spain to throw its entire weight short of military intervention against the people of Gibraltar, would be asking too much but nevertheless the fundamental opinion was that a study could be made and that should be done in the process of negotiations for Spanish entry. Yet, Mr Speaker, whilst the Chief Minister through the Sub-committee is supposed to be looking at these problems, he did not hesitate, for example, in November, 1981, in telling the Chamber that the question of protection for business would run counter to EEC policies and could not be upheld. At the very time we are supposed to be looking at a comprehensive study of the implications for Gibraltar on whose advice, for example, did the Chief Minister give up the fight as early as eighteen months after the motion was presented by my Colleague if we hadn't finished what we intended to set out in doing? In fact, in August, 1982, Mr Natali, on behalf of the European Commission, made it quite clear that Gibraltar's position had not featured at all in the negotiations.

HON CHIEF MINISTER:

If the Hon Member will give way. I think that there was a denial that he had said that, an official denial that he had ever said that.

HON M A FEETHAM:

Mr Speaker, subsequently, it became quite clear in any case as I will say in my speech, that no representations had been made officially at that time by the British Government to the European Commission for re-negotiating Gibraltar's case. And in fact, the word used was that they were "sniffing around". Anyway, even if I were to concede that point, which I am prepared to do, there is no excuse that during this period all

questions by my Colleague Joe Bossano in the House on EEC related matters received very little if no reply in substance. The British Government could not deny that things were happening in Gibraltar otherwise their appointed representatives in Gibraltar were not doing the job they were supposed to be doing during their tour of service. The British Government knew what the position of this House was and what the uncertainty and the views of all the sectors in Gibraltar were in relation to Gibraltar's position and, in fact, in July, 1983, Mr Hannay, the Foreign and Commonwealth Office Under Secretary in charge of European Community affairs and his team visited Gibraltar about possible implications for us of Spanish accession to the EEC. Views were expressed to this team by various bodies concerned but no researched study was made available to them or was available, indeed, at any other level yet in 1st December, 1983, Mr Rifkind, Minister of State at the Foreign Office, in a reply to a Parliamentary question said that transitional arrangements for Spanish entry to the European Community would be the same for Gibraltar as for the rest of the Community, an answer which five months after the visit of the Foreign Office team went completely at a tangent with Gibraltar's case because we had been arguing up to that point in time that the circumstances and the relationship between Spain and Gibraltar in terms of size and potential damage to the economy is unique and practically unlike anywhere else in the Community and required special consideration. So much for the consultation process and so much for the rights of the people of Gibraltar and so on. That is why, Mr Speaker, the matter became an election issue in January, 1984, with the GSLP seeking in our manifesto a re-negotiation of Gibraltar's terms of membership consistent with our declared policy since 1980. In February, 1984, it will be recalled that the Chief Minister said that a progress report had been received and that the House of Assembly Committee on EEC matters would be re-constituted. In fact, in March, 1984, Mr Hannay and his team returned to Gibraltar and held discussions with the Committee. The end result, in a nutshell, Mr Speaker, is that the Chief Minister accepted the Foreign and Commonwealth Office team's advice that nothing could be done further and it was clear that he was not prepared to take the lead in not acquiescing. The Opposition Members of the Committee, my Colleague Joe Bossano and myself, found no support for a general and determined stand for re-negotiation, neither was a fully researched study ever made prior to our forming part of the Committee. The only matter on which we were able to proceed further, and we are still doing so, is on the question of seeking protection for labour. On everything else it seemed at that stage that whatever applied under the EEC Treaty to all Member States, including Spain, would apply to Gibraltar. Mr Speaker, in what can only be regarded as an epitaph rather

than what it was intended for because, surely, it was really out of context with the reality of the existing situation, the Hon Adolfo Canepa in September, 1984, in an address to the International Management Conference said, amongst other things:- "Gibraltar is a member of the EEC, size cannot be ignored in deciding Gibraltar's commitment to the Community particularly with Spain's entry. In economic means Gibraltar does not enjoy any of the benefits yet it will increasingly have to shoulder the costs of EEC membership. Although eligible in principle, Gibraltar does not on its own necessarily qualify for EEC funding. If we have to develop other areas, for example, Finance Centre activities, Gibraltar will need to secure sensible arrangements with regards to EEC directives, on the lines of the Isle of Man or Jersey. There is resistance to this but we cannot acquiesce easily". That is what the Hon Mr Canepa said in September, 1984, and nobody can quarrel with that, this is what my Colleague and Leader Joe Bossano had said in 1980, four years before, but the Hon Mr Canepa was saying it six months after and to all intents and purposes his Government had caved in to the advice of the Foreign Office, that is the difference. If Mr Canepa means by this Mr Speaker, that Gibraltar should not take much notice of EEC directives and simply put off the date for implementation, if this is what he means by not acquiescing, his answer for not having the political will to stand up with determination on the problem in obtaining a better deal for Gibraltar, let me just say that it is a mistaken and shoddy manner of running our affairs. Mr Speaker, that may be alright for Germany to do who could quite easily put off any pressures to implement directives for an unforeseeable length of time but does Mr Canepa honestly believe that Gibraltar can simply discard directives indefinitely? There is already there, Mr Speaker, the fourth directive on company law which puts a question mark on our ability to continue to promote effectively exempt companies in Gibraltar and there is already there a proposal to extend the principles of the fourth directive to a new directive which will embody the banks, Mr Speaker, and in five or six years time the problems that we are witnessing today in relation to the fourth directive on company law we are going to be facing in relation to the banks in Gibraltar. It is therefore not surprising that such uncertainty and such confusion exists in Gibraltar. The questions that brought this motion to the House originally were perfectly legitimate in the context of what we had been told so far in relation to Gibraltar's position. Why then, Mr Speaker, at this late stage of the proceedings is Government not in a position to give the people of Gibraltar answers to questions which should have been readily available and have been available, certainly for years, and would be pertinent and applicable once the restrictions are lifted by Spain and Gibraltar becomes in practice part of Europe for the first

time, if I may say so, effectively, though it has been a member since 1972. Furthermore, in the context of what we have been told up to now, there already existed certain incompatibility in some of the statements that have been made. Unfortunately, the Attorney-General's answers to my questions which lead to this motion has confused the matter even further. For example, Mr Speaker, when the announcement was made in the House of Commons and the House of Assembly Committee was informed in Gibraltar by Mr Hannay that the agreement on trade between Gibraltar and Spain would be the same as between the other Member States and Spain subject to derogations and transitional periods we were told they were in the context of the requirement on the Spanish side to reduce their import tariffs so that as a result of the negotiations Spain would reduce import duty on British cars over a ten-year period from their present level of 40% meaning that in the first year, for example, in the EEC British imports into Spain would pay 40% duty, in the second year 20% and so forth until the tariff disappeared altogether and on the other side Britain would do away with the tariff on Spanish cars straightaway. That is what the differences were in relation to derogations and transitional periods in terms of harmonisation leading to Spain becoming fully integrated in the common external tariff. Gibraltar is outside the common external tariff, Mr Speaker, and that means that Gibraltar is free to put whatever duty we wish on British cars and conversely, for example, on our re-importing them to the UK the export duty would be applied and also the question of VAT. We are not part of the free market to which Britain and the other Member States and to which Spain will belong so the relationship as far as trade is concerned between Spain and the other EEC countries is based on being within the free trade area subject to the transitional provisions. But, Mr Speaker, the relationship between us and Spain will be that we are outside the free trade area. It does not make sense for the statement to be on record that trade between Spain and us will be no different as between the other Member States and Spain. For example, if we are now required to give complete free access to the Gibraltar market for Spanish goods it means we cannot put any duty on their products if the relationship was the same. If they are required to do the same to us it would mean that we could flood the Spanish market with goods from anywhere in the world which would have to pay duty if the goods went directly into Spain but would avoid paying duty by coming into Gibraltar, Mr Speaker. What we are trying to find out is how both things can be compatible. That was the situation before the reply to my questions by the Attorney-General because to say that the chapter on trade has been agreed on the basis that it is exactly the same for Gibraltar as it is for the rest of the EEC does not make sense unless we are both inside the common external tariff and inside the VAT system, Mr Speaker. Can

we therefore have it made quite clear what the position is? At least if the Government are not sure what the position is or do not wish to tell us what the position is, at least by supporting the motion that I have moved in this House it clearly indicates what the House wants and what the people of Gibraltar want because very few people will quarrel with the sentiments of this motion. In the press release on the return of the Chief Minister and the Minister for Economic Development and Trade to the UK to meet the Secretary of State, it was mentioned that the enlargement of the EEC negotiations were also discussed. Perhaps, in view of that and in view of the motion that was already tabled and they knew that the motion was there, perhaps we can now have some answers and a report in this House on the situation. But most important of all, I hope that the Chief Minister took the opportunity of telling the Secretary of State that Her Majesty's Government should consult with the EEC Committee of this House before agreeing to any terms which impose obligations which could prove detrimental to our economic stability, thank you, Mr Speaker.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon M A Feetham.

HON CHIEF MINISTER:

Mr Speaker, the Mover has covered a very wide issue and I shall try to deal with the main points on these matters and I will try to give some answers. It is, of course, quite comfortable from the other side to take the attitude the Hon Member has taken and I am not disclaiming any responsibility because we were consulted at the time but the Government that hailed the entry of Britain into Europe and Gibraltar's participation, was the only Government that there has been in Gibraltar other than the AACR Government - the IWBP - to which the Leader of the Opposition later belonged after they had been out of office, of course. Perhaps if he had been there before better counsel would have prevailed. I think the Hon Member has mentioned the question of hindsight. He has done that in attempting to accuse the Government of not having had hindsight. If anybody in 1972, when the terms of Gibraltar were negotiated in full consultation with the Government and the Government consulted the Opposition and we were the Opposition then, that in twelve years' time or thirteen years' time Franco was dead and quite a number of his policies and so on had been eliminated because after forty years I suppose it would be very difficult to brainwash people to that extent, then of course we would be in a very different position. At the time, the terms of accession of Gibraltar were considered to be, first of all, hardly fought for and, secondly, most favourable. The VAT, the common tariff and the CAP were not going to affect Gibraltar in any way, we would have to make no

provision of the proportion of a VAT tax as is done by other nations and we are therefore not contributing in terms of cash any money to the Common Market funds. That is why we are not entitled, we have been told from time to time, we are not entitled to have access to their funds that arise out of these monies such as the European Investment Bank and so on of which we have attempted to make use. The other problem is, of course, that Members opposite very often speak as if we were in a Parliament of a sovereign state in which we do what we like and I have had occasion to draw attention; alright independence may be the answer but we are not independent yet so let us see how the thing is now. As I say, I will subscribe to independence any day provided Britain satisfies me that she is going to save me from my neighbours and, of course, other people will say: "Well, Spain will also satisfy you if you will take the letter of The Times seriously and so on". It is a very difficult situation and therefore in 1972, as I say, we do not disclaim any responsibility because we were consulted and not only were we consulted but we agreed and everybody agreed. What we didn't do was to send telegrams to Sir Alec Douglas Hume and say that the access of Gibraltar and Britain to the Community was a matter for jubilation as Major Peliza did at the time. We took it that we had got a fair deal and I am not talking about 1972, but subsequently my view has always been that not remaining part of Europe when Britain is part of Europe and Spain is part of Europe would put us in a worse position that we are now, a matter of opinion. The matter has not been as black and white as the Hon Member has put it. First of all, the question of the Channel Islands and the Isle of Man. They are not Member States proper, they are territories, particularly the Channel Islands, they are very interested and very concerned they were about their tomato crop and the difficulties of tomatoes in the Common Market. They had a special arrangement, they came into an agreement, they are non-members, they are not affected by anything other than the terms that they and the Common Market negotiated. They are not members wholly and the same as we are not members insofar as CAP is concerned and ETT and VAT because it was negotiated at the time, they are not bound by the other things which were negotiated by them. But to say that the Government has done nothing to try and ameliorate the position is, I think, Mr Speaker, very much of an understatement. Of course we have been urging the British Government at all stages when anything that is against Gibraltar's interests has been affected we have urged Gibraltar's interests to be safeguarded and it was precisely because of that that Mr Hannay came to listen to every point of view and Hon Members opposite, those who were then in Government or in the Opposition and everybody else had an opportunity of speaking to Mr Hannay and he came precisely to find out what the problems of Gibraltar were and how far, and this is where

we come to the fact that we are not in a position to be ourselves the negotiators, how far these could be ameliorated or prevented or avoid a deleterious effect on the economy, how far that could be done and I think he came back and reported how far he had been able to go and how far not. I think he came back and reported again, I am sure he did.

HON J BOSSANO:

If the Hon Member will give way. I was just making the remark, Mr Speaker, that he has come back but he has not shown how far we have been able to go, what he has shown is that we have not been able to go anywhere because he is still saying that everything applies to us exactly the same.

HON CHIEF MINISTER:

Well, not quite, I am glad that my memory was correct in that, not quite because there were quite a number of chapters that had been negotiated and which part of the negotiating process was to try and make sure when they closed the trade chapter that the position at the frontier under the Common Market had to be a normal one. To that, I think the Hon Leader of the Opposition will recall, that that was mentioned by Mr Natali at our meeting, that that was so, that they were already safeguarding our position, in fact, he took up some suggestions that they were not, the Hon Member will see that I did use some hard words at that meeting and he reacted very quickly to say: "What do you say, we have already done this". So really our interests in that respect were being looked after by the British Government and by the Commission. With regard to the more recent questions, the Attorney-General could not give you any more precise answers because the social chapter has not been closed. They may be closing it now or tonight or tomorrow morning or whatever it is, there is this big meeting which is being held by all the Commission but the social chapter has not been closed and in the social chapter - I am not giving anything away - there are quite a number of things some of which are in our favour and until that has been closed the Attorney-General cannot give an answer to questions that relate to a chapter that has not been closed. Have I told the Secretary of State about the concern of Gibraltar? Well, when papers become public, I suppose, in thirty or forty years time, history will say whether we did or we didn't. I can give Hon Members, the House, Gibraltar my honest answer is that within the parameters that one works in a situation where you are not completely independent, where you can use your influence to the extent that you can, I will die tomorrow happily, satisfied in that respect - not in others - that I have done my best in respect of representing to the British Government the extent

of the effect that the various directives have on the economy, that as much flexibility as possible should be used within the limitations set out by law long before we became members with Britain and that I have lost no opportunity of representing that to those who have to look after our interests because unfortunately we cannot do that in our own entirety. Therefore, whilst we cannot agree with the motion as worded, I sympathise quite a lot with many of the things that he has said. If I were in his position I would say the same apart from the considerations I have faulted him about the question of having hindsight in 1972, but I think the Hon Member and his Leader is aware that detailed discussions have been held between the Committee of the House and the UK Government officials on a number of issues relating to Spain's accession and, in fact, the concern of the Committee of the hidden implications that there may be whether they arise out of the existing EEC requirements or which may arise out of the continuing negotiations on Spain's accession and these have been brought to the notice of the British Government in no uncertain terms. I wish I could agree but there is one difficulty here and that is that motions that are brought here, and the Hon Leader of the Opposition has been very adept at doing so, are motions that attempt to use the House in order to limit the extent of the Executive to which this House is responsible but which have a considerable amount of latitude of the prerogative as we have seen recently in the United Kingdom in respect of the use of the prerogative in many other matters which I need not mention now and that is the function of the Executive, to be able to manoeuvre and to work without having had its hands tied, which is what the Hon Member has tried to do many times, its hands tied in respect of how to move. It is for these reasons that this motion, Mr Speaker, cannot be accepted by the Government

MR SPEAKER:

Have you suggested that there might be an amendment?

HON CHIEF MINISTER:

No.

HON J BOSSANO:

Mr Speaker, I do not know whether the motion is intended to control the Executive and who the Executive is, whether the Executive is the United Kingdom Government.

HON CHIEF MINISTER:

I was referring to the Executive of Gibraltar.

HON J BOSSANO:

What the motion is clearly trying to do is to make the British Government answerable to us for the things which are going to affect us even if we are not a sovereign state because we seem to forget, Mr Speaker, we are going to be facing the closure of the Naval Dockyard in a month's time, we are in a situation where we are constantly being told by everybody that visits us from UK that the world doesn't owe us a living and we have to stand on our own feet. That, apparently, is not in conflict with not being a sovereign state, it is fine to be told that we earn our own living in the world and that we make ends meet ourselves and that we are not to expect handouts from UK and the fact that we are not a sovereign state is no impediment to that but when it comes to say: "Well, if I have the political responsibility to the people who have put me here" - and that is true for fifteen of us, Mr Speaker, in this House - if that is the case then we can only discharge that political responsibility if we have the opportunity to influence the course of events that are going to affect the future of the people of Gibraltar and their economic wellbeing. The reason why the motion is necessary and the reason why the motion has been phrased in the way that it has is because, in fact, what the Hon and Learned Attorney-General had to say in answer to this question is contrary to the parameters within which we have been discussing these things as a result of Mr Hannay's visit. At no stage did Mr Hannay tell the EEC Committee that the question of the payment of family allowances was negotiable but if it is negotiable then the British Government must ask us how do we feel about it and then the British Government must take a position with the EEC which includes our position because we do not have a spokesman ourselves. We have assumed, certainly for all the time that I have been in the EEC Committee and I have had requests for information answered, that that was an area where there was no margin for negotiation, that is, it was a Treaty obligation if the situation was that family allowances had to be paid they had to be paid, period, and it was a question of finding out whether they had to or they did not have to. At no stage did we consider either of two possibilities - (1) that we could negotiate some sort of derogation for Gibraltar on family allowances different from other people, or (2) that in any case it was possible to do something for family allowances in the case of the applicant countries which was different from family allowances in the case of the existing members

and we were told fairly consistently that that would run contrary to the fundamental concept of non-discriminatory treatment as between EEC nationals. Having been told that in private we ask the same questions in public because we believe that people should know and we believe there should be debate on this and because this has been raised by me, Mr Speaker, in 1982. I asked the Government in 1982 whether they would have to pay family allowances and whether they recognised the serious problem that that would throw up given that we have got other immigrant workers in Gibraltar.

HON CHIEF MINISTER:

Perhaps the Hon Member will give way. I may want to ask him the same favour later on but to clear this matter perhaps it is better if he were to say that when you are talking about family allowances you are talking about family allowances to members of the family of non-resident workers.

HON J BOSSANO:

At present presumably the legislation is that there are a few immigrant workers in Gibraltar who have obtained the necessary permission to have their dependent children living with them here and they are getting family allowances for their children here. It is clear that the EEC Rules which apply in every case other than France show that family allowances are paid to EEC nationals in respect of their dependent children who are resident in the EEC irrespective of where in the EEC and one can see the rationale behind that. The whole basis of the Common Market is that it is a Common Market and the geographical location does not give anybody either an advantage or a disadvantage. Against that background we were told and have been told until this question came up, Mr Speaker, that it was axiomatic, it was a fact of life and it was not so much a question of saying: "Can we avoid paying family allowances?" it was more of saying: "What are the implications of paying family allowances and what kind of social and political pressures will that throw up if we have a situation where we have got three clearly identifiable immigrant groups in Gibraltar - the Moroccans, the Portuguese and the Spaniards - and two of those immigrant groups are told: "You can now claim family allowances for your dependent children in Portugal and Spain", but the Moroccan is told: "You cannot do it in respect of your dependent children in Tangier". That has to be faced. If that is going to be what is going to happen in a year's time the Government has got to start saying it now and saying how they propose to handle the situation but, in fact, if the situation is that there may not be a necessity to pay family allowances because that is still undecided, that is still under negotiation, then the

view of the Opposition is that the British Government should have said to us already: "This is being discussed, it may or it may not happen. What is your position?" And we would say to them: "Well, our position is that we will see enormous problems if it happens and that we think you should oppose it because it is bad for us". And what is true of family allowances is true of a range of things so it is no answer to say: "The social chapter has not been closed and we do not know what we are going to be letting ourselves in for until it is closed". No, we do not want that.

HON CHIEF MINISTER:

With respect, that must be said against the background of the fact that the points Gibraltar wanted are being considered at the time when the chapter is being discussed.

HON J BOSSANO:

Well, I wish I knew what it was then, Mr Speaker. What is Gibraltar's position on family allowances, do we know that?

HON CHIEF MINISTER:

The position is as in the law and that is that you have to be resident here for a period of time before you can get family allowances.

HON J BOSSANO:

Then how is it, Mr Speaker, can the Hon and Learned Chief Minister tell me why is it that we have an EEC Committee that is so confidential that we are not even allowed to take away a copy of the minutes which records what we have said, we had to go there to read it, and yet in that Committee we had not been told what he had just said openly in the House, that is, that Gibraltar has put a view to the British Government saying: "We want you to defend the position that we have currently and that that should be continued to be maintained". We didn't know that that had been done, it has never been mentioned.

HON CHIEF MINISTER:

I am not referring to recent meetings of the House of Assembly, I am referring to the general representations made by the Government about matters that could affect Spain's entry into Gibraltar.

HON J BOSSANO:

Mr Speaker, the motion is quite specific, it says: "it considers it unacceptable that negotiations on the terms of membership for applicant countries" - whether it is Spain or Portugal or anybody else, is irrelevant - "for applicant countries should be taking place without us having any say in the matter notwithstanding the fact that we will be bound by whatever is agreed". It is a very reasonable and a very old philosophy, Mr Speaker, that if you are going to be affected by something you ought to be able to influence the decision before the decision is taken and what we are saying is that Her Majesty's Government should take note of the fact that this is our view and should commit itself not to agree to something without the people in the EEC Committee having been consulted on the subject and that cannot be said to breach any confidentiality because to my knowledge there is nothing more confidential than the EEC Committee for the reasons I have explained. The situation is that the social chapter has not been closed. Well, the EEC Committee has not been told what are the different options, what are the possibilities that the social chapter may contain, this or that or the other, that has not happened and we have not been asked of the number of options that are available which we would prefer from Gibraltar's point of view. It may be closed or it may not be closed but the point is that we are totally in the dark and if there is one valid argument for continuing with the EEC Committee and continuing with its secrecy, it is that we are having some effect on what is happening. If all that is happening is that the British Government stands up in the House of Commons and says, as they continue to do, Mrs Thatcher was asked by Mr Eric Forbes about the question of dealing adequately with the problems of agricultural products and Gibraltar rather than being too obsessed with bringing Spain into the EEC on the 1st January, 1986, on any terms at all and her reply was very categorical as always, making it absolutely clear that as far as Gibraltar was concerned Spain would not enter the Community unless the barriers were fully up but, of course, it is not just the barriers being fully up, that isn't the beginning and the end of the story, period, it is welcome that at least when she gives an answer to a question she doesn't say that it is inconceivable, she says it won't happen, period. That is welcome but the point is that that answer suggests that as far as the British Government is concerned the protection for Gibraltar begins and ends with the removal of the restrictions and it surfaces every time. Mr Tim Brenton answering Mr Albert McQuarrie on the 16th of November saying that no arrangements had been concluded for Spanish Nationals to have EEC rights in Gibraltar went on to say that they would be entitled to the full rights under the EEC Treaty throughout the Community

including Gibraltar. So the philosophy, the answer, the consistency in the position of the British Government is that whatever applies to the Community applies to Gibraltar, that we are an integral and an indivisible part of the Community. The difference is that because we are not a sovereign state we are peculiar in the whole of the Community, that we are the only people who are affected by whatever is decided for everybody but have no say in it, that makes us the unique and very special part of the Community and that is unacceptable to us. This is not a declaration of UDI but it is, in fact, a very clear statement which we would have preferred to have gone to the British Government from both sides of the House but which will no doubt be relayed back even if it is from one side of the House, that sovereign state or no sovereign state either we are brought into the picture with plenty of time to be able to say: "We won't be able to wear this for all these reasons", or we will not consider ourselves bound by things that are decided for Gibraltar against Gibraltar's interests without proper consultation taking place. We are not in this House of Assembly to play games, Mr Speaker, we are here with a very clear concept of the kind of mandate that we have from the people of Gibraltar in the support that they gave us in the elections and we intend, within the limits of the fact that we are in a minority in the House, to do everything in our power to fulfil our responsibilities to those people. Coming to the question of the difficulty in answering because the social affairs chapter has not been closed and by contrast the fact that the chapter on trade has been closed, why is it then that we cannot get an answer on the chapter on trade if that has been closed? If the answer for the other one is that it is still under negotiation why is it that we still cannot find out from the one that has been closed what does it mean when it is said in Parliament that the relationship between Spain and the EEC as far as trade is concerned and the relationship between Spain and Gibraltar as far as trade is concerned will be the same subject to whatever derogations and transitional periods are agreed which as my Colleague, the Hon Mr Feetham has explained clearly means as far as the information we have been provided by contacting the Commission, clearly means the transitions and the derogations that Spain is seeking and obtaining to protect Spanish industry from a flood of imports. The only derogation that we are talking about is that just like the EEC is saying on agriculture there has to be a period of time before Spanish agricultural products are entirely free to circulate throughout the Community because they represent very serious competition to existing producers, so Spain is saying there has to be a period of time before EEC industrial products circulate freely within Spain because it would represent a serious threat to existing Spanish producers who, as we all know have developed domestic industries behind very high tariff walls which will have to go. But where do we fit into that

picture and the chapter of trade has been closed and if we cannot get the answer on the ones that haven't been closed because they haven't been closed, why cannot we get the answer on the one that has been closed? When we went to see Signor Natali, as the Hon and Learned the Chief Minister said, he in fact put it very strongly to us that it was not true that they had done nothing because they had upset Spain quite a lot by insisting on normalisation at the frontier and on normal trading relations but it seems to me, Mr Speaker, that whereas our perception of reality in Gibraltar is that it would be totally unacceptable and totally contrary to every principle that we subscribe to if we were ignored and if our rights were ignored by the EEC and Spain was allowed to obtain membership of a Community and still discriminate against an existing member of that Community, that to us is more than just inconceivable, that would be a complete denial of every principle that is defended in Western democracy from the perception of the EEC the fact that they have been willing to take a stand on this issue seems to be something that people expect us to be falling over backwards in gratitude and they are surprised and resentful that we do not think that that is enough, we still want more. Shouldn't we all be getting down on our knees and thanking the protectors of Gibraltar that they have told Spain that they need to remove the restrictions, what more do we want? That seems to be the kind of feeling and, therefore, Mr Speaker, I think it has to be made clear that we do not think they have done a great thing for Gibraltar by saying to Spain: "You have to remove the restrictions", because in fact it would make utter and complete nonsense of the concept of the Treaty of Rome, of the concept of equality, and as you know, Mr Speaker, it is not that we on this side of the House think that the removal of the restrictions are going to solve Gibraltar's economic problem by a long shot.

HON CHIEF MINISTER:

We don't think that either.

HON J BOSSANO:

But nevertheless it is absolutely clear that in political terms if the frontier was closed or had restrictions on it and Spain was in the EEC, in political terms it would be seen as a situation where the EEC was washing its hands off Gibraltar and its people and not sticking up for them as it has an obligation to do because we are nationals of the Community and Governments are supposed to look after the welfare of their nationals and in every society, in every group, it is almost axiomatic that existing members get a little bit more say than applicants and that is what we are asking. All that we are asking is

that we are getting new members joining the organisation to which we have belonged now for eleven years, we understood that there were certain things that they would be entitled to on joining which would place a burden on us, it now seems that those certain things do not follow automatically on obtaining membership, that the actual conditions of membership are negotiable and alterable and if they are negotiable and alterable for the benefit of other members of the club why shouldn't they be for the members that happen to be here? If the wine growers can influence the negotiations when it comes to talking about wine and the olive growers can influence the negotiations and the fishermen, why cannot the people of Gibraltar notwithstanding that they are not a sovereign state because they are not a sovereign state but they are not in the slave trade either, they have got certain rights as EEC nationals, they have got a right to be listened to, they have got a right to have their views taken into account. If we were a sovereign state we might be taking a completely different line, we might be saying: "We will lay down our terms of membership to the EEC and if they do not like it we are out". We are making very mild and very reasonable demands as far as we are concerned, Mr Speaker. I think there is, apart from the dissatisfaction on our lack of influence on what is taking place and the lack of information reflected in the answers that we have had, I think there is another particular aspect which perhaps the motion itself does not make a reference to but which is implicit in the kind of relationship that we have with the EEC and which is perhaps implicit in why the Isle of Man and the Channel Islands have one sort of deal and we have another. The reality is that member states of the EEC feel with a certain degree of legitimacy, in my view, Mr Speaker, precisely because we are not a sovereign state that the state that ought to be primarily concerned with protecting our interests and looking after our welfare is the state on whom we are dependent and this has not been done in Gibraltar, it certainly has been done in the Channel Islands and in the Isle of Man because what did the British Government do in their case when it came up with the problem of free movement of labour? The EEC was absolutely clear, the EEC said: "Look, what you cannot have is the right of an Englishman to settle in the Isle of Man and not give that same right to a Frenchman or a German or an Italian or another EEC national because then the Manx Government would be having discriminatory legislation which would distinguish between one EEC national and another but you can stop them all coming in". So what did Britain do? Britain agreed with the Manx Government that the Manx Government could exclude UK citizens and the UK would not exclude Manx citizens and therefore there is a situation where under the terms of membership of the Isle of Man and Jersey and Guernsey they can keep their doors closed to all the 300,000,000 in the EEC but they have got an open door into the

United Kingdom which is what really interests them and what they really care about. In our case what happens? We have the choice of either opening our doors to everybody or losing our right of access to UK and the only way we have got the right of access to UK was, in fact, through a situation where as EEC nationals we went in because we all know that there was this peculiar administrative arrangement where because of the frontier restrictions the Commonwealth Immigration Acts were not applied to us with the same rigidity as they were applied to other people but that is not good enough, that is not a right, that is, in fact, somebody saying to you: "Well, look, I will look the other way while you go past me", until somebody decides that they are not going to look the other way or there is a political change or they want to put pressure on you. The reason why you have got a situation between these dependent territories of the United Kingdom and the United Kingdom which puts them in a privileged position vis-a-vis the rest of the EEC is because it is a relationship which at the end of the day does not affect anyone else in the EEC and the same things happen in other places. There are peculiar arrangements between the member states and the dependent territories of that member state all over the place which the EEC does not mind and which does not breach EEC principles because it is, if you like, a domestic arrangement in a peculiar domestic situation. Our problem is that we are being treated as a sovereign state as far as all the obligations of being in the EEC are concerned but we are not a sovereign state when it comes to determining the nature of those obligations and we are not a sovereign state when it comes to deciding whether we have to apply them or whether we do not have to apply them and other dependent territories are not treated in the same way, Mr Speaker, and therefore what the Opposition is saying with this motion and it is saying it, really, to the British Government and asking the Gibraltar Government to join it in saying, is that they cannot have their bread buttered on both sides. We are prepared to accept a measure of responsibility but we want the power that goes with it otherwise we will say to the British Government and to the Gibraltar Government if they take the line of saying that they are now consulted and that they are happy with the relationship that there is and the level of consultation, that they must carry the responsibility at the end of the day for what happens because we won't.

HON CHIEF MINISTER:

I certainly never said that we were happy with the results, we were consulted, I did not say that we were happy with the results.

HON J BOSSANO:

Then, perhaps, Mr Speaker, the Hon and Learned Chief Minister would be a happier man if we were all consulted.

HON A J CANEPA:

Mr Speaker, I think the Hon Leader of the Opposition is probably right when he says that with regard to obligations in the Community arising from the Treaty of Rome, Gibraltar is being treated as a sovereign state with all the consequences that that is having for us but I wish he would have gone a little bit further and also seen the whole matter of the problems for Gibraltar of Spanish accession and the actual detailed negotiations on Spanish accession in a proper perspective and set the background because I think the background is also important to a better understanding as to why Gibraltar is being treated, in my view, in that way and I think it goes beyond just the requirements of the Treaty of Rome and it goes beyond the nature of Gibraltar's membership. The matter has to be seen in this perspective and that is that I think the difficulties of Gibraltar are difficulties in putting a case across, first of all, to the British Government and through the British Government to the Commission or even directly to the Commission, our difficulties stem from what I consider to be the overriding political commitment that there is to having Spain join the Community. There is no doubt in my mind that the democratic countries of Western Europe who are members of the Community want to have Spain in and primarily for political reasons. I do not think that the reasons in respect of agriculture, in respect of fishing and so on are compelling, on the contrary, they all pose serious obstacles to Spanish entry. Nevertheless, in spite of all the difficulties that the Spaniards think that they are having in the course of the negotiations, I think that, by and large, the Community is bending over backwards to accommodate Spain, to be helpful ideally to try and see them join on the 1st January, 1986, and I do not think that I have to spell out what the political considerations are because anybody who has followed not the history of political developments in Spain particularly in the last decade or so will find ample reasons there for that view. Spain has been wanting to achieve in the course of these negotiations a privileged position, she has been trying to achieve that what applies under the Treaty of Rome should, as far as she is able to, not apply where it does not suit her so she has adopted a difficult stance on fishing, a difficult stance on agriculture and on social affairs and she was adopting a rather difficult stance on the question of trade. That is why, in a way, what has been achieved in the process of negotiating and closing the chapter on trade, more so with regard to the declaration affecting Gibraltar, can be seen as a very

considerable achievement because the Spaniards did not want that just as they do not want a seven-year transitional period on movement of labour, they do not want any transitional period whatsoever so it also has to be seen in that respect. Why the insistence on the part of the United Kingdom that whatever applies to the Community should apply to Gibraltar? Why the insistence that Gibraltar be considered as an integral part of the Community? It could well be that it is the view of the British Government that unless this is so there may be no leverage to get the Spaniards to lift the restrictions at the Gibraltar frontier and it could well be that the British Government attaches a great deal of importance to the lifting of those restrictions. We have no doubt on this side that over the years, ever since the restrictions were imposed, from the human point of view we have been attaching a lot of importance on this side of the House, the AACR has been consistently over the years, to the lifting of restrictions because we have consistently maintained that that was not a normal state of affairs. And if certain derogations of which we have given an indication in the general memorandum that we submitted had been obtained for Gibraltar the British Government's view could well be that Spain could then turn round to the Commission and say: "Gibraltar are not full members of the Commission, their relationship is of such a loose nature that we do not have to abide in respect to Gibraltar by what we are prepared to be committed to with respect to the Community and therefore trade no, labour no, and so on". We have enough difficulties already having regard to their interpretation of the Treaty of Utrecht as to whether that is a frontier or a police post not to compound them further. I do not know for certain that this is the case but it could well be and I think that Mr Hannay on the second occasion that he was here, I seem to recall that he gave some indications that without the matter having been put to the test, I think he was a little bit worried, I think there were indications that the British Government could be worried about the matter actually having to be put to the test. So, again there must be an understanding of these factors because they are all part and parcel of what is a rather complex picture because the matter is not, as the Chief Minister said, is not a black or white or as simple as the Hon Mover of the motion made out. The Mover of the motion and, indeed, the GSLP for some time, have been making a great deal of play about the lack of political will. I would like the Mover of the motion when he exercises his right to reply to tell the House what constitutes political will, how do we judge whether political will exists or does not exist. I would like him to tell the House what the GSLP would do if they were in Government in order to show that they have the political will which they say that we do not have. What have they been suggesting in the last ten months from the Opposition benches that is indicative

of the existence of such a political will on their part. The issue of the EEC figured quite prominently in the electoral campaign of Members' opposite but did they, for instance, ask the electorate to give them a mandate to get out of the Community? Did they make Gibraltar leaving the Community an issue at the election? They didn't. Again, I would like the Hon Member to tell us a little bit about that, to expand somewhat on the question of Gibraltar leaving the Community. During the period between sometime in 1980 when the Hon Mr Bossano, as he then was, when he wasn't Leader of the Opposition, moved the motion that led to the setting up of the House of Assembly Committee and the submission of the first memorandum which was in general terms, the House of Assembly Committee though not meeting on average as often as we have been meeting during the course of 1984, nevertheless held many more meetings than what the press have indicated. I remember on one occasion having to ask for a correction about the fact that only four meetings had been held and when we checked, in fact, we found that ten or eleven meetings had been held but a great deal of time was spent in studying the matter because the matter then was even more complex than what it is now because then we knew even less about it than what we know now. A great deal of time was spent in studying, in considering a legal opinion which the Chamber of Commerce obtained. That led to our engaging the services of Mr Forrester that ushered in a period which the Hon Mr Feetham very well put as a period of sniffing around but we haven't been sniffing around all the time you know, Mr Forrester did do a certain amount of sniffing around in Brussels which he does very ably but we did not spend four years just sniffing around. The other thing I think that must not be lost sight of is that between 1981 and 1983 we in the Government had our energies almost totally engaged on the issue of the Dockyard, that was undoubtedly the number one, the cardinal, the most significant issue facing Gibraltar but the fact that we were not ignoring the problem of Spanish accession and the problems that that would pose for Gibraltar can be seen by the fact that that same week, that same day that the House was meeting here, I think it was July the 27th, 1983, when the Chief Minister and I returned from our first meeting with the Prime Minister and the Chief Minister made a very lengthy statement in the House and we had a very lengthy and important debate on the question of commercialisation, nevertheless at that same time Mr Hannay and his team of officials were here in Gibraltar so the Government was pressing for the matter of the EEC to get its due importance and in spite of our preoccupation which was undoubtedly the most important problem, we were making a very serious effort to find the time to deal with this other matter. I myself, during that intervening period up to about April or so 1983, on many occasions was pressing the Chief Minister and the Administrative Secretary to inform me about the progress that was being made on

this issue and the difficulties that we were having and I do not honestly think that if anybody else had been in Government, either the Members of the then Opposition or the Hon Members opposite, more could have been done practically to advance the issue. I, as Hon Members know, devote a great deal of time to politics. I am to all intents and purposes a full-time politician though not paid as such, I must stress, and I do not think that any Hon Member opposite would or could give and devote more time to Government than I do, not even the Hon Leader of the Opposition because he has got commitments at the industrial level which I do not have and I am not employed by anybody, I am not in business, my work is full-time politics and therefore I make it my business to find the time when I am in Secretariat to sniff around and to press around. I go trying to bring pressure to bear on those responsible to get things moving and in spite of that no more could be done than what was done. We come then to the alternatives. The Hon Mr Feetham mentioned directives, can they be ignored? If you are a member of the club you are not supposed to ignore directives. Are they being ignored? Yes, by Britain, by France, by Italy, by Germany; by virtually the whole lot, they do ignore directives and sometimes they ignore them with impunity and sometimes they are taken to the European Court but they implement them or they still ignore them. Can Gibraltar ignore directives? We should not. We have outstanding a piece of legislation which I think even now we are not taking through Committee on sex discrimination, I think we should have acted on that certainly during all the years when I was Minister for Labour virtually but we sat on it, we sat on that because we did not want legislation similar to what the United Kingdom has because it was ridiculous. The Bill is in the House and we are still taking a somewhat relaxed view about it, it has been before the House for nearly a year but let us come to the cardinal issue. Must we and can we ignore directives? If the situation is such that a directive is intolerable, if it is going to destroy the social, the economic, the political life of Gibraltar, the future of Gibraltar, we may have no choice. We may have no choice but to say to the Community: "You are a club catering for sovereign nations involving millions. What you are doing, what you are deciding cannot be applied to a community of 25,000 people because then we are lost". What if they do not take any account and say: "We are very sorry, you have to comply". The Hon the Leader of the Opposition mentioned the problem of family allowances, I am going to mention another problem which is bigger, the problem of the Spanish pensioners where I have said repeatedly in the House and I say today that the people of Gibraltar cannot and therefore will not pay the bill for that. If we had to pay the bill which is a small matter of £6m a year nothing more than that, a small matter of £6m a year, it would destroy Gibraltar economically and with the

breakdown and with the collapse in economic terms of Gibraltar comes the collapse of all our aspirations and the struggle for us to continue as a separate entity, as a people with an identity of our own. I have no doubt and therefore we must say to the British Government: "Sorry, we cannot pay", and the community likewise: "Sorry, we cannot pay", and then the British Government in the exercise of its overall responsibility must judge as to what it does. Does it continue to expect Gibraltar to pay if that were to be their view or are they prepared to pick up the bill themselves which if everybody wants to bend over backwards to get the Spaniards in because that is important for the Community, it is important for democracy, it is important for NATO, it is important for the West, £6m is nothing. So in that sense such a directive would not be automatically applied to Gibraltar, that is one issue. Then I come back to the other alternative and the other alternative is you are told: "Sorry, you have to comply", you don't comply and if you do not comply because you cannot because there is a difference between not doing something because you do not want to because you are obstructionist because you are difficult, and not doing something because the practical reality is that you cannot and then Gibraltar can either be kicked out or we leave the Community. If we leave the Community let us consider very, very carefully what are the consequences; is it better to stay, is it better to leave, do we have a choice or don't we? There my views stand, Mr Speaker, as usual I do not think I have the answers but I would like to pose the problem at least and I would invite the Hon Member to try to respond with the same frankness and in the same open manner to what I have said as I have done. Thank you.

MR SPEAKER:

Are there any other contributors? I will then call on the Hon Mr Feetham to reply to the motion.

HON M A FEETHAM:

Mr Speaker, as is always the case in motions, a great deal is said by both sides and normally the Mover of the motion has to reply to certain points which are raised which either require clarification or require obviously a reply. I am going to concentrate a little bit on what the Hon Mr Canepa has been saying and the questions that he has been posing particularly at me as the Mover of the motion and not perhaps on one or two other points which the Hon the Chief Minister has raised which I wanted to reply but I am not going to dwell a great deal on the matter. Mr Speaker, I purposely restrained myself from looking at the implications of the motion in relation to the political situation of Gibraltar particularly in relation to Spain and I

did it because there is another motion later which has some relevance but I have been drawn into it by the contribution by the Hon Mr Canepa. This side of the House is quite clear as to the manoeuvring that is taking place. It is certainly quite clear as to the lack of maturity on the Spanish side, a country that has been subjected to fascism for such a long time and finds itself practically overnight being a democracy and not really learning what democracy is all about. It is not surprising, therefore, that we find that from an extreme position they should go to the other extreme position in relation to what they think democracy is all about, into what they think negotiation is all about and they have gone into perhaps the major negotiations which the Spanish Government has undergone and that has been in relation to the entry into the EEC with that sort of mentality that here we are, we have achieved democracy and that we have got the right to have the best of both worlds. Of course, what they haven't got is the backbone which democratic countries in Europe have achieved through an awful lot of blood, sweat and tears and in that negotiating process Spain is just another country entering a club and every other member wants to ensure that Spain's terms of membership are as good as theirs or less better terms. Secondly, every member state wants Spain to come in even though they are in the negotiating process trying to achieve the best they can for themselves, everybody wants Spain in because Spain forms part of Europe. But where does that put us, the Gibraltarians, and where does that put us in relation to Britain who negotiates on our behalf? Simply that Britain has got a problem with Gibraltar because one particular member, Spain, has an outstanding claim on Gibraltar and in that sort of relationship in the negotiations, we believe on this side that Gibraltar in all honesty and in all frankness is taking second place in the overall national interest that there exists between Spain and Britain and it is this sort of motion that we present here, not that we want to tie down the House or the Executive from moving or manoeuvring, it is because we want to tie down the British Government because in our relationship with Britain we ourselves want the best deal despite the fact that they are our best friends, despite the fact that constitutionally we have developed in discussions and in agreements with Great Britain, everything else is irrelevant, what we want is the best deal for Gibraltar, Mr Speaker, but it is clear, and I say it with all sincerity, that Spanish democracy, Spanish accession into the EEC, the terms of accession, the lifting of the restrictions, our relationship with Britain has begun to work against the interests of the people of Gibraltar because the prime principle of the Common Market, of the European Community, is integration of the economy and it is of fundamental importance for the people of Gibraltar in desiring to continue their links with Britain and constitutionally

develop even further than what we have because we have an outdated Constitution in Gibraltar, to ensure that the economic position of Gibraltar is in no way damaged or impinged or manipulated in future by a country which is supposed to be a member of the club but has an outstanding claim which is sovereignty over Gibraltar and it is the decisions that we make today, Mr Speaker, that will ensure which way Gibraltar goes in ten, fifteen, or twenty years time economically which would lead to a political re-assessment of the position of Gibraltar in relation to Spain. When I am asked by the Hon Member opposite to expand on the political will, our political will is clearly very little different with the Government's but to the extent on this issue that we have said quite clearly that we wanted a re-negotiation of the terms of membership of Gibraltar in the EEC and we have brought a motion to that effect with the full political will to see it through. The end result would have been seen in the light of those re-negotiations. The difference between our political will and the other side of the House was that they amended the motion to set up a study into the matter, that is the difference in political will between that side of the House and this side of the House and that was in 1980 and in the election campaign no mention, if I recall, I stand to be corrected, was made about Gibraltar's membership of the EEC in the manifesto of the party in power.

HON A J CANEPA:

But you did.

HON M A FEETHAM:

Of course, we did because we saw it as very important.

HON A J CANEPA:

Tell us in the context of that what you would have done if you had been in Government.

HON J BOSSANO:

For a start the motion would be passed today.

HON CHIEF MINISTER:

Is that the way to govern?

HON A J CANEPA:

In practical terms what are the steps that Hon Members would have taken? For instance, would they have had a confrontation

with the British Government and if so, of what nature?

HON M A FEETHAM:

You know, Mr Speaker, I don't really understand this. Every five minutes that the Opposition or the Trade Union Movement or anybody that does not agree with the policies of the Government, says anything which sounds like, "We have got to discuss this with the British Government," the first thing the Hon Chief Minister says or any Member of the Government says is: "Do you want a confrontation with the British Government?"

HON A J CANEPA:

If the Hon Member will give way. What is the strength that Gibraltar and its Government has? Can we send troops into battle, what do we do in practical terms other than having a confrontation with the British Government and, if so, are we sure that we are going to come better off? Are we sure that we are going to advance the interests of the people that we are trying to serve? I am not accusing Hon Members of wanting a confrontation, what I am saying is are they prepared to consider that, is that an alternative, is that the way ahead and, if so, to what purpose?

HON M A FEETHAM:

Mr Speaker, let us forget about guns, let us forget about the Gibraltar Regiment, let us get down to a serious debate. What we would have done and it would have been a first step forward, the end result we do not know because we haven't had.....

HON A J CANEPA:

But you must know when you take any steps what the end result will be.

HON M A FEETHAM:

Let me finish and perhaps I can clarify. The end result nobody knows when one sits down in a negotiating position, nobody knows because as far as Gibraltar was concerned Appledore was going to leave Gibraltar because they couldn't afford to pay shift allowances to the workers and after the negotiations.....

MR SPEAKER:

Order.

HON M A FEETHAM:

Let us not try to bring red herrings into this debate from that side of the table. We would have got down to negotiations with Her Majesty's Government to seek a re-negotiation, that is what we would have done, the end result we do not know because we do not know what would have been achieved but the fact is that that is the step that we would have taken, Mr Speaker. I do not accept this red herring about confrontation should come into this at all because I do not believe that confrontation in the way you promulgate the situation is in the best interest of the people of Gibraltar, that is quite clear, but neither is it becoming puppets of the British Government in the best interests of the people of Gibraltar. On the question of directives, Mr Speaker, of course there are countries which do not implement directives, of course there are, but the fact is that we are in the position of having to consider implementing them and surely we will have to implement them sooner or later. We haven't implemented a directive on company law which has been there for years and we are now being pushed into it in the same way as we are being pushed on the Sex Discrimination Bill and in fact all that Government was required to do was to modify it to suit Gibraltar and we could have passed it already, we have been in discussion on this matter, it is up to you to bring it to the House so, Mr Speaker, there are clearly defined differences, we differ on the approach and we differ on the emphasis but what is disappointing is that the Hon Chief Minister should say that a motion which is a reflection of the situation as it exists today, the uncertainty is a reflection that it would be totally unacceptable to enter into an agreement which would be detrimental to the people of Gibraltar and a motion which reflects the rights of the people of Gibraltar to be consulted should be defeated by a Government majority on the basis that it is going to tie down the Executive from being able to manoeuvre. Is this the political will that the Government has in their approach to this matter, Mr Speaker? It is a negation, in fact, of the rights of the people by defeating this motion today and, in fact, Mr Speaker, in many ways you are actually weakening the opposition in whatever you want to do because the emphasis on Her Majesty's Government consulting us and consulting the EEC Committee you do not appear to give a great deal of importance to, certainly there are wide differences between us, Mr Speaker. Thank you.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham

The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The following Hon Members voted against:-

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez.
The Hon Dr R G Valarino
The Hon H Zammitt
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Member was absent from the Chamber:

The Hon M K Featherstone

The motion was accordingly defeated.

HON CHIEF MINISTER:

Mr Speaker, I think I ought to ask you to say quite clearly that if there had been no vote on the part of the official members the motion would have equally failed.

MR SPEAKER:

It is clear from Clause 44(4) of the Constitution that when the votes are equal the motion is declared lost.

HON J BOSSANO:

I beg to move, Mr Speaker, that: "This House declares that the granting of any rights or privileges within Gibraltar to non-Gibraltarians, other than in fulfilment of Gibraltar's obligations as a member of the EEC, are its sole prerogative. It requests that Her Majesty's Government should note this and should therefore not give any undertakings the effect of which would be to grant such rights or privileges until the matter has been fully debated in and approved by this House". Mr Speaker, the motion talks about rights within Gibraltar to non-Gibraltarians other than EEC nationals and does not specifically make reference to any particular nationality but I am sure that Members of the House must have guessed that there was one particular nationality in mind when drafting the motion and it is in the context of all the things we have heard and read

floating about in the media in the last few weeks as a build-up to the meeting between Sir Geoffrey Howe and Senor Fernando Moran, that the motion acquires particular significance and also in the context of the question that I put to the Hon and Learned Chief Minister earlier on which he said he could not understand and he then went on to say how much he trusted the British Government, which we all know, and then refused to answer anything else. I was asking the Hon and Learned Chief Minister whether in fact on defined domestic matters it is the case that the British Government cannot go round offering not just our next door neighbours but whoever else they may please, rights here in Gibraltar which infringe the constitutional rights that we have because if we have got defined domestic matters they must be for something. We are not a sovereign state, we all know we are not a sovereign state, we know that there are two major impediments to being a sovereign state - the defence of Gibraltar and its economic viability - the same two impediments that any sovereign state anywhere else in the world faces irrespective of size. Essentially, any sovereign state has got a problem in supporting itself and in defending itself so we are no different in that respect, it may be more difficult for us because we have got a neighbour that is hostile and has shown hostility to us throughout our history, it may be more problematical because we have less easily identifiable natural resources than other people but at the end of the day we have got a Constitution, Mr Speaker, which came into effect in 1969, which was found very objectionable by Spain because it was supposed to be putting us on the road to self determination and on the road to being independent. That was one of the major objections of Spain at the time and it was supposed to be doing that partly because it actually listed areas of responsibility for which Ministers elected by the people of Gibraltar would have jurisdiction and retained other areas. Obviously, it is not possible to draw up an exhaustive list and it is certainly clear from a reading of the Constitution that the way that it is planted enables interpretations to be put which appear to conflict in one way or another. For example, if we have got a situation where to go back to some of the matters raised in the preceding motion, Mr Speaker, family allowances is in the list of defined domestic matters but immigrant labour is not, do family allowances on immigrant labour fall under the immigrant labour which is not a defined domestic matter or under family allowances which is a defined domestic matter? So, clearly, it is possible by a loose interpretation of the powers of the British Government retained within the Constitution, for them to basically do whatever they like, whenever they like and simply pay lip service to the rights of the elected representatives of the people of Gibraltar to give directions in matters which are of concern to us. I think it has to be clearly

understood, Mr Speaker, that as far as this Opposition is concerned when we are defending the rights of the Gibraltarians to determine matters that affect us, we are defending the right of the Government of Gibraltar even though we might have different policies from that Government. We are defending them as the democratically elected Government of Gibraltar, a Government with a majority and a mandate, we are defending their right to take policy decisions for which we are then entitled to hold them responsible when the mandate that they have terminates but what is clearly not possible is to hold them responsible for decisions that they are not taking unless they tell us, as they do with a great deal of consistency, that they are very happy on the one hand that they are being fully consulted and on the other hand we get situations like that presented by the Hon Minister for Economic Development and Trade who said that unless we have a situation where the British Government, for example, pays the pension for Spaniards to which they would become entitled on accession to the EEC, then if we are required to foot the bill that would bankrupt us and presumably in a situation such as that one it is not so much a question of confrontation, it is a question of survival. Clearly, if that is an area which we have sought to separate, that is, if the Hon Member thought the previous one was seeking to establish the right of a sovereign state, then I do not know what he thinks of this one because in our judgement this is an even clearer statement of what we think ought to be the dividing line and what we are saying is if it is a matter of EEC obligations then we are asking for Gibraltar and we are asking for the Committee of the House of Assembly the same opportunity to be completely up-to-date and to influence decisions as other member states have got. If it is a matter that is not a question of EEC rights and it is not a question which devolves from Treaty obligations, if it is a question of a bilateral situation, then as far as we are concerned the British Government should not commit itself or promise people something until the people in Gibraltar, at whose expense it is being promised, have had an opportunity to hear the arguments for and against and to have the matter debated in the forum which is the forum that reflects the existence of a democratic process in Gibraltar. It is here, it is in this House, Mr Speaker, and certainly what we do not want is a repetition of the situation we had with the Shiprepair agreement where I think the Hon and Learned Chief Minister may have felt that certain actions by the then Opposition pre-empted the way that he had intended to go about it which was to bring the matter here and debate it here first and commit himself afterwards. I think he used in defence of the Government's decision, he used at least partly the fact that the Opposition at the time had on their own initiative written to everybody about it in the House of Commons and so forth. I think in

this situation what we are saying is what we do not want is to be told that the process of consultation in the House of Assembly or the debate in the House of Assembly is going to consist of us being told after it is irrevocable: "This is what is going to happen and now let us put it to the vote". That is nonsense, better not bring it here, let us not go through a farce of putting something to the vote when the result is as predictable as the result of the motion that we bring which is that at the end of the day the Government may stand up, they may say as they have done today already, Mr Speaker, a lot of things three-quarters of which would appear, I submit, to any objective listener to be arguments in favour of the motion and then they vote against it. We do not want that situation. The Government is in fact correct in thinking that we are trying to pinpoint their responsibility, it doesn't mean it is a question of controlling the Executive, I didn't quite grasp what the Hon and Learned Chief Minister meant by that in the previous motion. For me, the Executive is presumably what is headed by His Excellency the Governor, the head of the administration in Gibraltar.

HON CHIEF MINISTER:

If the Hon Member will give way. When I said that I meant the elected Government, I was speaking in general terms, I was not speaking constitutionally, I do not read the Constitution very often.

HON J BOSSANO:

Well, it might be helpful if the Hon and Learned Member reads it, Mr Speaker.

HON CHIEF MINISTER:

I know it by heart.

HON J BOSSANO:

I don't think what we are trying to do is to tie his hands, I think we are trying to pinpoint responsibility in a way which, fine, if he takes a line and if his Government takes a line which is different from ours because in principle they disagree with our arguments or there is a difference of ideology or philosophy, that's fine, that is what political alternatives are about but it is difficult to understand how anybody committed to the democratic process of Gibraltar, committed to maintaining parliamentary institutions, committed to having elections as we have where people are given the choice of either returning the same Government or putting another one,

can not want at the same time that it should be the House of Assembly that ultimately should have the last word on whether rights are granted in Gibraltar to those who do not have an entitlement to those rights either because they have been born in the place or because we have got international obligations with other member states in the EEC who give us those rights in their countries and where we have got to give it to them, they are two separate issues, we are not happy, Mr Speaker, as you very well know, both from the previous motion and from the many other times we have raised it in the House, we are not happy about our present terms of membership and we would prefer and we would have preferred that the stand should have been not simply to take the limited stand that we took on protecting a major and a very important part of the present relationship, we would have preferred to have pressed ahead with what we were told was not on and that was a re-negotiation of the whole thing but without even going into that area accepting that that part of it seems to be now beyond retrieval, it makes it even worse, it makes it even more of a nonsense if on the one hand we all accept that there are major unquantifiable but very worrying implications in granting EEC rights in an open frontier situation and at the same time we hear left, right and centre that there is constant talk of a negotiating process to bring those rights forward. The Hon and Learned Chief Minister in answer to another question said that his view still was that there should be no new agreement to replace the Lisbon Agreement and there should be no negotiations prior to the removal of restrictions but that that did not stop exploratory meetings. I am not sure whether he is ever going to define another one of these exploratory meetings as a make or break one again after the last time he defined it as such and left us all with bated breath waiting for the thing to break or make and apparently it neither broke nor - make. What happened was that the usual bland statement to which we have all become boringly accustomed came out saying that things were progressing satisfactorily, that both sides were happy, peculiar adaptability that British Foreign Ministers seem to have that they consistently tell us that they have got a line on respecting the wishes of the people of Gibraltar, no move on sovereignty and so forth which to the simple minded might appear to be dramatically opposite to the Spaniards and yet that they are both making progress on mutually incompatible positions. We are asking the Government to share with us the determination that it should be clearly stated as a view of the House of Assembly that we have got obligations which we accept are there and those can only be changed by negotiation and by changing our terms of membership of the Treaty but there are other things which we have still got which we have got to protect and defend because they still belong to us, Mr Speaker. I remember when we changed the Trade Restriction Ordinance, the Immigration Control Ordinance and all the other Ordinances on

accession to the EEC and we were told then that although we were actually debating and voting on these things, effectively, there was no choice because if we didn't change them they would be challenged or they could be challenged and they would be declared to be ultra vires and contrary to the Treaty of Rome and consequently unenforceable laws just like you cannot pass laws that are in conflict with the Constitution. As far as we are concerned for anybody other than the House of Assembly to talk about defined domestic matters in relation to non EEC nationals and to consider granting rights which do not exist in law today, is incompatible with the protection the Constitution of Gibraltar is supposed to give the people of Gibraltar and the rights and privileges of its House of Assembly. I commend the motion, Mr Speaker.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon J Bossano.

HON CHIEF MINISTER:

Mr Speaker, the Hon Leader of the Opposition, who it is always a pleasure to listen to, sometimes says very silly things and sometimes says very un-understandable things for a person of his wide knowledge and logic. Therefore he finds it difficult to understand the Minister speaking about difficulties in respect of one area when in fact we say that we have happy relations in another area but that is bound to happen when you have an on-going relationship sometimes of conflicting interests in which you are happy with the result of some things and you are not happy about the result of something else, it is perfectly consistent. That reference by the Mover of the previous motion that either you fight the British Government or you are a puppet, you don't, the answer to that is the way of compromise because it is the only way we can maintain our relationship with the United Kingdom. There are areas of conflict, of course there are areas of conflict, and in fact, it has been said in a wider issue that a democracy is in many ways a Government by compromise and particularly that applies to Gibraltar because there are conflicting interests and what I say in one respect may not necessarily apply in another respect. Therefore, it is perfectly understandable that we have areas in which we are not happy. We haven't explored them yet, they are there, mention has been made, we explore them, either we agree or we disagree, if we disagree we will say so. If we have a conflict with the British Government we will say so, we have had many, as far back as 1955 when we left the House because we would not agree to the use of the veto by the then Governor, so this is really old stuff as far as I am concerned and I do not have to be told these things, not that the Leader of the Opposition is attempting to tell

me what to do, all he says is what he would do. If I said about the attempt on the part of the other motion of being an attempt to control the Executive which was objected to but now agreed, this is a bigger one, of course it is, but the terms of the motion and I think his interpretation of the other agreement was wrong. The agreement says 'this agreement is subject to approval by the House of Assembly'. When you say that if you come along to the House before you agree, then you virtually give the Opposition a veto on the Executive and therefore the Executive has got the power and that is why it has the responsibility to take decisions, bring them here for approval and if they are not approved by the Opposition and they are approved by the majority they are being approved in a democratic process. Rights and privileges cannot be given effect to without the enactment of legislation by this House and therefore, perhaps surprisingly or disappointingly, I am going to agree with the Hon Member but that is not to say that this side of the House is not free to consider any proposals that might be put forward and if we were to believe that any such proposals are likely to be for the benefit of Gibraltar whether they are against what the Hon Member has said in this motion or not we will bring them here to give them its backing and support. Hopefully, we would like to see whether we could make some areas of agreement but otherwise.....

HON J BOSSANO:

If the Hon Member would give way. Would the Hon and Learned Member not agree that, in fact, the wish that he has expressed since the official opening of the House that the Opposition should not be here simply to obstruct whatever the Government brings, Mr Speaker, must imply that the Opposition cannot simply be here just to vote for or against but also to amend and therefore there cannot be a 100% commitment to whatever is being brought prior to the thing being debated.

HON CHIEF MINISTER:

Of course we can, you are wrong, completely wrong, of course we can, otherwise there would never be any Government. How can a decision be taken by the Executive in any parliamentary democracy; take the United Kingdom which is the one, I hope, we know best; decisions are taken by the Executive. The other day we were in the House of Commons, the day there was a slight incident there. We happened to be there we were not looking for it, we have enough here. Prior to that the thing had led up to a question of a civil aviation amendment on which a vote was carrying on and more than ever anybody who is acquainted with the House of Commons, you are having dinner or whatever it is, you do not know what you are voting but the

bell goes and you join the lobby. How much more is it here where we are so close together that when you make a decision, the Government makes a decision and that decision is implemented by the majority. Of course, the last words I said before I gave way to the Hon Member were that if we can get the Opposition with us in part or anything that we do so much the better, there is more consensus, but ultimately it is our responsibility whether we do it before or we do it then. I make no apologies about the way the other agreement would handle constitutionally. I was committing myself as the Executive, as the Leader of the House, as the Leader of my party, I was committing myself and my colleagues. Naturally, I have an element of consultation, it is a matter for each party how to do it, and the way people speak here shows quite clearly that I do not muzzle Members to say anything that the British Government may not like and I do not muzzle myself in anything that I want to say if I have to say it but, ultimately, the responsibility must be of the majority. We cannot come here and say: "Before we go to London may we say this or the other?", and if the Opposition say: "No", then I do not go to London. We have to take the leadership, be it bad or be it good, of saying: "We think this is good for Gibraltar, we have an elected majority" - I am not attempting to use these terms as being an imposition. I think the Hon Member, I hope, knows me well enough to say that where we can find a consensus I look for it, I have always looked for it, and therefore what I am saying is that if in fact we think that there is a decision to be taken, the Executive must take it and bear its responsibility by an Opposition. What happened last time? Look at what happened with the other motion, such a hullabaloo so near the elections. Well, alright, I took that chance, it was a difficult one. I am glad that the result was better at five o'clock in the morning than at three. Having made that clear, Mr Speaker, we are delighted to agree to the motion.

MR SPEAKER:

In the light of what the Hon and Learned Chief Minister has said, does any other Member wish to contribute? Does the Hon Leader of the Opposition wish to reply?

HON J BOSSANO:

No, Mr Speaker, I am very happy that the Hon and Learned Member is going to support the motion.

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

The House recessed at 1.05 pm.

The House resumed at 3.30 pm.

HON J BOSSANO:

Mr Speaker, I beg to move that: "This House is seriously disurbed that public funds continue to be disbursed from the Gibraltar Shiprepair Limited Special Fund in contravention of Section 6(4) of the Gibraltar Shiprepair Limited Ordinance - 1983; Section 5(2)(d) of the Public Finance (Control and Audit) Ordinance 1977; Clause 64(2) of the Gibraltar Constitution Order 1969, and Section 213(2) of Colonial Regulations Part II. It condemns the complacency of the Government in permitting this situation to persist after it was brought to their notice in this House in June and calls for immediate action to stop any such further payments until the position is regularised in compliance with the law and the Constitution". Mr Speaker, we are told that this is a mere technicality, the fact that there are so many infringements of the provisions of the laws of Gibraltar which are concerned with the control of public funds. I think the importance of this lies in the respect that the Government has for the House of Assembly if it has any at all, Mr Speaker, because the situation arises out of a decision on the part of the Government itself. The Government came to this House of Assembly and introduced the Gibraltar Shiprepair Ordinance. In October, the law was introduced and I think it was in the December meeting that the Government explained, the Financial and Development Secretary, in fact, explained that the way it was being done - on page 165 of the Hansard of the 6th December, 1983, Mr Speaker - the Hon Financial and Development Secretary explained that it was a technical provision to allow the £28m to pass through the books of the Gibraltar Government and to dispense on the purchase of assets to enable the Dockyard to operate and to draw down working capital. In the course of the debate on the Bill, the Government accepted a criticism that I made that in having a Bill which stated that the £28m could only be used for the purchase of shares it seemed to me they were making it impossible for the Government to spend money on the refurbishment of the assets without breaking the law and as a consequence of that point, in fact, the Government then came back and introduced an amendment which is shown on page 173 of the same Hansard moved by the Hon and Learned Attorney-General which added: "or for expenditure on assets belonging to the Government that are to be leased by it to the Company". So, in fact, whereas it had been the Government's original intention that the money could only be used for the purchase of shares, it was subsequently amended to allow it to be used for either of two things. In June of this year we raised the question in the

House of how it was that people in the Gibraltar Shiprepair Limited were being paid if in fact the share capital was still £1,000 and that was as a result of Question No.35 asked by my Colleague, the Hon J E Pilcher. At the end of a series of questions the Financial and Development Secretary said: "I think I need time to consider the provisions of the Ordinance in greater detail before replying to the Hon Leader of the Opposition's learned question". Fair enough, it is not the first time that we get that kind of answer, in fact, in that meeting we had that kind of answer to quite a number of questions. What we cannot accept, Mr Speaker, is that we come back in October and we get what is an admission because, in fact, there cannot be anything other than admission, Mr Speaker, the Ordinance is absolutely crystal clear. The Ordinance says, Section 6(4): "There shall be charged upon the Fund such monies not exceeding in aggregate £28m as the Financial and Development Secretary may authorise for the subscription or purchase by the Government of Gibraltar of shares in the company or for expenditure on assets belonging to the Government that are or are to be leased by the Company". The Financial and Development Secretary is the controlling officer of the Fund and we are not interested in his function, as Chairman of the Company, we are talking to him as the controlling officer of a Special Fund set up under the provisions of the Public Finance (Control and Audit) Ordinance, 1977. This lays down how public funds are handled. The reason and the justification for setting up this Special Fund, Mr Speaker, were given initially in the House but in fact had the Government not done this, had the Government not set up the Special Fund under the provisions of the Public Finance (Control and Audit) Ordinance, the money would have gone into the Improvement and Development Fund because the Ordinance lays down that all the money received by way of grants from the British Government which is to be used for development purposes goes into the Improvement and Development Fund. The Special Fund was set up to enable the Government to keep the money provided by ODA for the purpose of setting up a commercial dockyard separate from the rest of Government money and the machinery for transmitting that money from the Government to the Company was by the Company issuing and selling shares to the Government. Perhaps, after the thing was done that way the problems associated with it might have come to light but what we cannot have is a situation where here we are a year after the legislation was passed and we know because it has been admitted in the House that the money has been paid to the Company and the Company has not issued any shares in exchange for that money because the authorised share capital of the Company is still the same. The reason why I have pointed out in the motion, Mr Speaker, how the action of the Financial and Development Secretary as the controlling

officer is in conflict not just with the Gibraltar Shiprepair Limited Ordinance of 1983 but with the other Ordinance is because in fact they are all inter-linked. If we take the question of the Constitution, Mr Speaker, Section 64 of the Constitution provides for withdrawals of money from the Consolidated Fund or other public funds and the Gibraltar Shiprepair Limited Fund is a Special Fund under the provisions of the Public Finance (Control and Audit) Ordinance and therefore a public fund as defined in the Constitution and the Constitution says that money from public funds can only be used either on the authority of this House or as provided for by law. We in this House have not voted for the Financial and Development Secretary to use that money in any other way other than that provided in the Ordinance and if he is using it another way he is not only then in conflict with the Ordinance, he is also in conflict with the Constitution and what I would think was even more worrying for the Hon Member is that Section 213(3) of Colonial Regulations Part II says that any officer making, allowing or directing any disbursements without proper authority shall be held personally responsible for the amount and I would have thought, Mr Speaker, that £3m from the Hon Member's bank account will make quite a big hole in it. Not only can we say that he is doing it without the authority but, in fact, under Colonial Regulations we can hold him personally responsible for having disbursed money without proper authority from a public fund.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

On a point of order, Mr Speaker, in the motion moved by the Hon Leader of the Opposition the reference is to Section 213(2) of Colonial Regulations Part II and in his speech he has just quoted Section 213(3), I think I heard correctly.

MR SPEAKER:

I do not think he is restricted in quoting other Sections in the course of introducing the motion.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I would like him to make it clear which one he has in mind.

HON J BOSSANO:

I am talking about Section 213(3), Mr Speaker, this is obviously a misprint because Section 212(2) concerns payments in the United Kingdom by the Crown Agents, nothing to do with the subject matter. It just says that disbursements in England have to be made through the Crown Agents, that is what

Section 212(2) says, and I am talking about Section 213(3) which says that the Hon Member is exposing himself to the possibility of having to fork out £3m from his own pocket as a result of having made a disbursement without proper authority which must be quite a worry for him, I would have thought. The other reference, Mr Speaker, which is that of the Public Finance (Control and Audit) Ordinance, is because the Fund is a Fund made under the authority of that Ordinance and consequently when we are talking about the Regulations covering Special Funds which is included in the major Ordinance, any use of any Funds other than laid down by the law is automatically an infringement of the Ordinance under which the subsidiary legislation is made although these are not subsidiary legislation by virtue of the fact that they are Regulations. If one looks at the actual Ordinance that we passed, the Gibraltar Shiprepair Limited Ordinance, we will recall that when the Ordinance was introduced into the House it was pointed out that it was in compliance and in consonance with the provisions of the Public Finance (Control and Audit) Ordinance and that to any extent that there was any conflict between one Section and the other, that was specifically mentioned in the Ordinance. For example, the fact that the money is not going to the Improvement and Development Fund notwithstanding the fact that it is a grant from UK which is what the Public Finance (Control and Audit) Ordinance says. There is nothing to say that the Government had to do it in this particular way, I think this has to be absolutely clear. It isn't that the Government could not have exercised its majority in the House of Assembly to pass a different kind of law to do something different because the original Gibraltar Shiprepair Ordinance was passed with the Government votes in favour and the Opposition voting against, so I am not defending the particular way of doing it, what I am saying is that it is wrong that a law should be brought to the House by the Government which restricts their power to do certain things and then they ignore the law that they brought to the House because then it makes a complete nonsense, Mr Speaker, of the job that we are doing in this House of Assembly and not only is that situation allowed to persist but what is worse is that when we bring it to the notice of the Government, as we did in June, and we go through the whole argument all of which were to some extent a repetition of some of the things that had been said in December and in October of the preceding year, the Government says: "Fine, we are going to look at the situation in the light of the arguments that you have put forward", and then they forget the whole thing until the next House of Assembly comes along in October. I do not think this is an acceptable way to carry on, Mr Speaker. I do not think it is good for the credibility of the House of Assembly, I do not think it is good for the maintenance of the respect

for the rule of law. If the Government wants to do something different then the Government should have different legislation but what it must not do is pass legislation which then it disregards on the basis that it is only a technical omission of the law which will be corrected retrospectively. It is not on, the law does not say that, the law does not say that the Government can spend £3m in buying steel plate and then six months later be issued with £3m worth of shares as if the shares had been issued before the steel plate was bought which is effectively what we are being told is going to happen to correct the anomalies and certainly, Mr Speaker, we decided to bring the matter on an adjournment motion when the answers that we were given proved to be unsatisfactory, we have brought a full fledged motion in the hope that we will be able to persuade the Government that they should initiate action on their own to put matters right and if they don't, and if the Government chooses to defend this then we will have it tested. If the Government is going to stand up and tell us that it isn't true, that this way of conducting the use of public funds is not, in fact, an infringement of a number of pieces of legislation then we will test it in Court to see whether it is true or it isn't true. I commend the motion to the House, Mr Speaker.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon J Bossano.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, there are a number of general points I would like to make before dealing with the details of the motion by the Hon the Leader of the Opposition. The structure of Gibraltar Shiprepair Limited and the relationship between the Management Company and the Supervisory Board and the relationship between the Company and the Government bearing in mind that commercialisation is at present funded entirely by ODA development aid, the relationship with Her Majesty's Government as far as the project is concerned, all these are complicated matters which are bound to take some time to sort out entirely. The Dockyard venture, it is entirely unnecessary for me to say this, is a completely new departure for Gibraltar there are a few precedents on which to go. On the one hand the Company has been set up as a private company rather than as a statutory corporation and it is to be run by commercial managers and not by civil servants or under Ministerial control. This was the advice given to the Government by consultants in 1982 and 1983 when the project was at the feasibility stage and that advice was accepted by the Government, it was followed by my predecessor and by the Hon Attorney-General's predecessor in office. If I may be permitted to quote from the speech made by the then Attorney-General on the Second Reading of the Gibraltar Shiprepair Ordinance, he said: "You can either have

what is known as a statutory corporation or you can have an ordinary commercial company subject to a greater or lesser degree of control from the outside. May I say I think it is fundamentally wrong in relation to this operation to use the device of a statutory corporation, and customarily statutory corporations are used to establish public bodies, bodies of a public nature which this undoubtedly is, but of a non-trading nature. There are some that do establish trading concerns, I would accept that, but customarily they are used to establish non-trading bodies where there is great advantage in having a commercial company to establish public bodies of a trading nature because it is far better constituted towards commercial operations, it is much more flexible". But, unfortunately, Mr Speaker, the matter is not quite.....

MR SPEAKER:

May I ask where you are quoting from?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That was the meeting of the 18th October, 1983. Well, unfortunately, Mr Speaker, the matter is not quite as simple as that learned extract might suggest, it is rather more complicated because first of all there is the question of assimilation with the laws of Gibraltar as they apply to projects funded with development aid, what I might call the domestic constitutional dimension and, secondly, there is the question of complying with the conditions to which HMG ask us to conform when they grant development aid, what I might call the external dimension, and one of the conditions of the agreement with HMG as is usual in such circumstances, was that the £28m should be made available to the Gibraltar Government, so the Gibraltar Government is therefore accountable for the expenditure of GSL to HMG in that particular regard. In the normal course of events where the funds are for something like a new Power Station, a desalination plant which is a Gibraltar Government project, there is the project controlling officer, a civil servant responsible to the Minister, and this arrangement works reasonably well because it is a tried and tested arrangement and everyone is familiar with the rules. In this case we had no rules which to follow. In the case of GSL, which is a private company, a trading company, new arrangements had to be devised to meet the requirements of external accountability and satisfy Her Majesty's Government and the civil servants in the ODA but also, of course, to retain the flexibility required for commercial operation which are mentioned in the learned extract from the then Attorney-General which I quoted earlier. There are also a number of difficult areas where the conditions on which ODA aid is granted on the one hand and the requirements

of the Gibraltar law on the other interface and some of these areas have been mentioned from time to time in the House in the margin of questions. It is unfamiliar territory for which there are no precedents to guide us. The difficulties arise in many, if not most, instances because of the status of GSL as a private company for which there is no statutory responsibility as far as Government is concerned, as far as its operation is concerned. On the other hand there is a degree of accountability because the company is wholly owned by Government and it is a recipient of development aid. Then there are rules and regulations which normally apply to Government projects but whose application to a privately registered company is uncertain - I think the word commonly used by lawyers to describe the situation I have outlined, Mr Speaker, is hybrid, the company is a hybrid. One of the difficulties to which I have just referred was perceived after the Bill had received its Second Reading but before the Committee Stage and that led to the introduction of the additional Section 6 including Section 6(4) which is the subject of the motion by the Leader of the Opposition and without the additional Section as the Hon Leader of the Opposition has pointed out, it would have been difficult if not impossible for the company to operate, operate as a trading company in a commercial environment. Expenditure would have been subject to the procedures of the Finance and Appropriation Bills, estimates and perhaps subhead by subhead would have had to be prepared and the authority of the House sought when additional funds were required for purposes not specifically approved by the House at the estimates stage. In short, the company would have been constrained in much the same way as a Government Department which was clearly not the intention. Section 6(4) of the Bill provided a mechanism for the setting up of a Special Fund and for the Fund to use for purchase of shares in GSL which was seen as a way of avoiding that constraint. The Hon Leader of the Opposition himself made a helpful contribution on that occasion, I think, Mr Speaker, it is worth mentioning that, he drew our attention to it in his speech just now, by drawing attention to the distinction which is now reflected in that Section of the Ordinance between expenditure on fixed assets belonging to the Government but to be leased by the Government for the company and other expenditure by the company for which the shares would be issued. These are highly technical matters, Mr Speaker, and there are other matters affecting the company's position to which further consideration will be given and indeed is being given from time to time. If Hon Members argue that all this should have been fully considered and perhaps debated in this House, well, it is a tenable viewpoint and with the benefit of hindsight it could be argued that all these matters should have been provided for in the GSL Bill which might well have included a great many other things as well, powers of direction

by the Government to the company and other matters, in which case I think the Bill would probably have provided explicitly for Ministerial responsibility but in those circumstances the distinction between a private and a statutory corporation would certainly have been blurred. I now turn to the question of the alleged illegality of the payments which have been made by the Government to Gibraltar Shiprepair Limited, Mr Speaker, and you doubtless have noticed that I use the phrase 'alleged illegality' because I do not accept, the Government does not accept that any breach of the law has taken place. I did say so in my answer to a supplementary question raised by the Hon Leader of the Opposition during the meeting of the House on the 26th June and I now reiterate that the Government has acted within the law but I acknowledge that this was one of the difficult areas which we took time to sort out and I am grateful for the Hon Member's recognition, amongst the criticisms which he made, that such problems do take time to sort out. Section 6(4) of the Gibraltar Shiprepair Limited Ordinance 1983, provides for the Financial Secretary to charge to the Fund monies used for the purchase of shares in GSL by the Government and also for expenditure on assets to be leased by the Government to the company. I agree with the Hon Leader of the Opposition that it provides for nothing else, however, the Ordinance also states in Section 6(2) that the GSL Fund shall be a Special Fund within the meaning of the Public Finance (Control and Audit) Ordinance 1977, and accordingly all the provisions of that Ordinance that apply to Funds declared to be Special Fund shall apply to the Fund. The Public Finance (Control and Audit) Ordinance has, amongst other provisions, one which perhaps, Mr Speaker, the Leader of the Opposition in spite of his encyclopaedic knowledge of the legislation may possibly have overlooked and I hope that some Members of the House, Mr Speaker, will immediately be seized with the fact that I am referring to Section 10(1) of the Public Finance (Control and Audit) Ordinance which permits the Accountant-General on the authority of the Financial and Development Secretary, to make disbursements of public monies for the purpose of making advances and if we read on through the various subsections of Section 10(1), Mr Speaker, that is to say, Sections 10(a), (b) and so on, we eventually arrive at subsection 10(1)(e)(5). Section 10(1)(e) states: "that such advances may be to or on account of the various Special Funds nominated in subsection 10(1)(e)" and, finally, under Section 10(1)(e)(5), it will be seen that disbursements can be made to or on account of any other Special Fund where such advances are recoverable before the close of the financial year in which such advances are made. And this is what is being done, Mr Speaker, and will be done as an interim arrangement within the law prior to the close of the current financial year, from time to time the advance accounts will be cleared by the issue of shares in accordance with the provisions

of Section 6(4) of the Ordinance. There are, in fact, a number of advantages in dealing with the matter in this way, practical advantages. Firstly, it avoids the frequent issues of shares for if one were to follow Section 6(4) literally one would I, think, need to issue shares at very frequent intervals, perhaps even daily, to match the flow of funds from the ODA via the Government accounts, in some cases by the Crown Agents, as they are made. Secondly, one might have to make frequent adjustments to account for variations which have been estimated and actual flows of funds. There are difficulties in determining precisely from day to day how much is on assets belonging to the Government, how much on assets which will feature in the company's balance sheet, how much on working capital to pay wages, to make local purchases and so on. In due course the advance account will be cleared by the issue of shares and there will be a statement of expenditure on Government assets, the company's balance sheet and profit and loss account will show the application of funds in use by the company and the source of those funds will be the money in the GSL Fund balanced by the issue of shares to the appropriate account and all of this will be subject to audit by the Principal Auditor and the Auditors of the company. I have studied the other references in the Hon Member's motion, Mr Speaker. As far as Clause 64(2) of the Gibraltar Constitution is concerned, that prohibits the use of public monies except where the issue of public monies is in accordance with the provisions of the law and as I have just explained the law in this case is Section 10(1) of the Public Finance (Control and Audit) Ordinance which I have referred to. Section 5(2)(d) is mainly concerned with the investment of monies and I think it is relevant to the issue under debate, it is not immediately obvious and I think in any event the Hon Leader of the Opposition meant it as a subsidiary to his main point about acting within the law. I did turn to Section 213(2) of Colonial Regulations with some hope, Mr Speaker, that like the Colonial Regulation referred to earlier by the Learned Chief Minister in answering a question about the salary paid to the Acting Director of Tourism, it might conceivably state that it was illegal for the Financial and Development Secretary to perform any other office apart from that of Financial Secretary on an acting basis without adequate remuneration but instead of that it simply states that 'disbursements shall be made by the Crown Agents', so I came here this afternoon, Mr Speaker, with an elaborate defence of our action under Section 213(2) of the Colonial Regulations, I discovered or rather the Hon Leader of the Opposition put me right on that in the earlier exchange at the beginning of his speech. I feel that sometimes when I am answering questions from Hon Members opposite other than from the Hon Leader of the Opposition, my position is rather like that of someone who has stopped to offer a lift to a pretty girl on the A1 or some similar dual carriageway and having

stopped the car and opened the door, the girl's mother or ugly sister or someone pops out from behind the hedge. I have noticed that when answering questions by other Members of the Opposition who have - excuse me for referring to them as pretty girls in these circumstances - as soon as they have asked their question and I have provided an answer, the Hon Leader of the Opposition pops out from behind the hedge and asks a supplementary. In the case of this particular Colonial Regulation, I do not think I need to explain or I hope I do not need to explain the position about disbursements from the Crown Agents and as far as the other Regulation is concerned, well, I do not think I really owe the Government £3m or whatever it was that the Hon Leader of the Opposition mentioned. Thank you, Mr Speaker.

MR SPEAKER:

Are there any other Members who wish to contribute to the debate?

HON CHIEF MINISTER:

Mr Speaker, in the first place, I think the Hon Leader of the Opposition has been here long enough to know that, certainly, the House attempts to abide by the rule of law. We were instrumental in 1977 in agreeing with the provisions of the Finance (Control and Audit) Ordinance which, if I remember rightly, later had to be amended because the Financial Secretary had tied his hands so much that he found it difficult to work it and he himself had provided for it and therefore we stand by the rule of law, we stand by the proper control of public expenditure by this House. I will come to the technicality in a moment but if there is a general allegation, I think the motion says something about complacency of the Government, I would certainly refute that, there has been no complacency, but the Hon Mover made a remark towards the end which I think is the most pertinent and that is that it would be a matter for the Courts. We are dealing now with the question of interpretation. I did not want to burden the House with all sorts of books from my Chambers which would have told you what Judges have said upon interpretation on different things at different times. Looking at it from a purely common-sense point of view, on the dispute of interpretation, really, until the highest Court has decided who is right it remains a matter of interpretation. It is a little more than that because it is a matter of approach towards interpretation. The Government was advised by the Attorney-General, as is his duty that there is nothing illegal as was suggested by the Leader of the Opposition either earlier or today. The Financial and Development Secretary has made his own contribution and has

explained details, into which I will not go, as to the practicality of funding this new project to satisfy all sorts of criteria, the main one being the giver of the money because after all they have very strict control themselves, and to satisfy how to gear that problem towards the question of having a private Ordinance and so on. I do not think, Mr Speaker, that this House is the venue for a matter of interpretation. I am sure that what has been heard this afternoon so far even though it is between a politician and an experienced civil servant, is more the sort of thing you hear in Courts of law when arguing on interpretation and therefore we refute any suggestions that we have been complacent. We think that the Leader of the Opposition is bona fide bringing this motion because he thinks that he is right, we think and I have advice also, not me, the legal adviser of the Government thinks that he is wrong and the person who is likely to be responsible to whom we will have to ask the £3m or what have you, also thinks that he is right and he is prepared to defend that wherever it is necessary.

HON J BOSSANO:

If the Hon Member will give way. Can the Hon and Learned Chief Minister explain why they have never said so before in all the previous questions that have been put in the House? Why is it that never before until now the Financial and Development Secretary has not stood up and said: "I am making an advance under Section so and so. Why?"

HON CHIEF MINISTER:

I do not know, that I cannot tell you. All I can tell you is that when I considered the matter and it was a matter for interpretation, I said it was a question for the Courts to decide and the rule of law is established by the fact that even interpretations of Attorneys-General and everybody else and then you have to go to the very top because you might have difficulties on the way up, as it happened in a case where one Judge said it was right and the Court of Appeal said it was wrong and the House of Lords said it was wrong, or rather the other way about, one said it was wrong and the other two said that it was right, it was a proper order. Therefore it is a matter which if the Hon Member has either not been satisfied by the explanation given today or thinks that they require further consideration, of course he knows that any interpretation given to a law by the Government is subject to review by the Courts and if he makes an application and the Court supports his interpretation, well, we shall take whatever steps are necessary. On the other hand if he finds it not to be, in fact, a valid point, he will have had the satisfaction of having been told that by a Judge of the High Court or the Chief Justice or

the Court of Appeal or the Privy Council, whoever has to decide. The Government cannot act on behalf of a Member of the Opposition who has a different view or because of the views of a Member of the Opposition in any particular case. There is no question of neglect of expenditure. I would have thought, and this is purely my own view, that satisfying the ODA that payments are justified is something which requires very considerable amount of persuasion that things are being done right because of the control that they exercise apart from the fact that it is so close linked that that is the best way of dealing with it.

MR SPEAKER:

I will then call on the Hon Leader of the Opposition to reply.

HON J BOSSANO:

There seems little point, Mr Speaker, in other Members coming forward with arguments because it is quite obvious that possibly because the Hon Financial and Development Secretary is devoid of an ugly sister or a fairy godmother or whatever it is to jump out of the hedge to save him what he has had to do is to produce a magic card from under his sleeve, he produced five aces in order to win this round and I am afraid we are not going to swallow the fifth ace. Mr Speaker, the motion has been brought, as the Hon and Learned Chief Minister quite rightly assumes, in good faith to this House and not out of any mischievous intent and it has been brought in good faith precisely because we feel and we felt that we had brought to the attention of the Government something that clearly for any ordinary person other than a legal expert was a patent infringement of the requirements of the law that the Government had passed and we thought we had been reasonable in giving them enough time to look into it and come back and either tell us: "Yes, you are quite right, it has been an oversight or a mistake and it is being corrected", or else: "You are wrong because of (a), (b) and (c)". That has not happened, Mr Speaker, we raised the thing in June, we were told by the Hon Financial and Development Secretary that he would look further into it, we raised it again in October because we heard nothing from him since. In Question No.105 and No.109, what do we get told? The question by my Colleague, Mr Pilcher, No.105: "What disbursements have been made?" Did the Financial Secretary say: "Well, what has happened is that I have been making advances under Section 10(1)(e) of the Public Finance (Control and Audit) Ordinance and these advances are going to be repaid before the end of the financial year"? Is that what he said that he had been doing? He told us then that he had been paying money for contracts placed with offshore companies and the remainder

were locally incurred. So what is it, is he making advances to offshore companies and those offshore companies are now going to repay him the money and then when they repay him the money he will then buy shares and then when he has bought the shares CSL is going to pay back the company because that is what he has to do under Section 10(1) and that is what he has told the House that he is going to do. He is now going to go back to all the people that he has paid money to and ask them to pay him the money back before the end of this financial year and then when he has got the money back from the contractors he is going to buy shares in the company and then when the company has issued the shares to him they are going to go back and pay the contractors for what has already been paid after they have repaid him the advances that he has said he has been paying. That is the explanation of the Financial and Development Secretary, Mr Speaker. I honestly believe that it must have been with relief that the Hon Member thought that he had discovered a way out in this Section but I am afraid it will not wash because, in fact, what does the Section say that he has quoted? The Section says that he can make advances by warrant authorising the Accountant-General to make those disbursements. Well, we will check every penny that has been paid to every person that has had any connection with GSL and there had better be a warrant signed by him authorising the Accountant-General to make those disbursements because that is what Section 10(1) says and it says that he can do it for a range of purposes which includes payments to or on account of the Improvement and Development Fund, the Electricity Undertaking Fund, the Potable Water Fund, the Telephone Fund or any other Special Fund and that such advances are recoverable before the close of the year, they are recoverable, and if he has done them under the authority of that Section, Mr Speaker, he is going to have to show to the House when he made the advance and when he recovered the money.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way, Mr Speaker. The point of an advance account is that it is an advance account and that is that the payments which have been paid to contractors or whoever it may be from that advance account are payments proper to that account. It is the GSL Fund which has to be reimbursed when the advance account is cleared so there is no question of asking contractors for their money back so that it can be given back. I think the Hon Leader of the Opposition is attempting to draw us into an absurd practice which clearly is not necessary to comply with the terms of the Ordinance.

HON J BOSSANO:

It may be an absurd practice, Mr Speaker, but that is what he has

told the House he is going to do, an advance account not an advance account of the Gibraltar Shiprepair Limited as a private company, it is an advance account of the Special Fund set up in the Ordinance and that money has been drawn out of that Special Fund for a purpose other than the purposes of shares. Yes, Mr Speaker, he has not made an advance payment to GSL to buy shares because he is not allowed to do that, the law is quite specific and it may well be that the Hon and Learned Attorney-General is now advising the Hon Financial and Development Secretary that this is possible as long as it can be made to fit with that Section but in this House a couple of weeks ago, Mr Speaker, this is not what the Hon Member said. The Attorney-General had to say in the House: "The money out of the Fund, Mr Speaker, must be used only for the purposes specified in the Ordinance, namely, the purchase of shares or the acquisition of assets belonging to the Government". We asked the Hon Member: "Has the money been used for anything else?" He said: "Yes, the money has been used to pay wages, to buy material, to buy cars, to buy potted plants", not a penny for the purchase of shares which is the only thing he can use the money for. He may be able to make an advance payment but he can only make an advance payment for the purpose for which the Ordinance allows him to spend the money. He cannot make an advance payment for something else if the payment is on account of the GSL Special Fund.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Again, Mr Speaker, I think I must make the point clear for the Hon Leader of the Opposition's benefit that payments are not being made from the GSL Fund, the Ordinance says quite specifically that payments are to be made to or on account of and that is an accounting convention which, I think, possibly the Leader of the Opposition is not clear.

MR SPEAKER:

What you are saying is that the advances have been made from the Fund to the Gibraltar Shiprepair and the payments have been made by Gibraltar Shiprepair.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, the advances are of public monies on account of the Fund, that is what is provided for by the Ordinance.

HON J BOSSANO:

Yes, Mr Speaker, but the Hon Member has been making advances. We asked the Hon Member in this House: "What disbursements

have been made from the Gibraltar Shiprepair Limited Fund stating the dates, the amounts and the purpose to which such disbursements have been made?" The Hon Member did not stand up a fortnight ago and said: "There have been no disbursements from the Fund, all that has happened to date is that we have been making advances under the provisions of the Public Finance (Control and Audit) Ordinance because we have discovered" - as was pointed out in June - "that we could not use the money other than for the purchase of shares and since that has not happened in order to avoid being in breach of the law what we are doing is making advances". He didn't say that. He said: "Mr Speaker, the total amount authorised for payment to date is £3.1m; £2m represents payment for contracts" - if he is talking here about payments for contracts either he has been making advances on an advance account or he has been making payments for contracts. If he has been making payments for contracts then I want to know how it is that the money that has been disbursed as an advance to a contractor is going to be recovered as required here which he says: "that any payment made under Section 10(1) on account of any Special Fund can only be where such an advance is recoverable before the close of the financial year", and it is not going to be recovered by the end of the year, it is going to be covered by an issue of shares by GSL for which no payment will be made because payment will have deemed to have been made at the original date and I told the Hon Member that it seemed to me that that is how he intended to square the circle and his answer was: "The Hon Leader of the Opposition may have expressed it admirably". He didn't say to me: "No, you have got it all wrong, I am making advances".

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think to be fair to the Financial Secretary, Mr Speaker, the Hon Leader of the Opposition ought to refer to supplementary question No.105 of 1984. He quoted the substantive reply which I gave to, I would hesitate to say his pretty girl friend, I am not using that phrase in any offensive way, but it was to the Hon Mr Pilcher and then the Hon Leader of the Opposition popped up and said: "Has any of this money from the Fund been paid direct to the Government or through GSL?", and I said: "The money has been paid or, I should say, it has been accounted for by the Government".

HON J BOSSANO:

One can understand why the Member says he is going to be making advances all over the place, Mr Speaker. Clearly, if he makes advances like that then my friends on this side of the House, Mr Speaker, do need an ugly godmother to come out and protect

them. Therefore, Mr Speaker, I am afraid that our assessment of the reply that we have had from the Hon Financial and Development Secretary and from the Government, generally, because he is saying that this is the Government view, is that it is in fact a valiant attempt to justify the way that they have handled the situation rather than admit that they should have paid more attention to the inconsistencies that we were pointing out and which, certainly, we shall see tested. We shall see whether in fact the Hon Member has been making advances or has not been making advances but, certainly, I think he must accept and I think the Government must accept that if they had come to us at an earlier stage and genuinely said: "No, it is that you are misinterpreting the law", and not simply say: "Yes, we are in breach of the law but only technically in breach of the law", which is the message we had before, we do not accept that answer. We do not accept that the Government can be technically in breach of the law because the Government is the last person that needs to be in breach of the law, they can actually change the law, the average citizen has got no choice, Mr Speaker, but if the Government thinks a particular law is wrong or too restrictive or anything, they do not need to break it, they change it so why should we have a situation where the Government is technically in breach of the law when all they needed to do was to amend the law in October or in June or whenever they found it necessary to do so. That is the answer we have had until today, that answer is not acceptable, today we are being told that there is another Section of the Ordinance that appears to be in conflict with the one that we have been quoting and with all the arguments that we have been putting which have not been satisfactorily answered until now and we just think that this is really an attempt, in fact, as I say, having found something that appeared to make it possible to defend the indefensible, an attempt to do it and it is an attempt that does not convince us.

MR SPEAKER:

I would like to rule that I consider this to be a vote of no confidence on the Government and that consequently in accordance with Section 44(1) of the Constitution the two ex-officio Members do not have a vote.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J C Perez
The Hon J E Pilcher

The following Hon Members voted against:

The Hon A J Canepa .
The Hon Major F J Dellipiani
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit

The following Hon Member was absent from the Chamber:

The Hon M K Featherstone

There being an equality of votes for and against Mr Speaker declared the motion lost.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I beg to move the adjournment of the House sine die.

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

The adjournment of the House sine die was taken at 4.30 pm on Monday the 26th November, 1984.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

11TH DECEMBER, 1984

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Fifth Meeting of the First Session of the Fifth House of Assembly held in the Assembly Chamber on Tuesday the 11th December, 1984, at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan CBE, MVO, QC, JP - Chief Minister
The Hon A J Canepa - Minister for Economic Development and Trade
The Hon M K Featherstone - Minister for Health and Housing
The Hon H J Zammit - Minister for Tourism
The Hon Major F J Dellipiani ED - Minister for Public Works
The Hon Dr R G Valarino - Minister for Labour and Social Security
The Hon J B Perez - Minister for Municipal Services
The Hon G Mascarenhas - Minister for Education, Sport and Postal Services
The Hon E Thistlewaite QC - Attorney General
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon J Bossano - Leader of the Opposition
The Hon J E Pilcher
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J L Baldachino

ABSENT:

The Hon R Mor (who was away from Gibraltar)

IN ATTENDANCE:

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

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES.

The Minutes of the Meeting held on the 30th October, 1984, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

The Hon the Chief Minister laid on the table the following document:

The Principal Auditor's Report on the accounts of the Gibraltar Broadcasting Corporation for the year ended 31st March, 1984, together with the comments of CBC thereon.

Ordered to lie.

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

- (1) The Employment Injuries Insurance (Claims and Payments) (Amendment) Regulations, 1984.
- (2) The Employment Injuries Insurance (Benefit) (Amendment) Regulations, 1984.
- (3) The Social Insurance (Contributions) (Amendment) Regulations, 1984.
- (4) The Social Insurance (Benefit) (Amendment) Regulations, 1984.

Ordered to lie.

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

Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 3 of 1984/85).

Ordered to lie.

ANSWERS TO QUESTIONS

HON CHIEF MINISTER:

Mr Speaker, I was going to say that under Rule 7(3) of the Standing Orders I propose that we will deal with the Bills in the afternoon. I have not really finished my material for my motion now and we can get on with Bills and we should take the motion as soon as we finish the Bills.

Mr Speaker then put the question which was resolved in the affirmative and the order of business was accordingly changed.

The House recessed at 1.00 pm.

The House resumed at 3.25 pm.

THE ORDER OF THE DAY

MINISTERIAL STATEMENTS

MR SPEAKER:

The Hon and Learned the Chief Minister and the Minister for Education, Sport and Postal Services have given notice that they wish to make statements. I will therefore now call on the Hon and Learned the Chief Minister.

HON CHIEF MINISTER:

Mr Speaker, Hon Members will remember that at some stage in the course of some of the questioning on the GSL, I said that at some stage I would make a statement on how we saw the situation. This is what the statement is about and that is the Government's responsibility for matters affecting Gibraltar Shiprepair Ltd and how the Government proposes to handle questions asked in the House when the Financial and Development Secretary ceases to be Chairman of the Company on the 31st December, 1984. The Government has neither executive nor statutory responsibility for the management of Gibraltar Shiprepair. It was established as a private company with the intention that there should be no Government involvement in its day-to-day affairs. The provisions of the Gibraltar Shiprepair Limited Ordinance reflect that decision. However, it goes without saying that the Government, as sole shareholder for the time being will take a very keen interest in the financial and commercial development of the company. With regard to the provisions of the GSL Ordinance, and its position as sole shareholder, the Government will answer in the House major questions affecting the following:-

- i) the issue and disposal of shares in the Company;
- ii) the capital structure of the Company and of any subsidiaries;
- iii) sources of long term finance for the Company and any subsidiaries;
- iv) in general terms, the progress of the Company towards financial and commercial viability;

- v) in general terms, payments out of the GSL Fund established under Section 6 of the Ordinance.

The Company's accounts will be audited and laid before the House of Assembly. There will be an opportunity to discuss Company affairs and the Government will introduce a motion on the accounts for that purpose. I would also expect the Company to provide the House, as the basis for informed debate, with appropriate information about business and employment prospects and progress towards profitability. The debate on Company affairs will of course provide Members of the Opposition with an opportunity to raise a variety of matters. I hope that these will be matters of general policy. The Government however cannot undertake to answer questions in this House other than those which arise directly from its responsibility as sole shareholder, or other responsibilities arising under the Gibraltar Shiprepair Limited Ordinance. Added to the statement I would add that as we go along within these parameters we will try to be as helpful as possible and perhaps some element of case law will develop in the areas in which we are prepared to be as helpful as possible within the parameters of the fact that there will be a professionally constituted Board devoted to running GSL.

HON J BOSSANO:

Well, Mr Speaker, the Hon and Learned Chief Minister has said it is only in the practice that we will see to what extent the list of areas which the Government accepts it should answer questions on will be sufficient but certainly as far as we are concerned it is not our intention to ask questions concerning the day-to-day running of the company and we have never intended to do that but I think there are areas where, for example, things like the terms of the agreement between the Ministry of Defence and GSL on the forty-six properties which was something mentioned in the original agreement which the Hon Member brought back in July, 1983, that would be an area where we would think we should be entitled to have information as to the nature of an agreement of that kind and information as to how much of the £28m, for example, is having to be used to pay for these properties because this is concerned directly, I would have thought, with how ODA funds are being spent and to what extent they are producing a benefit for Gibraltar.

HON CHIEF MINISTER:

I am very grateful for that helpful suggestion. With regard to the Management Agreement we hope that it will be published by the company in due course and, of course, a copy will be laid, as it exists between the GSL and the company and this

will be signed before the end of the year and I think we ought to be able to table a copy of the agreement. I would perhaps say in the last instance that I will answer for matters which are not of a financial nature but of an administrative or political nature and the Hon Financial and Development Secretary will deal with financial matters. I hope that will be satisfactory.

MR SPEAKER:

I will now call on the Minister for Education, Sport and Postal Services.

HON G MASCARENHAS:

Mr Speaker, arising from considerations on the Estimates of Expenditure for 1984/85 and the need to review the level of public expenditure, Government was conscious also of the need to maintain essential areas of all its services. Hon Members will recall that, in overall terms expenditure on education was maintained at a substantial level. The Department, however, was also required to make its contribution to economies in public expenditure. Government was mindful of the need to keep cuts in expenditure to areas which would not have any effect on essential education elements. Within that and with due regard to bona fide hardship cases, since no one will be deprived of taking any examination through lack of means, Government took the decision that a parental contribution was necessary in order to meet increasing costs of public examinations. In this respect, parents will be expected to meet 50% of the cost of all public examinations undertaken in Government schools as from the 1984/85 financial year. The Subject Fees for June 1985 will be £5.80 per 'O' level subject, and £10.75 for an 'A' level subject. No entry, oral, or practical fees will be charged. An average pupil entry for 'O' level is 7 subjects costing a total of £40.60. The parents' contribution would therefore be around £20 for a complete 'O' level examination. The average 'A' level pupil entry is for three subjects, at a total cost of £32.25 per pupil, making for a parental contribution of around £16.00. The House should note that these fees are set by the UK Examination Boards and therefore not controlled by the Department. I wish to emphasise once more that no pupil will find himself or herself unable to sit examinations on grounds of financial hardship. The procedures to be adopted will take full cognisance of this fact.

BILLS
FIRST AND SECOND READINGS

THE ELECTIONS (AMENDMENT) ORDINANCE, 1984

HON CHIEF MINISTER:

Sir, I beg to move that a Bill for an Ordinance to amend the Elections Ordinance (Chapter 48) be read a first time.

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

SECOND READING

HON CHIEF MINISTER:

Sir, I beg to move that the Bill be now read a second time. Mr Speaker, this is a very simple Ordinance. Section 4 of the Elections Ordinance states that: "It shall be the duty of the Registration Officer to publish a Register of Electors in the year 1977 and every fourth year thereafter". Consequently, the last main Register of Electors was published on the 1st August, 1981 and a new Register would have to be published in August, 1985. A Supplement to the 1981 Register was published on the 17th October, 1983, which included persons who would be eighteen years of age up to the 31st March, 1985. The next general election, if the House were to take its full life, would be in March, 1988, or should it be so decided to bring it back to the normal date of general elections which was upset as a result of the resignation of Mr Maurice Xiberras and then bringing in the general election earlier, it would then be autumn 1987 and it would appear more practical to prepare the next main Register in 1986 rather than in 1985. This would ensure that the main Register would be more up-to-date nearer to the time of the general election. I would also remind Members that the making of a full Register costs now in the region of £20,000, I am told. The purpose of the Ordinance is to substitute the year 1986 for 1977 in order to be able to make arrangements for a more up-to-date Register nearer the general election. That does not, of course, stop us from asking the Registration Officer to make a Supplement after 1985 because 1985 is covered. I commend the Bill.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

Mr Speaker, we will support this, it seems a sensible move to make and I understand that the cost of compiling the Register is quite expensive and it seems inappropriate at a time when the Government is saying they are trying to find ways of saving money everywhere that we should be spending money for a Register that is going to be relatively out-of-date when the time comes to use it. We support the Bill.

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

HON CHIEF MINISTER:

Sir, I beg to move that the Committee Stage and Third Reading of the Bill be taken at a later stage in the meeting.

This was agreed to.

THE DEVELOPMENT AID (AMENDMENT) ORDINANCE, 1984

HON A J CANEPA:

Mr Speaker, I have the honour to move that a Bill for an Ordinance to amend the Development Aid Ordinance, 1981 (No 15 of 1981) be read a first time.

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

SECOND READING

HON A J CANEPA:

Sir, I have the honour to move that the Bill be now read a second time. Sir, the main object behind this Bill is to provide further incentives with a view to stimulating home ownership. At present, Mr Speaker, rating relief is allowed to the owner occupier for the first five years on the basis of an escalating scale whereby during the first year rates are not paid at all; during the second year 20%; 40% during the third year; 60% during the fourth; 80% during the fifth and then after the five years the full amount of rates is paid. Rates, Mr Speaker, are fairly high at the moment in Gibraltar, they constitute a considerable burden and what this Bill is proposing to do is to effectively double the period of relief to ten years so that during the first year rates will not be paid to all; the second year it would be 10%; the third year 20%, and so on in an escalating scale increasing by 10% each year thereby

providing relief from rates for ten years. Not only should this be an incentive naturally to the owner occupier but it should also provide an incentive to prospective developers who will know that prospective buyers are likely to be encouraged by this measure, particularly, Mr Speaker, in the case of an owner occupier taking out a mortgage, a mortgage, say, for fifteen, twenty or twenty-five years during the first ten years or so of repayment of the mortgage the burden is particularly stiff and therefore this extra relief that is being proposed in this Bill will be, I think, very welcome. The timing of it, I should say, is purposely geared to the recent launching of the Vineyard Home Ownership Scheme and we are only taking First and Second Reading of the Bill today because the Hon the Attorney-General wishes to consider very carefully the wording of the transitional provisions. Where there are existing licences they have to be assimilated to what is being proposed and existing licences which have been running for, let us say, less than five years will have to be assimilated into the new arrangements since that will run for ten years and the Hon the Attorney-General would like to consider very carefully the wording of these transitional provisions before we proceed with the Committee Stage. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

Mr Speaker, I think the Bill itself, in fact, makes no mention of home ownership unless I am mistaken. It talks about residential development but not necessarily owner occupier, am I correct in that? I will give way because if I am not correct I will say something different but I would like to have confirmation that I am correct in saying that this Bill makes no reference at all to home ownership or owner occupation and that it will apply equally to residential developments for renting, is that correct?

HON A J CANEPA:

In any development whatsoever, Mr Speaker, it is only the residential part of that development that will become entitled to the relief proposals.

HON J BOSSANO:

What I am saying, Mr Speaker, is it has nothing to do with home ownership or with the encouragement of home ownership.

HON A J CANEPA:

It isn't limited to home ownership, it would apply to rented accommodation but the rationale in the thinking of the Government in bringing the Bill to the House at this moment in time is, in fact, to try and give a fillip to home ownership because of the Vineyard Scheme but it will apply to other residential developments where the accommodation is rented.

HON J BOSSANO:

Thank you, Mr Speaker, I wanted to clear that up because I think when the Hon Member introduced the Bill he gave me the impression that it was specifically designed for home ownership and my reading of it was that it wasn't. I think that if it is a question of encouraging development, I am not sure to what extent it can be demonstrated because it is not an easy thing to demonstrate whether the absence or the presence of rating relief to this degree does make a more than a marginal difference to the level of development, I think it is difficult to demonstrate one way or the other, really, unless one has got situations which are comparable in different periods of time when the relief is there and when the relief is not there and one can see a correlation between the two. I think if it is a question of encouraging development it would seem to me that, for example, on the present Bill as it stands, if somebody were to develop apartments for renting for the tourist industry presumably the apartments could qualify as residential yet if they built a hotel for the tourist industry the hotel would probably not qualify as residential and would get the other relief. I do not see that a case has been made by the Government for having a lower level of relief for some types of development than in others. I would have thought that it would be better to have a more flexible system which would allow the Government to encourage one type of development as opposed to another by giving them the freedom to decide to what extent they want to give rating relief to encourage a particular type of development. I can see that there are problems, I think, in one direction or another if you have got two different systems. I think the system at the moment as I understand it is the same irrespective of the use to which the development is going to be put by introducing a two-tier system unless it was a system that was specifically limited to owner occupiers, if the law said owner occupiers can get ten years as opposed to anybody else then that would be a clearcut and defined thing which would be specific and be clearly aimed at encouraging home ownership but I think the proposals of the Government, in my view, can create a bias towards the type of development which for other reasons might not be in the interests of the economy and therefore I would have thought

it was in the Government's own interest to have a more flexible system where they could decide in a particular area that if they wanted to encourage a particular type of development they can say: "For this type of development we are going to have rating relief for twenty years. For another type of development which we do not think it is in our interest as a Government to encourage, we are only going to give five years or two years or whatever". I do not think a strong enough case has been made by the Government, quite frankly, Mr Speaker, that this is the best way to go about it.

HON CHIEF MINISTER:

I think my Colleague will deal with the question of the comparison between business premises that will get development aid and a certain element of rent relief as distinct from this one. I am going to say now what I would have said in the Income Tax Committee Stage and Third Reading because we were dealing with that and that is that the Leader of the Opposition left a helpful letter which he wrote to me on the 9th November, it is being considered in all its aspects and being costed and we are not ready, really, to carry on with that now, so what I was going to suggest then but I think it is pertinent to suggest now because then he sees the rationale and that is that any relief that we can give under that whether to the extent that the Hon Member has suggested or not would have to be considered in the context of next year's estimates because it goes much further but I would rather have the Bill we have now, at least to carry on encouraging the people we have and then consider the others. I was going to say that at the Committee Stage but I think it is linked to this in a way because there is much more incentive, both what the Government is doing and what the Hon Member proposes, though perhaps we may not be able to go as far as that but there are some very good ideas there but it is being examined by the Finance Department and the Income Tax Department.

MR SPEAKER:

Any other contributors? Does the Hon Mover wish to reply?

HON A J CANEPA:

Yes, Mr Speaker, the Hon Leader of the Opposition raised the question of hotels. Hotel development, if they qualify for a development aid licence, the developer would get tax relief on the profits and also I think there is relief on the payment of import duty in respect of furniture and fittings, provided they are of a permanent nature. I think that the experience that we have had since 1981 in the operation of the new

development aid licence would lead me to believe that the relief that we are giving in connection with such developments or development for office accommodation and so on, would appear to be adequate. There are no indications that the relief is inadequate and that therefore the Ordinance is acting as a disincentive and we do have flexibility so as not to have to give 100% relief. Under the old Ordinance the fact that a development aid licence was granted meant that automatically the relief was 100%, now we are able to compare one project with another, but I am very conscious because of one or two, what I would term pilot schemes that are getting under way in the private sector on housing, I am very conscious because of the representations that I have received from individuals, from Action for Housing and so on that the payment of rates is becoming a very serious problem and where people are unable to get long mortgages, if they are only able to get a mortgage for 15 years the commitment that that entails together with rates is making a lot of young families think against it, so we thought that in the context of that this extra relief was timely and was necessary if home ownership is to continue to receive the impetus which it undoubtedly needs.

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

HON A J CANEPA:

Sir, I beg to give notice that the Committee Stage and Third Reading of the Bill should be taken at a subsequent meeting of the House.

THE GROUP PRACTICE MEDICAL SCHEME (AMENDMENT) ORDINANCE, 1984

HON M K FEATHERSTONE:

Sir, I beg to move that a Bill for an Ordinance to amend the Group Practice Medical Scheme Ordinance, 1973 (No 14 of 1973) be read a first time.

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

SECOND READING

HON M K FEATHERSTONE:

Sir, I beg to move that the Bill be read a second time. The purpose of this Bill is a very simple purpose. As everybody must appreciate in these days inflation is continuing at a percentage somewhere around 7% to 10% but in the medical world

with drugs the percentage is somewhat higher, it runs between 10% to 20% and since the Group Practice Medical Scheme should, as far as possible, be self sufficient it is necessary to increase the contributions to the Scheme. I think they were last increased two years ago, the intention now is to increase them to 55p by the employer, 55p by the employee and to 80p from 70p where the person is a voluntary contributor. The aim, as I have said, is to keep the Scheme as self sufficient as possible and, of course, those persons on supplementary benefits will be allowed to use the Scheme free of charge, that is the purpose of Section 2, increasing the figures £36.40 and £23.40 to £41.60 and £28.60. I commend the Bill to the House, Sir.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

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

The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J E Pilcher

The following Hon Members were absent from the Chamber:

The Hon A J Canepa
The Hon R Mor
The Hon E Thistlethwaite

The Bill was read a second time.

HON M K FEATHERSTONE:

Sir, I beg to move that the Committee Stage and Third Reading of the Bill be taken at a later stage in the meeting.

This was agreed to.

THE FAMILY ALLOWANCES (AMENDMENT) ORDINANCE, 1984

HON DR R G VALARINO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Family Allowances Ordinance (Chapter 58) be read a first time.

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

SECOND READING

HON DR R G VALARINO:

Sir, I have the honour to move that the Bill be now read a second time. Sir, the Family Allowances Ordinance was amended in 1982 to provide that where the child of a family is receiving full-time education abroad and even if they had attained the age of nineteen he may continue to be treated as a child for the purposes of the eligibility of a family to obtain family allowances. The large majority of children who continue their studies after the age of eighteen are those who go to the United Kingdom to undertake undergraduate or technical courses at universities or polytechnics and it is probably for this reason that the amending legislation was drafted at the time to cover children studying abroad only. There are, however, a limited number of children who continue in full-time education in Gibraltar after eighteen, eg those who re-take their 'A' levels, and their families are deprived of the advantage of the 1982 amending legislation. This anomaly has only recently come to light and the object of the Bill is for the House today to rectify the anomaly so that the Ordinance may apply to children who have attained the age of nineteen and are still receiving full-time education in Gibraltar.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

Mr Speaker, the Hon Member has made no reference to the point in the explanatory memorandum that only the first such child may be treated and it then talks about allowances which have already been accrued shall not be extinguished between the period of three months, what is the explanation for that, he has not mentioned that at all in moving the Bill because, in fact, if what we have got today is that the law today allows a claim to be made for more than one and this limits it to one, we are against limiting this. If that is not the case then we need an explanation because that is the impression created here.

HON CHIEF MINISTER:

Surely, the first child never counts, it is when there is a second child.

HON J BOSSANO:

Mr Speaker, in normal circumstances family allowances is paid for the second and subsequent children. Here it talks about only the first such child over nineteen. Well, suppose somebody has got twins, what does that mean?

HON ATTORNEY-GENERAL:

The present law on it is the 1982 Ordinance and this reads: Section 4(1)(b) "Where two or more persons in a family are persons who have attained the age of nineteen years and are undergoing full-time instruction in a school outside Gibraltar, only the first of those persons who is for the time being undergoing such instruction outside Gibraltar may be treated for the purposes of this Ordinance as a child". It is the first child under the present law and Clause 2(1B) of the Bill is a repetition of that.

HON J BOSSANO:

Can the Hon and Learned Member explain what the reference is to 'the allowances which have thereby already accrued shall not be extinguished before a period of three months after the Bill is passed'. What allowances may have accrued which will be extinguished?

HON ATTORNEY-GENERAL:

This is a Bill which I think it is something to do with the retrospective effect of the Ordinance, it goes back to the

1st September, 1984, and therefore anybody who has got a right under the old Ordinance, that is extinguished by this Ordinance. I perhaps misled the Leader of the Opposition, they used an amendment to Clause 2(1B) because that included within and outside Gibraltar - "at a school situate either within or outside Gibraltar", where of course, under the present law it is only outside Gibraltar.

MR SPEAKER:

Does the Minister wish to reply?

HON DR R G VALARINO:

No, Sir.

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

HON DR R G VALARINO:

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

This was agreed to.

THE ELDERLY PERSONS (NON-CONTRIBUTORY) PENSIONS (AMENDMENT)
(NO 2) ORDINANCE, 1984

HON DR R G VALARINO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Elderly Persons (Non-Contributory) Pensions Ordinance, 1973 (No 27 of 1973) be read a first time.

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

SECOND READING

HON DR R G VALARINO

Sir, I have the honour to move that the Bill be now read a second time. Sir, I gave notice at the last meeting of the House that the Government would be introducing legislation to revoke the provisions of the Elderly Persons (Non-Contributory) Pensions Ordinance. The object in doing so is to rationalise the Government's Social Security legislation. The rights of present and future beneficiaries under this Ordinance will be safeguarded by bringing them into a special category under the

Supplementary Benefits Scheme and in doing so the increases in the rates of benefits approved at the last meeting of the House will also be incorporated. Beneficiaries will have the added advantage that payments under the Supplementary Benefits Scheme are free of income tax.

MR SPEAKER:

Does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

Mr Speaker, I note that the Hon Member has said that this, notwithstanding the fact that it comes into effect on the same day as the amending legislation that we passed at the last meeting of the House, and I am not sure whether that means that we are now repealing the amended Ordinance or the unamended Ordinance since the repeal of the Ordinance takes effect on the 25th December and if I remember correctly the amendment was due to come in on the 25th December, I am not quite sure how that operates. But apart from that I do not think we can be satisfied with what the Minister has said. Clearly, the fact that the people concerned will no longer have to pay tax will be welcomed by those affected who have been lobbying for many years to get this and the Government has consistently refused on the count that it was inequitable to give tax free payments to people who might have higher incomes than other people who are required to pay tax. Now it seems that we are doing away with the elderly persons pension and instead we are giving them rights which are not statutory rights and which presumably cannot be guaranteed. The fact that the Government is going to make some sort of administrative arrangement to pay elderly persons a pension under the supplementary benefits scheme is not something that gives them a right to a pension since there isn't a right to supplementary benefits and there is no legislation entitling people to supplementary benefits, as I understand it, if there is I would like to know what the legislation is because I have never been able to discover how the scheme is operated, that is, under what law or regulation it is operated. The answer that I have always been given in the House and outside the House is that it is done administratively. As I understand it, the whole purpose of supplementary benefits is to provide out of general revenue a means tested benefit. If the Minister had said that the rights acquired under the legislation that is being repealed is going to be protected and guaranteed and so are future rights of future potential pensioners then, presumably, they are going to have one kind of supplementary benefits which is means tested and another kind of supplementary benefits which is not

means tested. I think that that is not a satisfactory way to deal with the situation and we certainly will not support this because as far as we are concerned you are repealing a statutory right, replacing it by a non-statutory right in a means tested scheme where some people will be means tested and other people will not be means tested depending on how old they are. That, I understand, is what the Government proposes to do. Unless they can produce more convincing arguments we will oppose this and we think that, in fact, it is putting people back where they were before the Government introduced this scheme. I am not sure myself whether it was the wisest of things to do, with the benefit of hindsight, because there have been constant problems, I think, with the operation of the scheme and a great deal of dissatisfaction ever since it was introduced, people felt a sense of grievance because of the enormous disparity between the social insurance pension and the elderly persons pension. Before this came in, pensioners used to get supplementary benefits but they used to get supplementary benefits as a topping-up exercise on top of any other income. Presumably this is not going to happen now, they are going to get supplementary benefits as a right irrespective of income. I would have thought that the people who are in the lowest income group in this category will not have their position changed at all because, in fact, they are probably already getting means tested supplementary benefits, that is, if the supplementary benefit level is something in the region of £40 for a married couple, then a senior citizen couple who are both in receipt of elderly persons pension and nothing else would get £30 between them so they would then be able to get the extra £10 bringing them up to the level of supplementary benefits so they are going to be no different Mr Speaker. The people who are going to benefit are the people who have got income which would otherwise disqualify them for supplementary benefits. I think it is a very difficult situation for the Government to defend that somebody with a lower income may be denied supplementary benefits and somebody else with a higher income is given it and whereas in the case of the elderly persons there was a law giving people a right to an income purely on the grounds that they had reached a certain age, the situation on the supplementary benefits is a completely and utterly different thing and, in fact, in my judgement it breaks even more rules than the suggestion long resisted by the Government to bring them into the social insurance scheme.

HON A J CANEPA:

Mr Speaker, I do not want to go in public at this moment into any detail as to the reasons which have motivated the Government to bring a Bill to the House repealing the elderly persons pension. I introduced the original Bill that set up

the scheme and I did so for reasons which I considered were valid then and which remain valid today and were it not for certain dangers that have been pointed out to us I do not think the Government would have introduced the measure now before the House. As I say, I do not want to go into those matters, I understand that Hon Members opposite are aware fully of what they are, if they are not of course they can be made aware but my understanding is that before the Bill was brought to the House there has been some element of consultation. I only want to deal, Mr Speaker, with the aspect of supplementary benefits. As an incidental result of repealing the Ordinance and safeguarding the rights which existing elderly persons pensioners have acquired and also the potential rights which people who reach the age of 65 and who do not become entitled to an old age pension potentially now have, because it is intended to safeguard those rights as well, as a result of doing that and incidentally this particular social benefit for this group of people will be received free of tax, a considerable bone of contention and controversy in this House in the past. The question of means testing. Supplementary benefits were means tested up until November, 1972, without regard to the nature of the benefit and the basis on which the means testing was carried out was the household income thus an elderly person up to November, 1972, who had no income of his or her own but who lived with in-laws in a household in which the income would in all probability be above the limit laid down under the scheme, such a person was not entitled to receive any social benefit whatsoever and therefore that person was not getting from the State, either statutorily or administratively, any income that they could call their own and dispose of as they wished so such a person, a grandmother, for instance, wanting to buy a birthday present to her grandchild, would have to ask her son or her daughter for some pocket money to spend on her grandchild. When I discovered in 1972 that that was the state of affairs, I thought it was intolerable and I thought it went against all the principles of human dignity. So as a first step what we did was that the non-householders' rate of benefit which previously was means tested regardless of age for people aged over 65 or below 65, that was put on a separate footing so that the only income that would be taken into account would be the income of the individual and not of the householder and so in the intervening period there have been a number of beneficiaries aged over 65 until about 1976 or so because the Hon Member will recall that the elderly persons pension was originally fixed at 75 and any successive year was lowered to 70 and 65 so there were a considerable number of people getting the non-householders rate of benefit equivalent to the elderly persons pension on an administrative basis and once the elderly persons pension was introduced and lowered to the age of 65 that category of person was taken entirely out of the supplementary benefits scheme and the benefit became a statutory benefit

received by other people as well regardless of income, the condition being a residential one and the fact that they should not be entitled to an old age pension at the time in excess of the rate of benefit of the elderly persons pension. But even since then there have remained a group of people aged below 65 who, if they have no income of their own, can at present become entitled to the non-householders rate of supplementary benefit which is equivalent to the elderly persons pension and that can happen, for instance, in the case of people who for some reason or other are not working, let us say because they suffer from physical or mental infirmity and they are not at work or people such as an unmarried daughter or sister in a household who does not go out to work but she can become entitled to this benefit under the supplementary benefits scheme so that again the principle is safeguarded that they should have some income that they can call their own and not be dependent on handouts from the other members of the family. What is therefore happening here is that people are going to lose their statutory rights. The fact that this group of people will become entitled to supplementary benefits without means testing I do not think it matters, with all due respect to the Hon Leader of the Opposition, because the precedent is already there, a precedent exists and that is happening. But I see the validity of the point.

HON J BOSSANO:

Will the Hon Member give way? What supplementary benefit is paid today without means testing? I know the Hon Member says that before it used to be the household income and now it is the income of the claimant but, surely, the income of the claimant is taken into account in every case of supplementary benefit.

HON A J CANEPA:

Perhaps I should have said it the other way round, what I meant was that if the claimant has no income that is the end of the matter, the claimant becomes entitled to the benefit. The snag about the measure that we are taking, indeed, is that it is up to the Government of the day to determine, to decide that they want to continue to provide this benefit for future generations. The elderly persons pension would never, in my view, have become extinguished, there would always have remained a hard core of people. I don't know what they would have numbered, when the pension was first introduced the numbers were just over 1,000, I understand that they are now about 800 and it has only decreased by 200 in nearly ten years, I think there would always have been a hard core of people entitled to get the elderly persons pension who for some reason or other would never never get an old age pension and

so that hard core should remain under the supplementary benefits scheme and it will be up to future Governments to continue to provide for this category of persons if the supplementary benefits in future were to remain on an administrative non-statutory basis. I know what our commitment is, I think for as long as I am a Member of this House I shall be fighting for this category of people because I have been involved over the years in what has been done in their respect but it cannot be statutory right for the reasons that have been stated and we thought, in all fairness, that this was the most equitable and the only option that seemed to be available to us to try and safeguard their interests.

MR SPEAKER:

Does the Minister wish to reply?

HON DR R G VALARINO:

No, Sir.

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

The Hon A J Canepa
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon Miss M I Montegriffo
The Hon J C Perez

The following Hon Members were absent from the Chamber:

The Hon Major F J Dellipiani
The Hon M A Feetham
The Hon R Mor
The Hon J B Perez
The Hon J E Pilcher
The Hon B Traynor

The Bill was read a second time.

HON DR R G VALARINO:

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

This was agreed to.

THE NON-CONTRIBUTORY SOCIAL INSURANCE BENEFIT AND UNEMPLOYMENT INSURANCE (AMENDMENT) ORDINANCE, 1984

HON DR R G VALARINO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Non-Contributory Social Insurance Benefit and Unemployment Insurance Ordinance (Chapter 113) be read a first time.

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

SECOND READING

Sir, I have the honour to move that the Bill be now read a second time. Sir, at the previous meeting of the House I also gave notice of the Government's intention to introduce legislation to revoke those provisions of the Ordinance which related to retirement pensions. These pensions are paid to British Subjects or other persons ordinarily resident in Gibraltar who were insured under the Social Insurance Ordinance and the wives or widows of such persons but who were unable to pay sufficient contributions because of their age to qualify for the old age pension under the Social Insurance Ordinance. No applications have been received for retirement pensions for the past three years and it is unlikely that any further applications will be received in the future. The relevant provisions have therefore outlived their usefulness and in order to rationalise our social security legislation it is proposed to revoke them. The provisions of the Ordinance relating to unemployment benefit will, of course, be retained. The rights of present and any possible future beneficiaries will also be safeguarded by bringing them into a special category under the supplementary benefits scheme and the increases in benefits approved at the last meeting of the House will also be applied.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSSANO:

We object on the general principles of the Bill for the same reasons, Mr Speaker. Certainly we think that there is a need to up-date and rationalise social insurance legislation and certainly we think that this legislation has outlived its usefulness because I think there are something in the region of fifty people entitled to this particular benefit in the whole of Gibraltar and they are people who are fairly elderly and, as the Minister has said, no new applications have been received for three years but what we are doing is we are taking away a statutory right to a pension at a different level from the other pensions and we are going to create a different category of recipients of supplementary benefits and I do not think that exists anywhere else in Western Europe. What the Government is embarking now on is a supplementary benefits scheme which is non-statutory so nobody has got the right to any benefits from it where the claimants are either means tested or not means tested depending on their age and whether they were getting elderly persons pension or getting non-contributory social insurance benefits and therefore it seems to me that the operation of the supplementary benefits scheme as a result of the removal of this legislation will appear to be discriminatory and I think that the Government may well find itself challenged on that count because you have got a situation where different people are going to be treated in different ways and the Government will have to introduce administrative rules which discriminate between different categories of claimants depending on what they were receiving before they made the claim. We are in favour of doing away with this legislation and we are in favour of giving people a statutory right, perhaps giving them a right to the old age pension if necessary as there are only fifty of them anyway, but we do not think it is the right way to go about it to make them beneficiaries under the supplementary benefits which is only a promise on the part of the Government because there is no legal right to it anyway and which anybody can change in the future without having to come to the House to change it and we are opposed to it.

HON A J CANEPA:

Mr Speaker, I think that the possible objections are greater under the elderly persons pension than they are in this case because we are dealing with a benefit that would have been extinguished in time to come and therefore this category of persons will disappear from the supplementary benefits scheme altogether in time to come. In the previous case, in my view it was a case of Hobson's choice, there was very little that could be done. In this instance though there seems in my view,

to be greater logic behind what we are doing. The Financial commitments towards this category of people were and have always been met out of general revenue because they started to become entitled, I think, to what we have regarded as transitional pensions in 1960 before the Social Insurance Fund had been deemed to have grown sufficiently to be able to meet this commitment. The other thing the Hon Member may remember was that up until 1973, I think it was, the Government used to put in £1 out of revenue into the Social Insurance Fund. The Government thought that because we were meeting a commitment from revenue we should continue to do so through supplementary benefits. There could have been an alternative, an alternative, I suppose, could have been to pay them out of the Social Insurance Fund and for the Government to make an annual contribution into that Fund from general revenue equivalent to that amount but I think to have done that would have opened the door to other matters which we did not think we should allow, we didn't want to have established at this moment in time the principle of Government putting a contribution from revenue into the Social Insurance Fund. We think that the dangers of doing this at this moment in time are very serious. The Hon Member will recall that I think he asked me many years ago in this House whether the Government would consider putting the supplementary benefits scheme on a statutory basis. I am glad today that we were against it then as we are against it now because then instead of this being a scheme of social assistance which is not subject to EEC directives, if it were to be a statutory scheme it would be subject to EEC Social Security Regulations and the number of people that could potentially become entitled to receive supplementary benefits from Gibraltar could well be astronomic.

MR SPEAKER:

Does the Minister wish to reply?

HON DR R G VALARINO:

No, Sir.

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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammitt
The Hon E Thistlethwaite

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J E Pilcher

The following Hon Members were absent from the Chamber:

The Hon R Mor
The Hon B Traynor

The Bill was read a second time.

HON DR R G VALARINO:

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

This was agreed to.

THE LANDLORD AND TENANT (AMENDMENT) ORDINANCE, 1984

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Landlord and Tenant Ordinance, 1983 (No 49 of 1983) be read a first time.

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

SECOND READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, rather unfortunately several printing errors crept in to the Landlord and Tenant Ordinance, 1983 and one of the objects of this Bill is to correct those errors. Mr Speaker, the first of these errors occurs in Section 23(6)(a) of the Ordinance which reads: "A tenant who without reasonable excuse fails to comply with subsection (4) shall be guilty of an offence". If you have a look at subsection (4) you will see that it reads: "It shall be a defence to a charge under subsection (3) if the tenant proves that the landlord's consent to the sub-letting to which the charge relates is unreasonably withheld", and it is quite

obvious, Mr Speaker, that the reference to subsection (4) is wrong and if you read the whole of Section 23 you will find that the reference in Section 23(6)(a) should refer to subsection (5) and not to subsection (4). Subsection (5) requires the tenant who sub-lets any part of a dwelling house to give the landlord a written statement specifying the particulars of the sub-letting and consequently the clear intention, Mr Speaker, was to create a criminal offence in Section 23(6)(a) if the tenant without reasonable excuse failed to give that written statement to the landlord and Clause 3 of the Bill corrects that. Clause 5 of the Bill corrects another rather obvious error which creeps into Section 29(3). If you read Section 29(3) it starts off: "If the landlord applies fails to comply with any of the requirements of this section he shall be guilty of an offence". Well, Clause 5 of the Bill, Mr Speaker deletes the word 'applies'. Clause 6 of the Bill corrects an apparent error in Section 30, subsection (1) of the Ordinance. Section 30(1) enables either a landlord or a tenant to apply to the Rent Tribunal to determine the statutory rent of any increase or decrease. The present wording of the Section, Mr Speaker, requires that any such application shall be made in the prescribed form and subject to the prescribed conditions. It is felt, Mr Speaker, that the words "and subject to the prescribed conditions" are superfluous. The form of application has been prepared and the form contains no such conditions and anyway the application is subject to the provisions of the Ordinance and it is felt that those words - "and subject to the prescribed conditions" - are superfluous. Mr Speaker, a whole line was omitted from Section 62(3) of the Ordinance. The missing line contains the words "by any member of the group for the purposes of a business". Clause 7 of the Bill corrects the error by inserting the missing words between the word "occupation" and the word "to" in the last line of Section 62(3). Clause 12 of the Bill corrects an error in paragraph 1(c) of Part 1 of the First Schedule to the Ordinance whereby - the statutory rent of a dwellinghouse or part of a dwellinghouse being a communal services tenement fixed at £40 per square per annum exclusive of rates. This should, of course, have been fixed at £40 per square per annum inclusive of rates. The principal amendment to the Ordinance, Mr Speaker, is made by Clauses 2 and 9 of the Bill. Following the publication of the Bill representations have been made concerning these two Clauses and it is felt that further time should be given to both the public and to the Government to consider these two Clauses further and for Government to consider the representations that have been made and, Mr Speaker, I shall therefore be giving notice that the Committee Stage and Third Reading of the Bill be taken at a subsequent meeting of the House. That will also give us the opportunity to consider

the amendments which have been put in today by the Hon Mr Baldachino. Clauses 10 and 11 of this Bill, Mr Speaker, are amendments consequential to the amendments made by Clause 9 and, of course, they will be dealt with at a later meeting. Clause 4 of the Bill extends the provision of Section 26(4) to include any son or daughter aged over 18 of a previous marriage of either the landlord or his wife. The present terminology is the landlord and his wife of the present marriage and we hope to put it back to include the children of a previous marriage. Clause 8 of the Bill replaces the present Section 69 of the Ordinance. By Clause 8 there should be implied every tenancy agreement that the tenant may not assign his interest without the landlord's written consent and that the landlord's consent shall not be unreasonably withheld. Further, the landlord may, as a condition of consenting to an assignment, charge a premium not exceeding the equivalent of two years' rent at the rate payable immediately before the date of the assignment. Further, the landlord may withhold his consent if the assignee intends to change the user of the holding. And, further, Mr Speaker, an assignee cannot materially change the kind of business carried on in the holding without the landlord's prior written consent. Clause 13(a) of the Bill makes it clear that the compensation to be paid to a tenant under Section 49(2) of the Ordinance should be paid on the basis of the length of time that a tenant has occupied the premises under his current and under any previous tenancy agreement. Generally speaking, Mr Speaker, tenancy agreements are for periods of five years and consequently it will be very rare, if the Ordinance were not amended, for a tenant to obtain the compensation specified in items 2, 3, 4, 5 and 6 of the Table contained in Part II of the Fifth Schedule. I do not think there is any need to read out Clause 13(b) of this Bill, which refers to another fairly obvious printing error, omitting the word "years" and substituting the word "years". Sir, I commend the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J L BALDACHINO:

Mr Speaker, as you well know, on the day that this Ordinance was brought to the House, I am not going to go into the controversial issues at the time of this date, what is clear is that we were against the Ordinance as such at first when it was brought to the House because we thought that the Ordinance as it stands does not go far enough as far as we

were concerned. I had the intention of proposing two amendments to the Ordinance at the Committee Stage because we think there are still certain loopholes in the Ordinance as it stands, Mr Speaker, and one of them is under Section 22 where a landlord would be able to de-control pre-war dwellings and we are certainly against that even though we agree that there should be some type of an increase if he has carried out certain alterations to the dwelling. On Section 39(1), Mr Speaker, I really think that it would be beneficial for the Government if they could keep a record of all the rents payable in the private sector and also that a rent book should be provided to all dwellings and not only in respect of pre-war accommodation but seeing that the Committee Stage will be taken at a subsequent meeting of the House I am willing to clarify any points or to go into more detail if the Hon Members opposite so wish me to.

HON CHIEF MINISTER:

Mr Speaker, there have been two Ordinances in the last couple of years that have had a difficult first, one is the Landlord and Tenant and the other one, of course, was the Matrimonial Causes Bill and we really want to get it right. I remember hearing Dennis Healey when he was Chancellor saying: "We must get it right this time", I don't know whether he did or not but we want to get it right this time in certain areas and that will bring about the inevitable postponement of the enforcement of the main Bill which we had intended to be the 1st of January, to perhaps the 1st of April being the first of another quarter and also give more time for those who have to be prepared for it. I think the amendments which have been proposed by the Attorney-General some of them are absolutely necessary and I think it puts the Bill in a proper footing and we will be looking at the amendments that the Hon Mr Baldachino has suggested between now and the Committee Stage. We will look at them and see whether we can meet any or all the provisions and, hopefully, we can get the whole thing reprinted as one so that people have only got one document to which to refer to their rights as tenants or as landlords.

MR SPEAKER:

Does the Mover wish to reply?

HON ATTORNEY-GENERAL:

No, Sir.

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

HON ATTORNEY-GENERAL:

Sir, I beg to give notice that the Committee Stage and Third Reading of the Bill be taken at a subsequent meeting of the House.

SUSPENSION OF STANDING ORDERS

HON CHIEF MINISTER:

Sir, I have the honour to move the suspension of Standing Order No.30 in respect of the Specified Offices (Salaries and Allowances) Ordinance, 1984.

Mr Speaker then put the question which was resolved in the affirmative and Standing Order No.30 was accordingly suspended.

THE SPECIFIED OFFICES (SALARIES AND ALLOWANCES) ORDINANCE, 1984

HON CHIEF MINISTER:

Sir, I have the honour to move that a Bill for an Ordinance to make provision for the salaries and allowances to be paid to the holders of specified offices be read a first time.

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

SECOND READING

HON CHIEF MINISTER:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, in accordance with the Constitution there are certain officers whose salaries must be specifically mentioned in the Ordinance, they come under the provisions of the Constitution. I presume it is to keep a check on important peoples salaries and so on and this required retrospection in respect of the officers from the 1st July, 1983, to cover two years of review. The amendment in respect of salaries follows the pattern of the wages and salaries review in the United Kingdom which is on the basis this year of 5%. The allowances in respect of the Governor and the Deputy Governor are governed by the increase in cost of living locally which is 7½%. The salaries are, of course, equated under the parity basis with their corresponding grades in the United Kingdom. In respect of the Governor's salary it is equated to what is called Diplomatic Service Grade 3 but then a substantial amount is deducted from that salary because it is the only salary in Gibraltar that is free from tax.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

There being no response Mr Speaker put the question which was resolved in the affirmative and the Bill was read a second time.

The Hon the Attorney-General and the Hon the Financial and Development Secretary abstained from voting on this Bill.

HON CHIEF MINISTER:

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

This was agreed to.

THE LOANS EMPOWERING (1984/1988) ORDINANCE, 1984

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to provide for the raising of loans by the Government of Gibraltar in aid of the general expenditure of Government, and for matters relating thereto be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. There are two preliminary points I would like to make before dealing with the substance of the Bill which is, of course, the need for Government finance. First, I would like to dispel any suggestion that this Bill is part of the Brussels Agreement. Secondly, I would like to refute any suggestion that the Government is in imminent danger of running out of cash or, indeed, in financial difficulties. As the House will recall, during questions at the last meeting I suggested that Government revenue for the year 1984/85 might be marginally higher than we had estimated in the budget. Expenditure in the year ended 31st March 1984, was rather less than we expected and there was a corresponding boost to the reserves in the Consolidated Fund. Taking account of the

latest forecast of revenue and expenditure I would still expect that the reserves in the Fund will be in excess of £3m at the end of the current financial year. However, the accounts for 1983/84 reveal that after allowing for contributions to the Funded Services in the Improvement and Development Fund, the deficit for the year was in excess of £4m and the reserves reduced by that amount. As the House will know notwithstanding the measures which were taken in the budget to reduce Government spending and raise revenue, the forecast is for a similar reduction in the reserve for this financial year. I do not think it is necessary for me to go into great detail about the background of the situation, Mr Speaker, it has developed because the Government revenue has been insufficient to sustain the necessary levels of Government expenditure on the one hand and the situation has been aggravated by the effects on the economy of the partial opening of the frontier and the MOD rundown especially the closure of the Naval Dockyard. It will therefore be necessary for the Government to seek additional finance during the next two or three years to meet a short-term deficit position. It is not possible at this juncture to say precisely when the Government finances will move into deficit. I hope the position will be clearer by the time when estimates for 1985/86 are presented to the House and moreover the need for Government finance will be affected by the correction of the two sources of aggravation I have referred to which is to say that normalisation of traffic at the frontier will in due course have a beneficial effect on the economy and on Government finances. Secondly, the build-up of activity and employment in Gibraltar Shiprepair will likewise compensate the effect of the closure of the Naval Dockyard. I will mention these developments again in a minute, Mr Speaker, but first I would like to say something about the action which the Government has taken and will be taking as far as Government spending, generally, is concerned to reduce the size of any possible deficit. Although Government expenditure increased substantially during the four years between 1980/81 and 1983/84, the estimates presented to the House this year showed a reduction in money terms even after discounting the contribution to the I & D Fund of £1½m, a reduction under the previous year. In real terms that in itself represents severe restraints. In a modern democratic welfare state it is notoriously difficult to reduce Government spending in the short term and few Governments find it possible to do more than hold Government spending to the existing levels, in real terms, when they find it necessary to do so. There are certain services which are provided by Government in a modern democratic society; welfare services, health services, education, and there are certain standards which are expected of a modern Government which cannot be significantly reduced. Moreover some services by their nature; health, medical services, are or tend to be

increasingly expensive in real terms. Nevertheless, as I say, the Government has taken measures to reduce spending. Also the Government has taken measures in connection with the finances of the Funded Services with a view to putting these on a sound financial basis and as the House will recall the element of subsidy included in the budget for 1984/85 is only about 40% of that for the previous year and it will continue to be Government policy that as far as possible the fused municipal services should bear the economic cost of it. Furthermore, the Government will continue to exercise close control over the level of Government spending in future and steps have already been taken by Ministers to ensure that Controlling Officers in charge of Departments when they prepare their estimates for the current financial year, as they are now doing, prepare these against the background of Government policy and Government instructions as to how they are to be prepared. This is not to say that there will not be a need for some increase in Government spending, for example, in connection with the measures which may have to be taken following the Brussels Agreement to which I referred this morning or for other reasons, perhaps, demographic or changes in demand related circumstances. I won't at this stage anticipate the detail of estimates which will be presented to the House, I merely say that they are being prepared against this background. I said I would refer to the effects on the economy and on Government finances of normalisation at the frontier and the build-up of employment and activity in Gibraltar. In exchanges at Question time with the Hon Leader of the Opposition this morning I said three things. First, that Government finances were not highly sensitive in the short term to the effect of the full frontier opening and the reason for that is simply that it will take time for the effects of increased trade and tourist traffic to work through the economy and for the increase in indirect revenue to register. Secondly, there is, as I mentioned this morning, the possibility that the Government will wish to take action on a range of import duties in order to stimulate the economy in the new circumstances. Thirdly, it is indeed probably that the net effect in 1985/86 on Government cash flow will be negative but the benefits could be felt in the following and subsequent years. As regards employment in Gibraltar, a great deal will depend on the speed with which Gibraltar can build up activity. Employment at a level of about 500 is expected at the beginning of January, 1985, and numbers are expected to increase to 800 during that year and to progress to this and, indeed, to employment levels of 1,200 which has been regarded hitherto as the desirable level for the successful commercial operation is less certain, the timing is also uncertain. Taking these factors into consideration, Mr Speaker, it is likely there will be a need for Government deficit financing within the range of £5m to £10m over the next two to three years. The purpose of the

Bill is to enable the Government to raise the necessary finance. The Bill provides for a mixture of local debentures and commercial borrowing which was the form adopted for the 1982 Loans Empowering Ordinance. The Government intends initially to make available a further issue of debentures on the same terms and conditions and with the same interest rate as the final tranche issued under the 1982 Ordinance. The issue of £4m made under that Ordinance is now almost fully subscribed and this means of raising finance has certainly proved to be very popular both with private persons and with institutions. Naturally, I cannot guarantee that the interest rates will remain at 10% for every subsequent issue of debentures because this will clearly depend on the trend of interest rates generally. This is not clear, if it were we could all no doubt make our fortunes by speculation, but the high level of interest rates, higher in real terms than for more than fifty years is something which is of concern to the international financial community and Hon Members will know that the Chancellor of the Exchequer in the United Kingdom is on record as saying that this will be a prime objective of his Government's policy if not that of the US treasury to bring interest rates down. Nevertheless, estate and tax duty free debentures at 10%, which will be the basis to the first tranche to be issued provide an excellent vehicle for investment by members of the public. I know that those with terminal gratuities have made use of it in the past and I hope they will continue to do so. In choosing this medium of borrowing the Government has also had regard to the amount of debt already raised by debentures and the amounts which will be maturing the next year or so. In particular there is an earlier issue of £1m which is due for redemption at the end of 1985 and the Government has had regard to this. That leads me to say something about the effects of increased borrowing on public debt charges and, indeed, on the amount of public debt. The Government's debt policy has been on the whole rather conservative, I think, in recent years and I think the ratios that one can apply to debt charges as a percentage of public expenditure or indeed public debt as a percentage of gross national product, when compared with those of other western countries compare very favourably indeed. Debt charges this year are approximately £5m which is rather less than 10% of Government expenditure. They will, of course, without the extra finance which the Government is now proposing to raise, increase because of earlier borrowings and in forecasts which were prepared earlier in the year it seemed that they were likely to rise to a peak of about £7m in 1986/87. Because of various changes which have taken place since the deferment of the raising of the second tranche of debt by means of the Hambros loan and also the spreading out of the issues of debentures, that peak is likely to be rather less but nevertheless it does give rise for some concern and I am therefore exploring with the financial institutions the possibilities

of re-financing with a view to spreading the debt more evenly. Naturally, it is not a sensible policy to have one's debt peaking, the redemption of one's debt peaking in a certain year, it is a sensible policy to spread this out as far as possible. The discussions I will be having will be with a view not to increasing the amount of public debt but to spreading the incidence of debt charges towards the end of the decade. That is the first point I would like to make. I should have also said that the re-financing I have in mind would reduce the peak from £7m to about £6m even with the addition of a further £5m of debentures which is one of the prospects which the Government has in mind under the present Bill. As I said, £5m which is rather less than 10% of Government spending, compares very favourably with the UK. The UK interest only on debt is about £14 billion out of the total general Government spending of £140 billion so I do not think that puts Gibraltar in a position of financial imprudence. Secondly, comparing actual totals of public debt, again comparing Gibraltar with the UK, the national debt in the UK is approximately £120 billion which is, roughly speaking, half of UK GDP. Gibraltar debt at the moment is less than £30m and even with the addition of £5m of debentures which should take it just over the £30m mark, we are still comfortably below the figure of 50% for public debt as a proportion of GDP, the figure is, I think, nearer 40%. We do not, at this juncture, Mr Speaker, propose to proceed with the negotiation of a commercial loan with any of the financial institutions but I am certainly holding discussions with the banks who have friendly relations with Gibraltar and who are certainly anxious to help us all they can at this difficult time. The initial measure under the Loans Empowering Ordinance will be the issue of debentures and we will see how the issue of debentures go before we contemplate other measures. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Hon Member wish to speak on the general principles and merits of the Bill?

HON J BOSANO:

The Hon Financial and Development Secretary, Mr Speaker, knows that we are against this because we have told him already before he brought it to the House, no doubt this is the reason for his lengthy justification of the Bill, because there has never been an attempt to justify a Loans Empowering Ordinance to that extent before in the time that I have been here nor have any of the arguments that he has used today ever been

used before in this House, in fact, he is contradicting what every Financial Secretary has said in the House of Assembly since I arrived in 1972. It has made me wonder, Mr Speaker, whether one can put a lot of credence on what Financial Secretaries tell us if it is possible for them to say such fundamentally contradictory things. Let it be clearly understood exactly what this law is doing. It is for the first time in our history that we are borrowing money to meet the running costs of Government. Every previous loan has been for capital expenditure, that is how serious this is. The Hon Member may say that the United Kingdom has been doing it for years. He may also say Argentina has been doing it for years as well and look at the state Argentina is in with its debts. The difference between us and the United Kingdom, Mr Speaker, is that the United Kingdom has got real assets like North Sea oil and we have not got anything except a bare lump of rock and a Shiprepair that loses money, and a frontier that takes all the money out of the economy, all our assets are full of holes, Mr Speaker. The situation in Gibraltar is that in 1972, and the Hon Member talks about conservative policies, in 1972 we had reserves when the Government was elected to power, when they came back into office in 1972, we had reserves in the Consolidated Fund of £1.4m and annual expenditure of £5.6m. The reserves were 25% and a debt of £3.9m and the Chief Minister went on television and said we were so poor that we could not even afford the 40p that was being offered by the Government in 1972 with reserves that were three months and with a debt that was only 2.8 times the level of our reserves. What is the situation today? The situation is that our reserves are nil, we have got no reserves at all left now because the Hon Member may say that he still expects to have £3.7m and I asked him a question in the last House of Assembly about how much cash he actually had in the Consolidated Fund and he chose to answer how much cash he had in the Improvement and Development Fund instead and to say that the Government's cash position was its total cash position irrespective of which of the two Funds he was talking about. Well, the situation, Mr Speaker, is that in 1972 when the Government came into power, the £1.4m did not include any unpaid bills because the municipal services were not funded and the revenue was credited to the Government account when it was received and not when the client was billed. On the same basis as the reserves were calculated in 1972 and 1973 and 1974 and 1975 and until 1976, on that basis we have no reserves. What we have got is unpaid electricity bills, unpaid water bills and unpaid this and unpaid the other. The situation is, therefore, that from a reserve equivalent to thirteen weeks expenditure twelve years ago, we have now at the end of this year no reserves. From a debt of £3.9m we are now approaching £30m and the Government comes with a Bill asking for another £10m. We cannot afford it, Mr Speaker, we cannot afford to

borrow this money, we cannot afford to service it, we cannot afford to pay it back and what is even more pernicious is that whoever is unfortunate enough to be over there in 1988 is the one who is going to have to pick the bill. I think on this occasion, with £40m of debt hanging around, the Chief Minister will definitely retire. We are totally opposed to this Bill, we think the Government is not tackling the economic problems that they knew they were going to face when they went to an election in January because let us be clear about one thing, the Hon Member has mentioned the Dockyard closure as one of the factors affecting the economy of Gibraltar. The Dockyard hasn't closed yet, it closes at the end of the year. The Government has not yet felt the effects of the Dockyard closure, the effects of the Dockyard closure will start being felt on the 1st January, 1985. Throughout this year people have been working high overtime levels in the Dockyard and pumping income tax into the Government coffers. The situation of the partial opening of the frontier which has been the adverse effect mentioned by the Financial and Development Secretary, well, all I can tell him is that if he chooses to look at page 257 of the Hansard of July, 1983, he will find that the Minister for Economic Development said that the pedestrian opening of the frontier was costing the economy £200,000 and that the full opening might well cost it £2m. He will find that on page 257 of July, 1983, Hansard and I am quoting the Minister for Economic Development and Trade. In fact, if he thinks that today the economy is in the desperate state it is because of the Dockyard closure that hasn't yet happened and because of a pedestrian opening which is only one-tenth as bad as the full opening which is what is about to happen, then I think he will have to come back for another £10m. The situation, Mr Speaker, is that the Government rather than face the problems of the economy, is pushing them off into the future in the hope that some miracle will save them, in the hope that somehow commercialisation will produce a queue of ships from here to Greece, in the hope that when we are inundated at one end of the Rock with Greek ships, we are inundated at the other end of the Rock with the people from the Costa del Sol and Spanish nationals all of whom will come in here and presumably when they buy their transistor radios find that they cannot take them back either because the Spaniards have decided that if we only let one loaf a day come this way they will only let one bit of a transistor go the other way or because the duty on the transistors will be such as to make it totally uncompetitive in the Spanish market. The Gibraltar economy has been going downhill on a mountain of debt for the last four years, Mr Speaker. In 1981 when we had the last Loans Empowering Ordinance, I warned the Government at the time and it is recorded in Hansard, that I had been always a strong advocate of financing capital investment by debt rather than by

contributions from general revenue but that it seemed to me that when they were finally deciding to take my advice was when they shouldn't take it because they were deciding to do it after the July White Paper came out in 1981 which pointed to the possibility of a Dockyard closure. What has the debt of Gibraltar done? Well, Mr Speaker, what it has done is it has shot up since 1981. We had a situation where public debt, as I mentioned, was £4m when the Government came to power twelve years ago and, in fact, in their first year in office they actually reduced the public debt, in their ten in office, Mr Speaker, with annual expenditure of £5m, with reserves which were three months, they actually were repaying debts when they could afford, in fact, to finance capital expenditure by loans rather than by using up recurrent revenue. The national debt rose very slowly in those ten years between 1971 and 1981, it went from £4m to £5m in 1975, to £6m in 1978 and to £8m at the beginning of 1981.

MR SPEAKER:

I see that you are warming up the subject, are you going to take a little longer?

HON J BOSSANO:

A little longer, yes.

MR SPEAKER:

We will now have a short recess for tea.

The House recessed at 5.15 pm.

The House resumed at 5.45 pm.

HON J BOSSANO:

Mr Speaker, I was pointing out what a change in policy this represents particularly because, as I have mentioned, we are talking about borrowing money to meet recurrent expenditure. The only way the Government could justify the decision that they have taken to borrow this kind of money, and we are talking about £1,500 per household in Gibraltar that is being borrowed to meet the running costs of Government, if they could say how they expect to pay that, where do they expect the increases in revenue to come from to pay the interest and pay back the capital on top of their existing loans? The Bill, as do Loans Empowering Ordinances normally, states that the repayment of the money and the interest become a charge on the statutory expenditure of the Consolidated Fund. The charges that are made on the Consolidated Fund are the ones that the

House doesn't vote and already in this year's estimates the public debt charges came to just over 10% but the Consolidated Fund charges as a whole were 17%, so already over 17% of our expenditure the House of Assembly has got no control because in fact it is a statutory obligation provided for under the Financial Procedures Ordinance. The Constitution of Gibraltar, Mr Speaker, makes the Governor of Gibraltar and, by implication, Her Majesty's Government, responsible for the economic and financial stability of the territory. We consider that this undermines further the financial stability of the territory, this puts a burden on public expenditure because the Government has got a situation where it is finishing the year with expenditure in excess of revenue running to £4m and it is obvious that it doesn't expect the situation to get any better in the years ahead. When the Hon Minister for Economic Development and Trade came on television after the budget in March with me, I asked him at the time - what was the Government planning to do this budget because they had faced a budget where they were reducing the reserves from £7m to £3½m and it seemed to me that, if anything, the situation in 1985/86 would be worse than 1984/85 if everything went smoothly and if the commercialisation got off the ground from day one which it is now going to do because, as everybody knows, it has been possible to reach an acceptable agreement, acceptable to both the management of the yard and the workforce of the yard, an agreement which gives people higher wages than had been anticipated and consequently will produce more income tax for the Government than had been anticipated, so that to some extent will ameliorate the situation for them but we are still talking about small money compared to the kind of money the Government was getting before from the Ministry of Defence expenditure in the Naval Dockyard. We have therefore a situation, Mr Speaker, where the Government having been re-elected after three terms, at the beginning of its fourth term is borrowing money to carry it through to 1988 but is not able to say other than the hope that eventually the full opening of the frontier, eventually, because I do not think there is any doubt after the answers we got to earlier questions that there is likely to be a net revenue loss certainly in the first year, possibly in the second year. To what extent that revenue loss, that is, to what extent the expenditure created by a full opening will be greater than any revenue created by the full opening is an unknown quantity but certainly the Government view, as I mentioned in the contribution by the Minister for Economic Development when we were discussing the agreement on the Dockyard commercialisation brought back to the House in July, 1983, the Government view coincided with ours.

HON A J CANEPA:

If the Hon Member will give way. Did he say page 257?

HON J BOSSANO:

That is right, Mr Speaker.

HON A J CANEPA:

The Hansard of the 6th July, 1983, I take it?

HON J BOSSANO:

July, 1983, yes.

HON A J CANEPA:

Volume II?

HON J BOSSANO:

I imagine so.

HON A J CANEPA:

Page 257?

HON J BOSSANO:

Yes.

HON A J CANEPA:

No.

HON J BOSSANO:

Well, I will quote what it says, Mr Speaker, and then perhaps the Hon Member may remember.

HON A J CANEPA:

I am not doubting it, I am just trying to read it in the context.

HON J BOSSANO:

Mr Speaker, it might have been, perhaps, when the Hon Member was speaking about the pedestrian opening because it was in the context when he said that perhaps the pedestrian opening was not such a bad thing because in fact the pedestrian opening, and he said he tended to agree with me, might have a smaller revenue loss than the full opening might have although in the longer term the full opening was expected to produce results.

HON A J CANEPA:

I agree with the Hon Member. I have said words to that effect. Since he did quote the page from Hansard I tried to get the exact record of it, he may well be right that it was in the context of a debate which probably took place here early in December, 1982, or November, 1982, but it is always useful to be able to read exactly what one said in the context.

HON J BO-SANO:

It was in that context, Mr Speaker, where the Hon Member was in explaining the Government's reaction to the pedestrian opening he said that, in fact, the pedestrian opening according to the Report that the consultants had done, and I think it is a Report that we have both read, that the pedestrian opening might because of the limitations on what people could spend in Spain and what people could bring back from Spain, might in fact be less damaging than a full opening might be because a full opening, according to the experts, is likely to have a negative effect in the initial stages and the argument, I think that the experts used was that even if there was a potential gain through a major increase in visitors across the land frontier it would take time for the economy to adjust to that situation and for the economy to develop in a way where those visitors could be serviced and produce revenue and it was in that period of adjustment that the effect was likely to be negative rather than positive. To what extent it will be positive eventually and how long it will take, that is totally unknown and it is not the basis, I would submit, Mr Speaker, on which one can say with confidence: "I am borrowing money today because I know I can predict with a fair degree of accuracy that my revenue is going to increase faster than my expenditure after 1986 or after 1987". If the Government was able to say that to us, if the Government was able to say: "The reason why I am bringing the Bill to borrow the money is because I have done my sums and I have looked at the situation and we have got a projection going into the future which says our expenditure is programmed to go up by so much a year and our income is programmed to go up by so much a year and we expect to be in surplus in 1987 and because we are going to be in surplus in 1987 what we are going to do is start repaying then". When we are talking about raising money for capital expenditure the argument has always been that you don't burden the cost of a project which is going to be producing a benefit for the community over a number of years on the people who happen to be at the moment the taxpayers and the users of that particular product and that is the reason why you have got a situation where you raise loans finance, for example, capital investment in the Generating Station and then you charge the Generating

Station or you charge the Electricity Fund over a period of years and the regulations governing the fund, Mr Speaker, in fact, require the Financial Secretary not to start charging the Fund until the assets start producing revenue so that if, for example, the Government is going to charge for a desalination plant they do not charge the fund until the desalination plant starts producing water and the water starts being sold. That is the logic of that so you are spreading the cost over the future but we are not doing this. What we are doing here is we are putting the cost of running Gibraltar today on to the people who will be the taxpayers X years from now, the cost of running Gibraltar today. I think the Government has got to face facts, they have got to face that they have got an extremely difficult, an extremely dangerous and an extremely fragile balance today between income and expenditure and whatever the Hon Member may say, in our judgement the Brussels Agreement will put additional pressure and how much of an additional pressure there will be will depend to some extent, Mr Speaker, on whether the Government will be able to do some of the things that they have said in answers to questions. Their interpretation is that they will still be able to exercise a large measure of control and protection of local jobs and local businesses in spite of the Brussels Agreement, that will have to be tested. If it isn't that then the situation will get much worse. In that context it is the British Government that should have been faced with the situation that we have in Gibraltar and it is the British Government that should have been told that in the aid that they had given already there is no margin for meeting the kind of cost that Gibraltar will be facing and no margin for meeting the kind of deficit the Government is already experiencing. All that we are doing is to put off the evil day of reckoning, that is all we are doing and we will not be a party to it nor we will accept responsibility. The British Government at the end of the day is ultimately responsible for the economy of Gibraltar because we are a dependent territory and we just cannot be a dependent territory to be told what to do, we must also be a dependent territory for the good things as well as for the bad ones. We are totally opposed to this and we want to make it absolutely clear that we consider this to be a further nail in the coffin of Government finances and of the economy of Gibraltar. This will make the balancing of the budget in the years to come even more difficult. It is quite obvious that there is no way the Government could have come along in March next year and raise £5m, that was obvious in March this year. It was obvious in March this year to us, Mr Speaker, that with the Government already facing a deficit this year without the problems created by the Dockyard closure having gone through the economy yet, their problem was going to get worse. If the

Government was at the point of having completed an electoral period it would be reasonable and sensible to say: "Well, they cannot really introduce any radical changes in the structure of Government or in any other area of the economy to try and pull the economy round because there would be an election shortly and they might not be returned and the people who might come in would then be landed with a programme which they may not agree with". But this is not the case. If they are at the beginning of their term of office all they can think of doing is borrowing money to keep on pouring into a bucket which is full of holes so that the money will simply fall out at the other end because we are not talking about improving services, the Government is so desperate that it is even having to charge for the examination expenses now. What prospect do we have over the next three years? What happens if the situation gets worse and the £10m is not enough? Do we borrow more and we keep on borrowing more? This goes contrary, Mr Speaker, to every argument that I have heard in this House since I arrived here in 1972 and not one word of explanation has been given why this is now permissible and it was anathema to every previous Financial Secretary and that explanation needs to be given.

HON CHIEF MINISTER:

Mr Speaker, I have been listening carefully to what the Leader of the Opposition has said and I was hoping that he would try and suggest what should be done but, of course, he would probably say that that is in the economic plan which has never been revealed and would only be revealed six months after coming into office. It is a difficult situation and anybody who says anything different would be attempting to hide the situation. I cannot understand how he said towards the end of his contribution that the partial opening of the frontier hasn't got through yet to the economy, of course it has got to the economy, it has had a great effect on it. The Dockyard is different, what has happened with the Dockyard is that there was whilst the uncertainty was there, whilst people didn't know what was going to happen, savings went up considerably in Gibraltar because people were not certain of the future. Once the blacking was withdrawn and once the agreement much earlier, of course, the agreement was a much later event which we welcomed, of course, people started to use their savings again, that is why there have been in certain areas of the private sector an improvement in the economy. A lot of traders tell you that there has been improvement since after the 25th April when the agreement was reached not to carry on with the blacking. The people had confidence, the people were saving money because they didn't know what was going to happen with the Dockyard. Whatever the economists say, patterns of expenditure are unpredictable and that is what has happened to some extent and,

therefore, of course the Dockyard will not provide the same economic benefits that it did before, it couldn't, but when the Hon Member starts talking about monies and relative values and what the position was in 1971 and what the position is now, you have to take into account the fact that the purchasing power of money has gone down, in fact, I am not very used to quoting things but I have got the abstract of statistics here and a pound in 1971 was worth 24p in 1983 which means that you have to multiply by four in order to get the equivalent sum now, when he was talking about £4m and so on. That is a factor that he has not taken account of.

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. Surely, if he wants to adjust for inflation the debt, he must adjust for inflation the reserves and I was quoting that he had in reserve £1.4m which was 25% of expenditure in 1972, he ought to have about £10m or £15m now if he adjusts for inflation.

HON CHIEF MINISTER:

But we had £7m in 1981. The question is that the factors of the economy changed and the situation has to change and the measures that have got to be taken to meet the particular circumstances have got to be taken into account. Of course this is not directly relevant, but against the monetarist policies of the Conservative Government in the United Kingdom, what is the Labour Party's economic policy? Borrowing more, they say so quite clearly, to borrow more for increased expenditure. It is certainly not so unorthodox in a situation such as we are I have no hesitation in stating that I think that the proper commercialisation of the Dockyard and the full opening of the frontier are two things which are likely to have a longer term from the point of view of revenue of the Government much longer than in the business side, I think the business side, particularly the tourist industry, will benefit much more immediately on the normalisation than the Government's revenues but then the burden on Government revenues may be lightened by that, too. Of course we have to bridge the gap that has to be covered, of course we are doing that with our eyes open, naturally, but come two or three years, perhaps 1986/87, things will start to pick up again and we will be in a better position to deal with these matters. It is the first time that we have had to do bridging finance for recurrent expenditure and in respect of loans for capital expenditure I have always been of the view, unfortunately or fortunately, other people have advised the contrary, in the City Council all capital expenditure was on the basis of loans. We have had to burden the economy with heavy new expenditure on capital which has added to the burden but I do not see the future as black as the Hon Member does, I see the future with

confidence because I am quite sure that we will make it and we will make it and we will be able to improve our economy. It is very difficult to say: "Well, how do you prove that?", you cannot prove it. We cannot come here and say: "By 1986 or 1987 we will be on surplus", but by God we have to be on surplus, we have to be, and we will be able either in 1985 or 1986 or perhaps 1987 but we believe and that is why we have been able to seek the approval of the Foreign Office who are conscious of the situation and who as the Hon Member has said underwrite ultimately the economy of Gibraltar and honour these debts and they have been quite happy about this matter or rather, they have been quite condescending in saying that we could have the loan powers. As far as we are concerned we do not see the future with the trepidation and the concern of the Hon Member, I am not an economist but I have a little sense of what could happen.

MR SPEAKER:

Are there any other contributors? I will then call on the Mover to reply if he so wishes.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Mr Speaker. I do not want to say very much in reply to the Hon Leader of the Opposition's comments but I think I must ask him and, indeed, the House to consider this matter in proportion. It is not my place to get involved in political controversy, Mr Speaker, nor can I be answerable for what previous Financial Secretaries may have said in the House in the circumstances in which they said them. Whether they would take a different view from that which I am now taking I don't know, I think probably not but there are some points I ought to answer because the Hon Member has said: "How are you going to foot the bill and whence are you going to find the revenue to meet these charges?" That suggests that the increases are in some sense inordinate or that we are making enormous claims on the Consolidated Fund. I can assure the House, Mr Speaker, that we are not and the fact is that assuming that we were to make no further borrowing at this stage or we were not to contemplate any further borrowing beyond what we have already arranged, our debt charges would peak in 1986/87 at a figure just under £7m whence they would decline steadily during the remainder of the decade and, indeed, I have made projections right into the 1990's whence there will be two further general elections, at least so I assume, and again on existing trends the debt charges would reduce in money terms steadily to a figure of less than £1m by the mid-1990's. What we are proposing to do with the additional help from re-financing, which I mentioned in my speech, will even out debt

charges so that they remain below £6m throughout the remainder of this decade, that is to say, the issue of a further £5m plus re-financing so in no sense can this be regarded as an inordinate burden on public expenditure, it is a very small increase. We have taken steps to even out the peak of debt charges and that is what debt management is all about, one maintains one's debt charges as nearly at a constant level as one can and, indeed, I could add to that that we are talking about adjustments for inflation. The debt charges in money terms will remain, as I have said, but they will be reduced in real terms by any inflation which will erode their value, of course, and again this is what debt management is all about. The second point I would like to make in reply to the Hon Member is that he has drawn a distinction between capital expenditure and current expenditure saying that the one he is in favour of and the other he is not as far as borrowing is concerned which I don't think is altogether valid when one considers that the capital expenditure as such for which Government has raised finance commercially and, indeed, by the issue of local debentures, is very largely in support of the Government's social policies. A great deal of this expenditure has been housing and has been on schools and has been on health service, something like £8m or £10m during the past four years and this, of course, is providing a service which is what Government expenditure is for, I do not think that his distinction between current expenditure and capital, the one being vicious and the other virtuous is altogether valid in economic terms but I will allow him to express his view on that as no doubt he will allow me to express mine. I must, however, point out that at an earlier stage, Mr Speaker, when an earlier Government borrowing Bill was in fact under consideration by the House, it was the Loans Empowering Ordinance in 1982, that the Hon Member did speak about public debt and I quote, he said 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 £8m to owing £24m many people would consider it to be highly imprudent". The Hon Member said: "I don't think it is imprudent but there are those who would so I want to make quite clear that I do not, in fact, support restrictive economic policies and reduced Government spending". I think I find difficulty in reconciling the Hon Member's statement.

HON J BOSSANO:

I suggest you read the rest of what I said, Mr Speaker, then he will find that I went on to say "but".

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The Hon Member went on for two pages, Mr Speaker, and I feel that I might be trespassing on the patience of the House if I quoted it all but he did declare himself, he said: "Ideologically I am against that because I believe in economic expansion and I believe that the logic can apply to the private sector, etc, etc", and he referred to an occasion when he tried to persuade the Government to take advantage of the slack created in the construction industry, etc, etc. By maintaining Government spending and the spending will be by the Public Works Department as well as other Departments, we are in fact doing just that. The alternative would be further contraction in Government expenditure which would have an adverse effect on the economy.

HON J BOSSANO:

Mr Speaker, if the Hon Member will give way. In 1982, the last time the Government brought a Bill to the House seeking borrowing powers, we had a situation where in the preceding ten years the public debt was virtually unchanged, it went up marginally, I have quoted figures. The Government, successive Financial Secretaries and the Hon Member may say he is not responsible but he is speaking on Government policy in this House. The other Financial Secretaries were also speaking on government policy, it has been the same Government all the time although different Financial Secretaries and the Government's view throughout that period was contrary to what the Hon and Learned Chief Minister has said. He said in his City Council days all capital expenditure was financed by the issue of long term debts related to the life of the asset and I support that philosophy. The Government was not doing that between 1972 and 1982, they had a sudden conversion at the worst possible moment because it was when ODA money dried up, the Dockyard closure was envisaged and the economy was facing serious problems. We had many periods before that when it would have been easy and safe to borrow and the Government was dead against it. Now we are going into a situation where our debt today is higher than ever before and for the first time in our history it isn't the same to say: "I am going to borrow money to build a hospital which has got a fifty year life", and to say: "I am going to borrow money to pay the doctors' wages", how can it be the same thing, Mr Speaker?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

As I have said, Mr Speaker, I do not accept the distinction between capital and current expenditure which the Hon Member has drawn but enough for that. The other point he made, I

think, was on the question of reserves and I must again make the point that simply because there are a certain amount of debts owing to the Government in respect of municipal bills, it does not mean that the value of the Consolidated Fund at any particular time when the balance is drawn is reduced by the amount of debts in cash terms. We must bear in mind that there is a further element in the calculation which should be taken into account, namely, the speed with which one recovers debts so I think it is unfair to argue that a balance in the Consolidated Fund is reduced in cash terms by the amount of any outstanding debts.

HON J BOSSANO:

The Hon Member has not understood the point I was making. The point I was making, Mr Speaker, was that he told us recently that the Consolidated Fund balance at the end of March this year was £7.7m. At the same time included in that £7.7m was a figure of £4.9m of unpaid bills leaving the government with £2.8m. If we want to assess whether the reserves are £7m or £2.8m, my judgement and I would like him to explain why it should not be so, is that if we go back over the period since 1972, we find that until 1975/76 the actual figure in the reserves did not include any arrears of revenue, those were excluded. When the Funded Services were created the arrears of revenue were included for the first time so it would be incorrect to say: "We have now got £7m" and we had £2.8m, no, counting the reserves as we did between 1972 and 1976 we have got £2.8m now. If you want to compare like with like then you have to treat the sums in the same way.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I would argue, Mr Speaker, that you are not comparing like with like if you simply compare them in money terms because there have been several developments. First of all, the value of money itself has changed and, secondly, there has been a natural volume increase in the services concerned and, thirdly, there will have been increases in tariffs which are bound to inflate the amount. However, I won't dwell on the point because I do not think the Hon Member and I will ever agree on the interpretation of that Mr Speaker. I don't think I have anything more to say except to repeat once again that this is not an inordinate liability for the Gibraltar Government, I have no doubt that if and when we were to seek recourse to commercial borrowing we shall find a very ready reception on the part of the financial institutions to help us out. That is what debt management and debt policy is all about, taking the best advantage of the opportunities which are open to one to meet deficits that arise. Mr Speaker, I commend the Bill to the House.

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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammitt
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J E Pilcher

The following Hon Member was absent from the Chamber:

The Hon R Mor

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Traffic (Amendment) Bill, 1984; the Income Tax (Amendment) (No 2) Bill, 1984; the Elections (Amendment) Bill, 1984; the Group Practice Medical Scheme (Amendment) Bill, 1984; the Family Allowances (Amendment) Bill, 1984; the Elderly Persons (Non-Contributory) Pensions (Amendment) (No 2) Bill, 1984; the Non-Contributory Social Insurance Benefit and Unemployment Insurance (Amendment) Bill, 1984; the Specified Offices (Salaries and Allowances) Bill,

1984; and the Loans Empowering (1984/1988) Bill, 1984.

This was agreed to and the House resolved itself into Committee.

THE TRAFFIC (AMENDMENT) BILL, 1984

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

Clause 3

HON M K FEATHERSTONE:

Sir, I beg to move an amendment to Clause 3 which was circulated in the last House of Assembly, I hope Hon Members have copies of it. It is a rather long amendment and I trust it can be taken as read without having to read all through it. Sir, the purpose of this amendment is to tighten up Clause 64A somewhat. One of the tightenings up is that where there should be two named drivers, one of the named drivers must be a person who has no other regular employment than driving a taxi. It also contains further provisions where a driver or a registered owner may be taken ill that the Commission may insert a name of some other person and it also allows the registered owner to substitute the name of another named driver in the case of absence as long as the period is not more than seven days. I commend the amendment to the House, Sir.

Mr Speaker then put the question which was resolved in the affirmative and Clause 3, as amended, was agreed to and stood part of the Bill.

New Clause 4

HON M K FEATHERSTONE:

Sir, I beg to move that a further Clause be added as Clause 4. This one has also been circulated and the idea is to see that in Clause 64A no person abuses the Regulations by providing penalties should the person contravene the provisions of Clause 64A.

Mr Speaker then put the question which was resolved in the affirmative and new Clause 4 was agreed to and stood part of the Bill.

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

THE INCOME TAX (AMENDMENT) (NO 2) BILL, 1984

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

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

THE ELECTIONS (AMENDMENT) BILL, 1984

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

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

THE GROUP PRACTICE MEDICAL SCHEME (AMENDMENT) BILL, 1984

Clauses 1 to 3 were agreed to and stood part of the Bill.

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

THE FAMILY ALLOWANCES (AMENDMENT) BILL, 1984

Clauses 1 to 3 were agreed to and stood part of the Bill.

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

THE ELDERLY PERSONS (NON-CONTRIBUTORY) PENSIONS (AMENDMENT)
(NO 2) BILL, 1984

Clause 1

HON DR R G VALARINO:

I beg to move an amendment to Clause 1(2), the date shall be the 26th December and not the 25th December as in the Bill so that the date of the implementation is the correct one.

HON J BOSSANO:

I take it, Mr Speaker, that this is because of the point that I made earlier that we were amending the original Ordinance as a result on the same date.

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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham

The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J E Pilcher

The following Hon Member was absent from the Chamber:

The Hon R Mor

Clause 1, as amended, 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.

THE NON-CONTRIBUTORY SOCIAL INSURANCE BENEFIT AND UNEMPLOYMENT
INSURANCE (AMENDMENT) BILL, 1984

Clause 1

HON DR R G VALARINO:

Sir, I would like to propose the same amendment on Clause 1(2) that the date will be the 26th December instead of the 25th December as the date of implementation.

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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J E Pilcher

The following Hon Member was absent from the Chamber:

The Hon R Mor

Clause 1, as amended, stood part of the Bill.

Clauses 2 to 5 were agreed to and stood part of the Bill.

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

THE SPECIFIED OFFICES (SALARIES AND ALLOWANCES) BILL, 1984

Clauses 1 to 5 were agreed to and stood part of the Bill.

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

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

THE LOANS EMPOWERING (1984/1988) BILL, 1984

Clauses 1 to 18 were agreed to and stood part of the Bill.

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

The House resumed.

THIRD READING

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to report that the Traffic (Amendment) Bill, 1984, with amendments; the Income Tax (Amendment) (No 2) Bill, 1984; the Elections (Amendment) Bill, 1984; the Group Practice Medical Scheme (Amendment) Bill, 1984; the Family Allowances (Amendment) Bill, 1984; the Elderly Persons (Non-Contributory) Pensions (Amendment) (No 2) Bill, 1984, with amendment; the Non-Contributory Social Insurance Benefit and Unemployment Insurance (Amendment) Bill, 1984, with amendment; the Specified Offices (Salaries and Allowances) Bill, 1984; and the Loans Empowering (1984/1988) Bill, 1984, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Mr Speaker then put the question and on a vote being taken on the Traffic (Amendment) Bill, 1984; the Income Tax (Amendment) (No 2) Bill, 1984; the Elections (Amendment) Bill, 1984; the Family Allowances (Amendment) Bill, 1984; and the Specified Offices (Salaries and Allowances) Bill, 1984, the question was resolved in the affirmative.

The Hon the Attorney-General and the Hon the Financial and Development Secretary abstained on the Specified Offices (Salaries and Allowances) Bill, 1984.

On a vote being taken on the Group Practice Medical Scheme (Amendment) Bill, 1984; the Elderly Persons (Non-Contributory) Pensions (Amendment) (No 2) Bill, 1984; the Non-Contributory Social Insurance Benefit and Unemployment Insurance (Amendment) Bill, 1984; and the Loans Empowering (1984/1988) Bill, 1984, 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 G Mascarenhas
The Hon J Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J E Pilcher

The following Hon Member was absent from the Chamber:

The Hon K Mor

The Bills were read a third time and passed.

GOVERNMENT MOTIONS

HON M K FEATHERSTONE:

Sir, I beg to move: "This House resolves that the Financial and Development Secretary be authorised under the provisions of Section 9 of the Public Finance (Control and Audit) Ordinance, 1977 (No.9 of 1977) to give in writing in the name and on behalf of the Government of Gibraltar a guarantee to Barclays Bank International Limited of 84/90 Main Street, Gibraltar for an amount not exceeding £125,000 to secure any overdraft facilities given by the said Barclays Bank International Limited to the Gibraltar Quarry Company Limited". Sir, when the Gibraltar Quarry Company was formed it was simply a £1,000 company and it had no financial assets at all other than what was given at the time which was an overdraft facility to Barclays Bank by the then Financial Secretary. The

necessity of the company to buy a fair amount of equipment to pay for the building where its offices are housed obviously demanded that a fair sum of money was required and this overdraft was drawn on to a considerable extent. The Quarry Company has had a difficult start. As everybody may know, the original chutes that was envisaged would bring sand down from the top of the catchments didn't work and the Quarry Company had to use expensive equipment to obtain sand from the bottom areas and this saw that the overdraft soared up to the limit of the actual overdraft facility and at times a little beyond it. However, the following year, after the first year in which there were losses of some £50,000, showed a profit of some £80,000 and this reduced the overdraft at times to nil to such an extent that the company was able to make some money by investing its surplus in the bank at interest. However, with the lack of development over the last two years, the company has once again gone into a serious situation in which sand sales have been considerably reduced and it has not been able to maintain its way without drawing heavily on its overdraft. The position, Sir, is that the company is able to deal in both sand and aggregate and although it does deal in coarse aggregate to some extent, the demand is for what is known as fine aggregate and the demand for fine aggregate runs almost parallel to the demand for sand and the company wishes to go into the production of fine aggregate by the purchase of machinery so to do. The cost of this machinery is something in the region of £15,000 and it is hoped once that machinery is installed the company will be able to sell fine aggregate for which there is a considerable demand in Gibraltar to an extent that it turns what is at the moment a non-viable company into a company of viability ranging of a modicum of profit margin of £10,000 to £40,000 a year at present development rates. If, of course, development with the open frontier situation improves considerably, then it is hoped that the Quarry Company will be able to do considerably more business but I have taken the pessimistic view and on the pessimistic view we hope to have a viable situation in which the company will be, as I say, making a profit of some £10,000 a year. Sir, the Chamber of Commerce, which rather like the last Opposition seems to verge on hysteria whenever the Quarry Company is mentioned, seems to want to do their utmost to denigrate the company at every opportunity and they have quoted in Panorama this week: "£125,000 gift to the Gibraltar Quarry Company". Well, Sir, it is no gift, it is simply the guaranteeing of an overdraft, no money is involved from the Gibraltar Government they are only guaranteeing an overdraft which in every probability will be repaid over a due period of time. But the Gibraltar Chamber of Commerce which seems to be the paragon of monopolistic interests brings out some other points of the Quarry Company which I would like to take this opportunity to answer: They comment why aren't there any

accounts of the Gibraltar Quarry Company available to the public? Well, Sir, it seems to me that they are disgustingly misinformed because they must know or they should know that the accounts of the Quarry Company are laid on the table of this House every year or, at least, every so often as they are produced and they become a public document. Copies, I believe, are sent to the press so if the Gibraltar Chamber of Commerce do not know anything about it it is their own stupidity and blindness that doesn't allow them to see it. At the moment, Sir, where we are quarrying sand, a large amount of rock is being thrown up and it would seem a great pity to leave this rock untouched, a raw material in Gibraltar which can be used, why should we have to import sand from some other area rather than use our own resources. As I have said, Sir, the intention is to give an overdraft facility which may be used fully, it may not be used fully, it depends on the way the company is working. I can tell you at the moment the company is working very well and we are actually, over the last month, working on viable conditions but the situation, as I have said, I would hope would improve very considerably with further development once the frontier is opened. There are big development schemes which will demand large quantities of both sand and aggregate and I feel that it is the opportunity for the Gibraltar Quarry Company, a Government owned company, to use materials that we have available in Gibraltar to the benefit of the Gibraltar public. I therefore commend the motion to the House, Sir.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon the Minister for Health and Housing.

HON J C PEREZ:

Mr Speaker, there are, in my view, two aspects to this motion. The first is to ask the Government why they are bringing this motion to the House when under the Public Finance (Control and Audit) Ordinance, 1977, under Section 9(b), the Financial and Development Secretary, in writing under his hand, is authorised to do it without a motion in the House. We have pointed out before to the Hon Financial and Development Secretary infringing that law which he has chosen to ignore so I would like an explanation of that. The second aspect of the motion is the overdraft itself and I would like to say that what we cannot do is on the one hand guarantee an overdraft and on the other hand limit the activities of the company. I am in complete agreement with what the Hon Mr Featherstone has said about the Chamber of Commerce and if we are going to guarantee the overdraft then we must allow the activity of the company to expand to be able to cover that overdraft through its activities. If we want to limit, as the Hon Member said at the last meeting of the House, if we want to limit the activities of the Gibraltar Quarry Company to natural resources and those natural resources

are sand and will now be gravel because of the overdraft, in our view the only way that that overdraft can be covered and the only way that the company will be viable is if the Gibraltar Government, as the Hon Member has just said, why import sand rather than use our own, if the Gibraltar Government contracts can guarantee the Quarry Company that they will use their aggregate and their sand for their projects. You cannot have it both ways, you cannot on the one hand say that we must get on to a viable footing and that it is a publicly owned company which cannot compete with the private sector in different fields, which we opposed in the last meeting of the House, and then guarantee an overdraft on those conditions and then on the other hand say that you want a viable company because you want the company to use the natural resources that we have and to limit it to natural resources and then we have the Public Works Department giving contracts out to other companies other than the Government owned company. This is a situation that we cannot see as beneficial for the company or for Gibraltar and that is why we intend to vote against this motion, Mr Speaker.

HON ATTORNEY-GENERAL:

As far as the first point is concerned, Mr Speaker, Section 9 has been amended and it does require now a resolution of this House. Unfortunately, I haven't got the copy of the amendment here, we are trying to find it, but I will inform my Hon Friend. Take it from me it has been amended and therefore it is necessary to bring this motion.

MR SPEAKER:

Are there any other contributors?

HON J BOSSANO:

I think, Mr Speaker, the idea of allowing the company to diversify into making gravel is one which should have been considered by the Government a considerable time ago, in fact, it is better that they should do it now than not at all. The Hon Member has talked about an upturn in demand for building products arising from the possible development of tourist related projects presumably on the site that the Government is putting out to tender. Certainly, there is no guarantee that any of this work will generate demand for the products of the Quarry Company, they may generate demand for building products but in fact I don't know how the Quarry Company is doing out of the refurbishment of the Dockyard and I certainly don't know how the Quarry Company will do out of the possible Viaduct Causeway but the Quarry Company just recently lost a contract to do some work in the asphalt area, Mr Speaker, where, as I understand it, the margin between the successful tenderer and

the Quarry company was quite small and the Government apparently has got no policy to give some sort of favoured treatment to a company which is not only publicly owned but it is unique in the private sector in that it has Government pay and conditions for its employees which is something that is important to remember. It isn't just competing with other people on an equal footing, it is competing on the basis that it is paid better and has better conditions than its competitors. If the Government is going to come along to the House and say that they have got sufficient confidence in the Company's future to accept underwriting the overdraft and incurring a potential liability, then they have to prove to the House of Assembly that they are 100% behind the company and we were told that the company having put in a bid for a licence to trade in cement was subsequently overruled by the Government. At the time we recalled that there seemed to be different treatment between the attitude towards GSL where the Government have said today again in the House in the statement of the Chief Minister that they will not interfere in the day-to-day running of the commercial dockyard, that will be left to the managers. Well, surely, the running of the Quarry Company should be left to the managers and if you have got a situation where you have got a company selling gravel, it may be that it will find that a customer who might like to buy sand and gravel will not buy it because he cannot get the cement from that source and because the source that supplies the cement insists on either selling the lot or nothing at all because we all know that those restrictive practices are normal in the commercial sector. People who are in a position to exert pressure will turn round and say: "Either you buy this from me or you won't get the other things". I think the Government can be sure that they will not be facing a hostile Opposition when it comes to helping the Quarry Company to develop because we think, in fact, that this kind of development is the kind of development that might produce revenue for the Government and help them to meet the costs of running public services without having to recourse to taxation or borrowing so we support the philosophy of having revenue earning publicly owned companies which are independent of Government day-to-day control but which can be self-sustaining and will get Government support but I am afraid unless we are reassured on this point, as my Colleague has said, we will not support the motion because we think that there is a fundamental conflict in the attitude of the Government.

MR SPEAKER:

Any other contributors? Does the Mover wish to reply.

HON M K FEATHERSTONE:

Well, Sir, the Hon the Learned Attorney-General has answered the first point that Mr Perez has made. It is a good thing to have

the agreement of the Hon Mr Perez and the Hon Mr Bossano to the promotion of the Quarry Company even though they say they are going to vote against. I think it is rather negative voting against because their heart is with the Quarry Company although for reasons which they have explained which seem to me to be rather a negative approach to the problem, they say they are going to vote against, I think they might do even better by abstaining, but I would comment that Government itself does buy all its sand and gravel when it is available from the Quarry Company and as far as the contract which was recently awarded to another company to do a certain job, I can tell the House that this other company has sub-contracted the work to the Gibraltar Quarry Company so they will be doing it after all.

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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammit
The Hon E Thistlethwaite
The Hon B Traynor

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J E Pilcher

The following Hon Member was absent from the Chamber:

The Hon R Mor

The motion was accordingly passed.

The House recessed at 7.00 pm.

WEDNESDAY THE 12TH DECEMBER, 1984

The House resumed at 10.45 am.

MOTIONS

HON CHIEF MINISTER:

Sir, I have the honour to move that "this house -

- (1) Declares that it wishes, and those of the people of Gibraltar as a whole, are that sovereignty over Gibraltar should be retained by Britain;
- (2) Affirms its complete confidence in the British Government's declaration that it will fully maintain its commitment to honour the wishes of the people of Gibraltar as set out in the preamble to the 1969 Constitution;
- (3) Expresses its appreciation to the British Parliament for its consistent and unswerving support for Gibraltar in the past and looks forward with full confidence to the continuation of such support in the future; and
- (4) Welcomes the agreement reached between the Secretary of State for Foreign and Commonwealth Affairs and the Spanish Foreign Minister in Brussels on 27 November 1984".

Mr Speaker, the last part of my motion, of course, is subject to the reservations which have been made so many times that I did not think it is necessary to specifically put it there, in fact, subject to (1) which is that the wishes of the people of Gibraltar as a whole are that sovereignty over Gibraltar should be retained by Britain. The whole context of the motion is one and just for the sake of clarity they are put in this way. Sir, I have already made two public statements on the question of the Brussels Agreement. The first of these was issued immediately after the publication of the Brussels Communiqué. The second was a Ministerial Statement prompted by the need to clarify certain aspects and to counter a number of points contained in a statement by the GSLP. Two of my colleagues, Mr Canepa and Mr Perez, have also commented on the agreement in GBC television programmes. I believe, however, that it is proper and necessary, that this very important matter should be debated in this House with full time to discuss it and not as a result of a challenge for a ten minute or a quarter of an hour discussion that would pass away. The same thing happened with the Dockyard, I was challenged to go out on television, I said this was the place to discuss matters of this nature and I brought a motion then and I am bringing a motion now so that it can be aired fully and without any limitations of time or

the colour of the powder that they put on your face - I am referring to the make-up necessary to appear on television.

My speech on the motion will fall into two parts. In the first of these I will describe the origins of the Agreement and make a factual and what I hope will be an objective analysis of its contents and of its implications. It is not only not surprising but quite understandable that some part of the Agreement should have caused some anxiety in Gibraltar and possibly also some confusion as to its true meaning and significance. There is, in my view, a need to examine closely the substance of the Agreement without emotion, without polemics and without any predetermined political position. Only in this way is it possible rationally to judge whether or not the Agreement is beneficial to the people of Gibraltar. Mr Speaker, in making this analysis, I shall inevitably cover some of the ground already covered by my previous statements. I judge, however, that the importance of this analysis requires that it should be complete and therefore I ask the House to bear with me in what is not going to be a brief statement that I am always inclined to make. The matter is too important for it to be brief.

In the second part of my address I will deal with some of the criticisms which have been expressed and I will make a number of other observations. Sir, following the lead given by the then Leader of the Opposition and myself in April, 1980, and subject to the reservation which we made jointly in regard to negotiations on sovereignty over Gibraltar, the great majority of people in Gibraltar accepted the Lisbon Agreement. I know that the Members opposite were against it but I think that that statement is substantially correct, the bulk of the people in the end accepted the Lisbon Agreement and, indeed, were anxious for its implementation.

As we all know, the British Government was anxious, from the beginning, to implement the Agreement as soon as possible. The Gibraltar Government supported that position because it believed it to be in Gibraltar's interests. One of the main reasons why the Spanish Government declined to implement the Agreement was a difference of interpretation of the phrase "Full equality of rights", the Spaniards insisting, at the beginning, that this meant full equality of rights with Gibraltarians, there and then. This was unacceptable to us. It would have meant, *inter alia*, that, from the date of implementation, Spaniards would not have needed permits to work in Gibraltar.

Subsequently, the Spanish position was modified and Spain asked for EC rights for Spaniards in Gibraltar. This too we resisted because we saw nothing in the Lisbon Agreement which justified this demand and because there was at the time no other circumstance which would have made it possible to consider such a proposition.

We know of other reasons why implementation of the Lisbon Agreement was delayed - notably the Falklands war in 1982. I think we were as near to the Lisbon Agreement being implemented on the 20th April but for the South Atlantic war as we ever have been up to now. But by 1983 there was a deadlock, no progress seemed possible and then, on the 15th November, 1983 - and I would ask Hon Members to take note of this particular date because I shall refer to it later on - on the 15th November, 1983, during a meeting with the Secretary of State in London, it was suggested to me that the impasse might be broken if all concerned were to agree that European Community rights might be mutually conceded between Spain and Gibraltar at some appropriate date in the future when greater progress had been made in the negotiations for Spain's accession to the Community but before that accession actually took place.

My reaction to this suggestion was that I saw no objection to its being explored further without commitment a year ago. By March 1984 exploratory talks had been held at diplomatic level and I was then asked, at a meeting with the Secretary of State on 7 March, 1984, whether I would agree that the matter should be pursued and the implications of the proposal examined in more detail with the Spanish Government.

My response was favourable but I said that I would need to consult my colleagues. I did so on my return to Gibraltar and, shortly afterwards, I communicated our assent to London through His Excellency the Governor.

There then followed a series of Anglo/Spanish talks at official level at which the details and the modalities of the advance mutual concession of European Community rights were hammered out so that all concerned, before agreeing finally to the proposal, might be aware of the framework against which it would be proceeded with.

I asked the House to note carefully the date November 1983 for three reasons. First of all, this shows that the Agreement announced in Brussels in November 1984 was not a sudden or rushed Agreement but one which had been under consideration for a full year before that. Secondly, I have shown that I was consulted closely throughout that period - indeed the proposition was put to me before it was put to the Spanish Government. Thirdly, I have described the manner in which the Agreement evolved, that is to say, from a situation of deadlock in 1983 to one in which, as other events developed, a mutually acceptable breakthrough was possible.

The essence of the Brussels Agreement is, of course, that it establishes and clarifies the way in which the provision in the

Lisbon Agreement regarding reciprocity and full equality of rights will be implemented.

The question has been asked: why, if the Brussels Agreement is beneficial to Gibraltar, was not the concession of EC rights granted under the Lisbon Agreement in 1980? As I have explained, the original Spanish claim for equality of rights with Gibraltarians was totally unacceptable. As to the subsequent claim for EC rights, the present position in regard to the negotiations for Spain's accession was, of course, not the same in 1980, 1981, 1982 or 1983. By March 1984, these negotiations had taken a significant step forward. On 1st March, we were informed by Mr Hannay who was responsible for negotiations, who came and consulted everybody and expressed his view, that negotiations on Spanish accession had changed gear since he had last visited Gibraltar. He told us that barring any unforeseen development, and we know that there are still unforeseen developments possible, the chances of Spain joining the Community on the 1st January, 1986, had become reasonably realistic and that heads of Government had agreed that negotiations should be completed by the 30th September, 1984, and that both Spain and Portugal should enter the Community on the 1st January, 1986, that was, of course, in March. Now we know that the date of September has not been strictly kept but still they are making efforts to see that the negotiations are completed in such a way that the date of accession which was the 1st January, 1986, remains, or perhaps three months later, anyhow, that is the position as it is now but I am describing the position as it was in March, 1984.

As I have explained, it was only then that the proposal for advance implementation became the subject of Anglo/Spanish talks at official level. I should add that at that time and on the assumption that the proposal would be pursued, the Secretary of State and I had discussed possible dates for implementation. Even then, we considered that some time late in 1984 or early 1985, bearing in mind the target date of 1st January, 1986, for Spain's accession, would be the most appropriate time. In our joint judgement the date should not be too close to Spain's actual accession but I must make the point clearly here and now that what in our view would be desirable in late 1984 or early 1985 would, in my view at least, not have been desirable in any of the four years of 1980, 1981, 1982 or 1983, when there was considerably less certainty of Spanish accession by 1986.

It is true that, even today, no-one can be sure that Spanish accession will in fact take place on 1st January, 1986, but there comes a time when a judgement has to be made based on probability. If accession were to be delayed somewhat - for 3,

6, 9 or 12 months beyond January 1986 - I still consider that, because the accession negotiations are so far advanced, the timing for the implementation of the Agreement is about as right as anyone could reasonably calculate.

I must point out also that it was not until July 1983 that it began to emerge that the European Community would be likely to seek a 7-year Transitional period for the free movement of Spanish labour. This also was an important factor in the timing of advance implementation. As I made clear in my letter to the Hon Leader of the Opposition on 13 September, as well as in answer to question No.238 yesterday, the 7-year period will commence, for Gibraltar, on the date of Spain's actual accession and not from the date of the implementation of the Brussels Agreement.

To dispose, in parenthesis, of one other point that has been made, of course it was possible - and right - for me to tell the Royal Institute of International Affairs, on 14 November 1983, that "As for EC rights, not only is Spain not yet a member of the Community, but even the large Countries of the Community are seeking transitional periods to protect their own interests on Spain's entry". That was our position at the time and it has since been modified for the reasons I have explained - that is to say, that Spain is now that much closer to accession and that the question of the transitional period is now that much clearer. I should add, as a matter of interest, that my statement was made on 14th November to the Royal Institute and that my meeting with the Secretary of State was on 15th November because unlike other opportunities when I have been asked to go to London to talk to people when I am in London for other purposes, the Royal Institute had to prepare their programme a long time ahead so I did it the other way about, I arranged to address the Royal Institute and took advantage of my visit to see the Secretary of State but as it happened I saw him the day after I spoke to the Royal Institute of International Affairs. I would, however, have said the same thing even if the sequence of events had been the other way about, I am not shirking that responsibility, I am saying as a matter of historical interest how the thing happened.

The next point I wish to touch on in the Brussels Agreement arises from the sentence "The necessary Legislative proposals to achieve this will be introduced in Spain and Gibraltar". I dealt with this point in my Ministerial Statement on 30 November and I now merely wish to repeat, for record in this House, that the Agreement does not say that the necessary Legislative changes will be made but that proposals for such changes will be introduced in Spain and in Gibraltar. I also said in my Statement that, when the time came, we would throw

our full weight behind those proposals, not because the British Government had told us how to vote but because we believe that the Brussels Agreement is good for Gibraltar. That is exactly what we did with the Dockyard and it is exactly the same when I signed the Agreement for the package subject to submission to the House of Assembly. I think it should be realised that there is no power of veto on the part of an Opposition in a democracy, that the Executive must take the decisions that it thinks proper and submit it to the Legislature and rely, naturally, on its majority because that is why they have a majority. As I said earlier, my Colleagues and I agreed as far back as March, 1984, that the proposal for the mutual exchange of EC rights should be pursued because we believed that, given the right timing, this could lead to a breakthrough in the stalemate reached over the Lisbon Agreement.

Paragraph (b) of the Brussels Agreement states clearly that the free movement of persons, vehicles and goods between Gibraltar and the neighbouring territory will be established. As my colleague Mr Canepa pointed out on television on 6 December, this is a clear advance on the statement in the Lisbon Agreement that "the Spanish Government has decided to suspend the measures at present in force". Furthermore, unlike the Lisbon Agreement, the Brussels Agreement has received general support in Spain. I believe that it will be implemented by not later than 15 February, 1985.

Paragraph (c) of the Brussels Agreement reproduces the statement in the Lisbon Agreement about the British and Spanish Governments agreeing to negotiate with the aim of overcoming all the differences between them over Gibraltar. I will revert to this in a moment. That same paragraph states that the negotiating process will also be aimed at promoting cooperation on a mutually beneficial basis on economic, cultural, touristic, aviation, military and environmental matters. Here too it is pertinent to recall the wording of the Lisbon Agreement on the question of cooperation. That Agreement states "Both Governments have agreed that future cooperation should be on the basis of reciprocity and full equality of rights". It also states that both Governments recognised "The need to develop practical cooperation on a mutually beneficial basis".

The new formula in paragraph (c) is in my view much clearer and much more satisfactory. The Brussels Agreement converts "Full equality of rights" into those rights which citizens of the EC Countries enjoy - and which, therefore, would in any event have to be exchanged between Spain and Gibraltar on Spain's accession. No less significant I think is the clear and positive statement that cooperation in the areas stated will be on a mutually beneficial basis. This was of course our own interpretation of the Lisbon Agreement but there is no doubt that the wording in the Brussels Agreement is much clearer and not subject to different interpretations. That the cooperation

envisaged must be mutually beneficial of course rules out any matter or proposal which might be prejudicial to the interests of either side or even, simply, not beneficial to one side or the other, as the case may be. Here too, then, the Brussels Agreement is an advance on the Lisbon Agreement.

Sir, the penultimate paragraph of the Brussels Agreement specifically introduces a feature which is not to be found in the Lisbon Agreement. That paragraph states: "In so far as the airspace in the region of Gibraltar is concerned, the Spanish Government undertakes to take the early actions necessary to allow safe and effective air communications". I do not think the importance of this should be under-estimated. This matter was raised nearly 7 years ago, in March 1978, at the Ministerial meeting between Dr David Owen and Senor Oreja which I attended. It had been raised many times before and has been raised again since then. We now have a clear and categorical statement that, at last, the matter is to be dealt with. This is yet another, and very significant, advance on the Lisbon Agreement.

The final paragraph of the Brussels Agreement states that there will be meetings of working groups and that these will be reviewed periodically at meetings between the Spanish and British Foreign Ministers. It has been made clear that I will be attending meetings held at Ministerial level - and, indeed, this has been referred to, with approval, by the Spanish Foreign Minister. Gibraltar Government Officials will, as appropriate, attend meetings of the Working Groups whose work will be ad referendum to Ministers, including Gibraltar Government Ministers.

We come now, Sir, to the question of sovereignty. I referred a few minutes ago to the statement in the Brussels Agreement, reproducing the statement in the Lisbon Agreement, about the British and Spanish Governments agreeing to negotiate with the aim of overcoming all the differences between them over Gibraltar. It was, of course, perfectly clear at the time that this meant that, under that agreement, Spain would be free to raise the question of sovereignty. It was for this reason that the then Leader of the Opposition and myself entered our reservation against that part of the Lisbon Agreement and that I entered the same reservation in my statement on 27 November, 1984.

The Brussels Agreement states that "Both sides accept that the issue of sovereignty will be discussed in that process", that is to say, in the "Negotiating process aimed at overcoming all the differences between them over Gibraltar". There are two points to note here - and I remind the House, and stress, that, at this stage, I am still in the process of a purely objective

analysis of the Brussels Agreement. The first point arises from the phrase "Both sides accept". This, in so far as Spain is concerned, is clearly an advance, if only for presentational reasons. But the reality is not affected in any way. I have already said that it was perfectly clear to everybody in 1980 that Spain would be free to raise the question of sovereignty under the Lisbon Agreement, but it was implicit in paragraph 2 of that agreement - "Both Governments have therefore agreed to start negotiations aimed at overcoming all the differences between them" - that the matter would be discussed. All the Brussels Agreement does in this respect is to make explicit what has been there all along. Why else would we have made our reservation immediately after the publication of the Lisbon Agreement?

The second point to note about this sentence is that, at first glance, the wording might appear to be strange. Why should Spain, for its part, accept that sovereignty would be discussed? One might perhaps have expected something on the lines of "Spain claimed" or "Spain demanded" that sovereignty should be discussed, followed by "Britain agreed to do so". I am not for one moment suggesting that Spain has in any way modified or watered down its position on sovereignty but it is clear that the wording of this sentence is more moderate than it might otherwise have been. I believe that this is the result of a growing realisation in Spain that a transfer of sovereignty against the wishes of the people of Gibraltar is simply out of the question.

Sir, ~~to~~ summarise this first part:-

- (1) The Brussels Agreement establishes and clarifies the way in which the provision in the Lisbon Agreement regarding reciprocity and full equality of rights will be implemented. It converts "Full equality of rights" into those rights which citizens of the European Community Countries enjoy and which would therefore have to be exchanged on Spanish accession;
- (2) The situation in March, 1984, was totally different from that which existed at any time between 1980 and 1983;
- (3) The Brussels Agreement does not state that the necessary legislative changes will be made but that proposals for such changes will be introduced. The Gibraltar Government will introduce and support those changes;

- (4) While the Lisbon Agreement recorded a Spanish Government decision to suspend the measures at present in force, the Brussels Agreement contains a clear statement that the restrictions will be removed;
- (5) The Brussels Agreement establishes, in a much more satisfactory manner than did the Lisbon Agreement, how cooperation will be developed on a mutually beneficial basis;
- (6) The Brussels Agreement records the Spanish Government's undertaking to take early action to allow safe and effective air communications, something which had been resisted very strongly up to now;
- (7) It has been made clear that the Gibraltar Government will be represented by me at meetings held at Ministerial level; and
- (8) The Brussels Agreement, in regard to the question of the discussion of sovereignty, in no way alters the position established under the Lisbon Agreement; it merely makes that position explicit.

I think that I have come to the end, Mr Speaker of what I believe to be a fair and objective analysis of the terms of the Brussels Agreement and one which any reasonable person, approaching the matter without emotion, fear, mistrust or political prejudice, would find it difficult to dispute.

I now come to the second part of my speech in which I will deal with some of the criticisms which have been expressed and make a number of other observations.

Let me deal first with political prejudice. It is, of course, the prerogative of every political party, as indeed of every individual, to adopt a view in regard to a matter such as this, but if, in criticising the actions of another political party, the objective facts of the situation are distorted or misrepresented, this is political prejudice and political ambition.

This matter is too serious for such tactics. The GSLP have stated, for instance, that the "New Agreement redefines the Lisbon Agreement.....in a way which favours Spain at the expense of the Gibraltarians". This is simply not the case and no amount of repetition by the GSLP or anyone else will make it so.

The DPBG have stated that, under the Lisbon Agreement, "Spain was entitled to raise the issue of sovereignty which Britain

and the people of Gibraltar were entitled to reject. In the present Agreement Britain and Spain have accepted that sovereignty will be discussed (and therefore negotiated) in that process". It is utter nonsense to suggest that, under the Brussels Agreement, Britain and the people of Gibraltar are not entitled to reject a Spanish claim to sovereignty. To agree to discuss a matter is not to agree to concede it. Are words to mean what they mean or what, for political purposes, people want them to mean? British agreement to discuss sovereignty was implicit in the Lisbon Agreement and I have not the slightest doubt - nor can the former Leader of the Opposition have any doubt - that, had the Lisbon Agreement been implemented, sovereignty would have been raised and discussed. The Brussels Agreement states that "The British Government will fully maintain its commitment to honour the wishes of the people of Gibraltar as set out in the preamble of the 1969 Constitution". Where this sentence is not ignored by the critics of the Brussels Agreement, it is misrepresented. The DPBG, for instance, notes the omission of the words "Freely and democratically expressed" and goes on to say that "This omission must raise doubts as to how those wishes are to be expressed or ascertained in the future". Does the DPBG really believe that the omission of these words has any significance whatsoever? Do the DPBG's legal advisers believe that the omission of these words in the Agreement makes any difference to the text of the preamble to the Constitution? - quite apart from the fact that the Agreement actually says "As set out in the preamble to the 1969 Constitution?"

Sir, I repeat that this is too serious a matter for such tactics. I can only deduce that both the DPBG and the GSLP are prepared to distort the facts and the evidence for their own political reasons, that is to say, in order to discredit my party and, in particular, myself.

The DPBG state, for instance, that I have compromised the political future of Gibraltar by being the first elected politician to accept the issue of sovereignty specifically as a matter for discussion. I have done nothing of the kind. Again I ask: What do words mean? Did I not make a reservation on the question of sovereignty in my statement on 27 November, 1984? And when, in that statement, my colleagues and I commended the Agreement to the people of Gibraltar, did we not say that this was subject to the reservation I had made? Did I not, in making that reservation, quote the exact words of the reservation that I made in 1980 jointly with the Leader of the DPBG? And have I not shown that, in essence, the implications of the Brussels Agreement and the Lisbon Agreement on the issue of sovereignty are the same?

The DPBG have also stated that, by refusing to take part in a bi-partisan approach on Foreign Affairs, the GSLP lost the opportunity of influencing Sir Joshua Hassan and the British Government in the formulation of the Brussels Agreement. Mr Isola repeated this on CBC Television. This strikes me as the absolute depth of political cynicism. What in effect they are saying is that what a pity it was that Joe Bossano was not there to stop Hassan selling Gibraltar down the river! I have not the slightest doubt in my mind that, had Mr Peter Isola been the Leader of the Opposition during this period, he would have behaved in exactly the same way as I have done.

Sir, I totally reject any suggestion that I have made an error of judgement - or worse - in welcoming this Agreement, subject always to my reservation. I would indeed put the matter in quite a different way. I would say that, having considered whether or not the Agreement would be beneficial to Gibraltar, and having concluded that it would, it was my duty to the people of Gibraltar to say so and to give the necessary leadership.

I can appreciate that my political opponents would not wish to give me the credit for that but I regard it as the height of political irresponsibility to distort and misrepresent the facts in order to discredit me and to advance their own political ambitions. By all means let us have all the debate that is necessary but let us not distort the facts. Let us get the facts as they are and then on the merits of the facts, as they are, make a judgement.

Even at this stage, I would ask Hon Members on the other side of the House to reflect carefully and objectively on my analysis of the Brussels Agreement. Analyses of situations is one of the favourite and welcome characteristics of the Leader of the Opposition who has analysed this matter and I ask him to do that too and I ask them to look into their hearts and consider whether this is not indeed the right road to follow for the good of the people of Gibraltar.

It has been suggested that, because of the Brussels Agreement, the people of Gibraltar have been put in the front line and that the onus on the question of sovereignty is now on them. Sir, it has always been my belief that the people of Gibraltar have always been in the front line and, indeed, that that is where they belong. We have been claiming self-determination for years and Britain has granted us that right.

The preamble to the Constitution reflects the right. The preamble is referred to in the Lisbon Agreement and the Brussels Agreement. It has been referred to on numerous occasions. It

was referred to by the Foreign and Commonwealth Secretary in the House of Commons on 28 November, 1984. It was referred to by the Prime Minister in a Parliamentary reply on 7 December, 1984, when she said: "The British Government will fully maintain their commitment to honour the freely and democratically expressed wishes of the people of Gibraltar as set out in the preamble to the 1969 Constitution". I hope that the Leader of the almost defunct DPBG will take note that she has used the words "democratically expressed wishes".

I said earlier that I fully understood that the Brussels Agreement should have caused some anxiety in Gibraltar - and I am referring now to the ordinary person in the street and not to the Leadership of political parties - and also that there might be some confusion as to its true meaning and significance. I hope that what I have said in the earlier part of my speech will have made the meaning and significance clearer and that, to that extent, there will be less anxiety. I hope also that what I have had to say about the local political party implications will also assist people in distinguishing between the facts and the distortions of those facts which have increased the anxiety. Finally, I hope that the repeated statements in regard to our wishes, the latest from the Prime Minister, will reassure everyone in Gibraltar.

I firmly believe, Mr Speaker, that the British Government and Parliament will stand squarely by Britain's commitment to Gibraltar. Even if some of those around me are losing their heads and blaming it on me, I have no doubt that, as on so many occasions in the past, my belief will be proved right. Even those who distrust the Foreign Office surely have no doubt of the strength and power of Parliamentary support for Gibraltar or of how readily that support would spring to our assistance if we should ever have to ask for it. Indeed, one of the motions put in by the Leader of the Opposition refers to that specifically.

Sir, I ask this House whether any Hon Member really believes it to be conceivable that, after all these years, when I have spared no effort to defend the wishes and interests of the people of Gibraltar, I should now recommend a course of action which, according to some people, would run contrary to everything I have tried to do in the last 30 years? Why should I do such a thing? What gain or profit or honour would I achieve by, as has been alleged, selling down the river the people for whose interests I have fought for so long? That people has placed its trust in my leadership. Can anyone really believe that, thirty years on, I am prepared to betray that trust?

I agree with one thing the DPBG said - that Gibraltar's vital interests must have absolute priority and that a strong and united front in Gibraltar is essential.

I ask the people of Gibraltar to be united at this time. We have always, somehow, been united in the past when our interests were under threat. We need to be united now if we are to take full advantage of the opportunities that lie before us. We need, not only unity, but the courage and the nerve to grasp those opportunities.

We are not yet out of our difficulties but I believe that we are on the threshold of eventual economic self-sufficiency through the expansion of Trade and Tourism and a successful Commercial Dockyard. I ask the political parties, for the sake of the people of Gibraltar, to join us in our efforts in these directions. At the end of the day, we can share the credit equally.

But, economics aside, let us look briefly also at the political situation and how it has developed. I recall the days of Franco and of Senor Castiella - the Spanish Minister of the Foreign Affairs. It was his belief, probably aided and abetted by a fifth column in Gibraltar, that an economic, physical and psychological blockade would break the spirit of the people of Gibraltar, that we would then ask the British Government to do a deal on sovereignty and that the ripe fruit would then fall into the lap of Spain.

Senor Castiella was proved wrong. But his belief, fully supported by the Franco Dictatorship, led to 20 years' estrangement between the people of Gibraltar and the people of Spain. It led also - and I stress this most strongly - to three other things. First it led to the unification of Gibraltarians and to the sharp realisation, which had lain largely dormant for over 200 years, of the Gibraltarian identity. Secondly, it led to an unprecedented intensification of the links between Britain and Gibraltar - in both directions. Thirdly, it led also, and not unnaturally, to a sense of Gibraltarian hostility towards Spain and everything Spanish.

We have come a long way since we were described by that distinguished representative of Spain, Senor Jaime de Pinies, as camp-followers and a 'parachuted' population.

Our own realisation of a separate and vital Gibraltarian identity was duly reflected by Senor Oreja when, as Foreign Minister, he was the first Spanish politician in office to recognise this identity. We must not forever look on the gloomy side. Let us also, from time to time, rejoice in progress.

But progress has been even better than this. Sir Geoffrey Howe said in the House of Commons on 28 November - and I quote - "Senor Moran, for his part, has made clear the importance which he too attaches to the wishes of the people of Gibraltar". Why, I ask myself, is this remarkable statement practically ignored by those who prefer instead to dwell on unjustified suspicion of Britain and of myself? Should not our newspapers have been full of this? - Not in a spirit of triumphalism but in a spirit of achievement.

In my Ministerial Statement on 30 November I quoted verbatim two sentences from Senor Moran's interview on 27 November. I quoted them in Spanish because I wished to reproduce exactly the actual words which he used and because I did not wish in any way to appear to be misquoting him. With your indulgence, Mr Speaker, I will quote these two sentences again. The first one was:

"No se puede preveer ni el ritmo ni el resultado de las negociaciones"

I translate:

"It is impossible to foresee either the pace or the outcome of the negotiations"

It seems to me incredible that this highly significant statement should also have received less than due attention. Here we have a Spanish Foreign Minister telling us that non-one can say how long the negotiations will take or what the result will be. That is his view. The view of the Jeremiahs and Prophets of doom in our midst appear to be that Spanish sovereignty over Gibraltar is now, to all intents and purposes, virtually assured.

The second sentence I wish to quote from Senor Moran's interview on 27 November is even more a matter for rejoicing on our part and, if I may say so with all respect, a measure of the development of democracy in Spain. This is what he said:

"En ningun caso la Gran Bretana podria tomar una decision respecto a Gibraltar, teniendo en cuenta que esta en vigor la Constitucion del 69, en contra de la voluntad de los Gibraltarenos sobre los deseos de los Gibraltarenos"

I translate:

"In no way could Great Britain take a decision on Gibraltar, taking into account the fact that the 1969 Constitution is in force, against the will

of the Gibraltarians, over the heads of the wishes of the Gibraltarians"

This enormously significant statement - significant for the new democratic Spain as well as for Gibraltar - has also gone virtually unnoticed or unheeded in Gibraltar. And yet, surely, it is as close as anyone in Gibraltar could expect a Senior Spanish Minister to go in recognising, for the very first time, that it is indeed the wishes of the Gibraltarians that matter and that Britain is not going to act against those wishes. Senor Moran believes this but it appears that some people in Gibraltar prefer to believe that Britain will not respect our wishes. Senor Moran's statement is a far cry from the paternalism of the last 20 years in which the Spanish Government have stated that they would respect our interests, without saying, during that period, who would determine what our interests are.

Sir, I ask myself, is it a lack of political comprehension or is it a piece of deliberate political opportunism that neglects or sets aside this advance in Spain's understanding of our position, and of the British Government's position, in relation to Gibraltar?

Sir, I too will quote from "The truth about Gibraltar" that booklet, signed by Mr Peter Isola and myself in October 1981, ends as follows:

"We have only one recommendation to make: That the fundamental right of the people of Gibraltar to determine their own future, in peace and good neighbourliness, without harassment or pressure of any sort, be respected. Britain has respected this right. No truly democratic country can fail to do so".

It is my belief that the new democratic Spain has now done so. This too is a matter for mutual rejoicing.

Sir, the subject matter is such that one could speak on but I appreciate the limitations and I shall no doubt have more to say, in the give and take of debate on this motion and on the Leader of the Opposition's amendment and his own two motions. But I must now draw my speech to a close.

In doing so, I call on Hon Members opposite, and on the people of Gibraltar as a whole, to trust my judgement fortified by the support of my colleagues. Sadly, I suspect, Hon Members will not do so. But I think the people of Gibraltar will.

I have said on many occasions in the past that, if at any time, I were to believe that steps were being taken which might be contrary to the interests of the people of Gibraltar, I would say so publicly. As I have also said, I will be present at future talks at Ministerial level representing the Government of Gibraltar. It is not in my nature, nor in my philosophy, nor in the responsibility which I bear on behalf of the people of Gibraltar, to agree to anything which might be prejudicial to our beloved city.

Today, I see the way ahead for Gibraltar with far greater optimism than at any time in the last 20 or 30 years. Today we have an opportunity to consolidate the Gibraltarian identity, in both political and economic terms, in a way which will enable us to stand on our own two feet. Let us not throw away this opportunity for the sake of party political prejudice or because of totally unfounded fear and mistrust.

Sir, I have the honour to commend the motion to the House.

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

HON J BOSSANO:

Mr Speaker, I have listened very carefully to what the Hon and Learned Chief Minister has had to say and I am glad that he considers it is important to analyse things and to draw conclusions and not to indulge in emotional outbursts. I must say that it seemed to me for much of the time that he was talking that he was talking to my amendment, which I will move in due course, rather than to his motion because if we start by analysing his motion we have to ask ourselves what it is that this motion says? The motion, Mr Speaker, seems to imply that if you do not welcome the Agreement done in Brussels on the 27th November it means you do not express your appreciation for the British Parliament, you do not have confidence in the British Government and you do not declare that the wishes of the people of Gibraltar is to retain sovereignty so we have a four-part motion three of which have got nothing to do with the fourth unless the Hon Member is saying that there are two choices; either we all agree with him or we are all disloyal, anti-British and everything else. I assume he is not saying that and the motion does not intend to say that and therefore I have to ask myself what the Hon member asked himself on the 7th December, 1980, when I brought a motion to this House which read: "This House considers that Spanish nationals cannot be granted the same rights as EEC nationals in Gibraltar prior to Spain attaining full membership of the EEC" - which is what they are being granted under the Brussels Agreement - and I said on the

7th December, 1980, they could not be granted that and the Hon and Learned Chief Minister said, addressing you: "Finally Sir, I wonder if it was really necessary to bring this motion before the House. I am sure the Hon Member does not believe that anyone in this House does not hold the views expressed in the motion". Well, it is quite clear that Hon Members including him held these views on the 7th December, 1980, and they have changed their mind since then, they have changed their mind since then and we have not, Mr Speaker. He was saying then: "Is it that the Hon Member opposite is bringing a motion here which is self-evident in order to tie my hands?" I have said already on television that that is a physical, psychological and political impossibility. To tie the Hon Member down is like trying to hold a slippery eel, Mr Speaker. He has got every single twist and turn that any politician could think of, he can go back forty years and remember when he said anything and everything that anybody might have said to justify whatever particular stand he thinks is convenient for him or, perhaps even best for Gibraltar, I am not going to accuse the Chief Minister of being anti-Gibraltarian. I am not going to say that if I am critical of the decision which he is committing Gibraltar and which I do not think he has the right to commit Gibraltar to, that that means that he is wanting to sell Gibraltar down the river, although I must say that for one moment he reminded me of one of the earlier experiences that I had on joining the House of Assembly in 1972 when I went with the Hon Mr Zammit on a CPA Conference to Malawi and I heard His Excellency the Ngwazi Dr Hastings Kamuzu Banda saying how could anybody think of him and Malawi not being the same thing and it seems to me almost as if Sir Joshua Hassan was going down that road and saying: "Aren't Gibraltar and me an inseparable unit, not like the people and the territory?" I suppose it is possible without actually committing treason, to consider that the Hon and Learned the Chief Minister is not infallible, I suppose that is permissible within the existing Constitution and therefore we question if nothing else at the very least his infallibility, at the very least that much, Mr Speaker. As I have said, as far as the motion is concerned, it is not a question of whether this House declares that the people of Gibraltar want to remain under the sovereignty of the United Kingdom, it is the people of Gibraltar who say so. It is not a question of whether we have got complete confidence in the British Government's declaration or not, it is that the British Government has got an obligation, an international obligation repeated 101 times that they have to do it. It has nothing to do with the word confidence, they are obliged to do it. Are we having second thoughts? Is the Chief Minister in doubt and he has to put it to the vote? As far as we are concerned this motion is either about welcoming the Agreement or not welcoming the Agreement, the rest is irrelevant, the

rest is self-evident and the rest is unnecessary and if the Hon and Learned Member thought that we would have any problem in dealing with the rest, well, the fact that we have put two other motions on the Agenda to deal with the issue of sovereignty and the issue of the confidence that we place in the British people and the British Parliament to uphold the right of self-determination of the people of Gibraltar should be self-explanatory. I will now deal with the analysis of the Hon Member which he has used to try to persuade us to welcome this Agreement. I think it has been useful to hear him telling us when and how it happened and I certainly think it is peculiar that he should say that his address to the Royal Institute of International Affairs which took place on the 14th November was then followed by a meeting on the 15th November where it was suggested to him by the British Government that EEC rights might be offered to Spain at a future date but prior to Spanish entry and that he should be willing to go along with that and that he would not have changed what he said to the International Institute if that had been suggested to him on the 13th November instead of the 15th. I find that very odd, Mr Speaker. Well, perhaps I should not find it odd because as I said before there is a long, long record of the Chief Minister saying all sorts of things and saying something different or what appears to the ordinary average citizen something different until one hears his theological explanations of why it is that two and two do not make four, they can make five or three depending on the circumstances, the environment, the time of the day and all sorts of other contributing factors. What did the Hon Member have to say on the 14th before he agreed on the 15th that it was possible to advance EEC rights. He was quite categorical that the Lisbon Agreement was not being implemented because, in fact, the Spanish Government were going back on their word. He said the British Government have been consistently ready, indeed, eager to implement the Agreement with the Spanish Government, an Agreement which he tells us today is inferior to the Brussels Agreement because it must follow that if the Brussels Agreement is better the Lisbon Agreement must be worse. We were eager to implement an Agreement that was less favourable to us than the Brussels Agreement and the Spaniards didn't want to do it. The Spaniards are now eager to implement a Brussels Agreement which, according to the Chief Minister, is better for us. Certainly, I can understand his enthusiasm from Senor Fernando Moran, particularly at this time of the year he almost sounds like Father Christmas when one hears the Hon and Learned Member describing the magnanimity to which we are being subjected. The Hon Member explained why the Spanish Government was not implementing the Lisbon Agreement. He said: "that while acknowledging its continuing validity they consistently refused to act" - the Spanish Government - "they want the British Government to grant Spanish nationals equality of rights with

Gibraltarians or, alternatively, the rights of European Community nationals". This was on the 14th. On the 15th he agreed that that should be discussed with Spain and he said that even if he had agreed it before he would still have said the same thing. He also explained why we were against it, Mr Speaker, he explained why we were all against it, all the Members of this House. "We in Gibraltar naturally hold strong views on this claim since equality of rights between a country of 34 million and a community of 30,000 could obviously have serious practical repercussions for the latter". Why is it that that was true on the 14th November and is not true today and not on the 15th? Why has the Hon Member not explained to us if he wants to persuade us, why has he not explained to us that everything that we have discussed for four years in the House of Assembly Committee on the Common Market is nonsense because for four years we have been doing precisely an exercise designed to ensure that when the time came we didn't have to give Spanish nationals full EEC rights for all the arguments that had been put ad nauseam by him as well as by me within the EEC Committee, within the House of Assembly, to a Foreign Affairs Committee, in motions in this House, there is a whole history, Mr Speaker. It isn't enough for the Hon Member now to come along and reduce his defence of the Brussels Agreement to one thing, the slogan that has served him so well for so many years - "If you want Massan, vote for the eight". Well, it is not on, he may be able to say that to the other seven but he cannot say to the fifteen, Mr Speaker. He may be able to say it to the people of Gibraltar, he may be right and he may have proved it by winning three elections in a row and, indeed, even the 1969 election really was won by the AACR because they took seven seats and they were kept out of power for three years because a group of three independents joined with the five IWBP so he can say quite legitimately that as far as he is concerned the people of Gibraltar have consistently put their faith and trust in him. That doesn't make him infallible, that doesn't mean he cannot make mistakes and it doesn't make him right. Mr Speaker, what I am saying is he must understand that that is not a sufficiently strong argument because he has asked us to be analytical and we are quite happy to be analytical. We will analyse everything that he has told us, everything he has told the Foreign Affairs Committee, everything he has told the people of Gibraltar, everything he has told Parliament, what we have gone to the EEC for, we have analysed all that and we come to the conclusion that the Brussels Agreement is bad news or that we have been making fools of ourselves for the last four years. If the Hon Member came to us and said: "we have had evidence", and certainly if he had evidence to show that the analysis of the impact of Spanish entry into the EEC was totally mistaken, then I would put it to him that since the 15th November that should have been brought to the notice of the EEC Committee. In September

this year we went to Brussels because we were worried about the effect at the end of the seven years of the transitional period. We were discussing there with Mr Hannay from UK the question of getting derogations from the EEC and getting changes in the conditions that apply to Gibraltar as regards directives and so forth and that we needed to do that before Spanish entry. At the same time as that is being done with us, with the Opposition, in a Committee which is totally confidential so it is not a question of whether it is confidential or not, that doesn't enter into it, that Committee has never allowed a minute to come out. I think we should make public everything we have discussed in that Committee and let the people of Gibraltar because now it cannot be a secret anymore, now it doesn't matter if the Spaniards know. The main argument was that if the Spaniards knew the fears that we had, then that would make us very vulnerable so all the fears that we have had about the impact on our economy had to be kept top secret. But if we have given them all the rights it doesn't matter now whether they knew the fears that we had or not because either the fears are totally irrelevant or we are not going to be able to protect ourselves because we are committed and the Government may be more committed than they think they are. It remains to be seen in practice whether many of the answers that they gave us to questions earlier on they will be able to deliver. As far as we are concerned, Mr Speaker, the degree to which we have opened up Gibraltar to competition from a neighbouring nation which forgetting for a moment whether there is a Spanish claim and forgetting for a moment the question of sovereignty which we will want to develop in the other motions which are specifically designed to highlight that part of it, the practical effect of the relationship between Spain and Gibraltar within the Common Market is such that there can only be one way that Gibraltar can develop and that is inevitable because any two year old child can see that if you have got a 35 million nation and a 30,000 community on the doorstep and you allow the economic forces to work unhindered without any protective measures because you are not allowed to have protective measures because the whole concept of the European Community is to bring about integration and harmonisation and we were told that quite clearly, we have been told that in writing, we have been told that verbally, then it can only go one way towards the gradual absorption of Gibraltar into Spain and the degree to which it happens and the rate at which it happens will be determined to some extent by the conditions but the direction in which it will happen is not in doubt. We have been resisting that danger since I brought a motion to this House in 1980 and let me say that as far as the GSLP is concerned, the four years of the EEC Committee has been a total and utter waste of time because we haven't got one single thing to show for it except more information which we should have been able to obtain anyway because

sometimes we get information there on a highly confidential basis which you can walk into any office in the Common Market and just pick up a leaflet. But in 1980, Mr Speaker, I brought a motion to this House and I think the record will show that it has been the GSLP that has consistently been taking the initiative in this House on the question of EEC rights, on the question of no talks on sovereignty, on the question of no control over the airport, consistently, and at the time, as the Hon Member I think to some extent with justification points out now, there was a bipartisan approach which left me in this House in splendid isolation and I have no doubt that if the House was composed now as it had been composed then I have no doubt at all that the bi-partisan approach would be operating, that the Brussels Agreement would be the same thing as it is now and that the politicians who are criticising it now from outside the House would be defending it from within, I have no doubt, I may be mistaken but that is my own assessment of the situation because I have never seen anything different in the four years that they were here on many related issues. Is it, in fact, as the Hon and Learned Member suggests, that we are anti-him? Is it that one has either got to agree with the Brussels Agreement or to be necessarily politically prejudiced, fearful and distrustful and determined to bring down the AACR and Sir Joshua Hassan even if we destroy Gibraltar in the process? That is complete nonsense, Mr Speaker.

HON CHIEF MINISTER:

If the Hon Member would give way. I have not suggested that at all, in fact, I have made a plea to convince them, this is what I think democracy is all about. I have said that there were prejudices in some of the interpretations but I have never suggested that, certainly not this morning. In anything that I have said I hope the Hon Member realises that I haven't done that. I have made criticisms in the parameters of a properly constituted democratic institution.

HON J BOSSANO:

Well, I am glad that that has been cleared up, Mr Speaker. Let me say that the Hon Mr Perez did that analysis on his political broadcast when he said that as the Opposition party obviously we were not going to admit what a great victory the AACR had obtained in doing this Agreement. If this was a great victory for Gibraltar we would say to the AACR: "You have done a very good job". I don't think that that will make any less people vote for us, people vote for us because they believe in our sincerity and because they believe we can do a reasonable job in looking after their interests. One doesn't have to be spiteful or to try and make that what is black is white or vice versa in

order to gain votes and we don't want votes of that nature, anyway, we don't want to obtain votes under false pretences. As far as we are concerned we are opposing the Brussels Agreement for a number of specific reasons and they are very clear and they are reasons which are consistent with many of the things that the Hon and Learned Member has been saying for a very long time because in fact he goes back, obviously, much longer than I do and it is all very well for him to say to us now: "We are on the threshold of obtaining economic self sufficiency and economic viability and so forth". He must remember that with the passage of time it becomes increasingly difficult to believe him because we never seem to get past the threshold. We have been on the threshold for a very long time, Mr Speaker. According to the Hon Member, speaking on the 23rd September, 1964, to the United Nations Committee of 24, we were on the threshold then. If economic viability is being sought as a matter of urgency through tourism, even without the Pitaluga Report, in 1964, through tourism, light industry, port development, off-shore companies, as soon as this happens the way is open for the official abolition of the title of colony - this was on the 23rd September, 1964. Here we are in December, 1984, still in the threshold, Mr Speaker, we are never going to get past it. The message is now wearing thin, the Hon Member is stretching the credibility of the slogans that he uses to the maximum because he keeps on using the same slogans for so often. He still, and I have to grant it to him, he still seems to have this hypnotic quality which mesmerises huge sections of the electorate at the time when it matters, that I will grant to him, but we obviously are not included in that segment of the electorate that he has mesmerised, that is obvious, because he hasn't yet been able to get us to swallow what he would like us to do and what he may believe is the right way to approach it except that he doesn't make a sufficiently big effort to explain why it is that there are these dramatic differences in what he says on one occasion and what he says on another occasion. If we are talking about a situation where, as he has told us, Mr Speaker, in November, 1983, he had a meeting in UK on the 15th November after his speech in the Royal Institute of International Affairs and they said to him there: "We are looking at the possibility of giving Spaniards EEC rights in advance of their entry but when the entry date is nearer, when we are clearer", then how can he explain what he said in Gibraltar in December when he came back? And when Mr Malcolm Rifkind, I think it was, said in the House of Commons: "Transitional arrangements" - in answer to a question about.....

HON CHIEF MINISTER:

What date was that?

HON J BOSSANO:

This was on the 6th December, 1983, shortly after the Hon Member had had this meeting in UK. Mr Malcolm Rifkind was asked about the transitional provisions that would apply to Spanish entry and what Her Majesty's government was doing to limit the potential damage to the Gibraltar economy arising from Spanish entry which is what the EEC Committee was all about and Mr Malcolm Rifkind answered: "Transitional arrangements where relevant to Gibraltar would be the same for Gibraltar as for the rest of the European Community. We have told the Gibraltar Government that the Community is seeking a transitional period no less than for Greece. The Community is also seeking a declaration on the free movement of workers similar to that attached to the Greek Treaty of Accession". But these are not things for Gibraltar, this is the Community seeking it from Spain, not Britain seeking it for Gibraltar. For the Hon Member to say that the Spaniards have shifted because they were originally insisting that the transitional provisions would not apply to us, well, they might have been insisting on it but, surely, there wasn't a cat in hell's chance of them even getting near that because we were arguing in the opposite direction, we were arguing the rights that France can give Spain, the rights that Germany can give Spain, the rights that the United Kingdom can give Spain. After all, why hasn't the United Kingdom given them EEC rights from the 15th February in UK, why not? Why us here? We were arguing, Mr Speaker, we cannot afford to give it to them. It is not that we are anti-Spanish, it is not that we do not like them, it is just that we are too small and they are too big and they are next door to us. It is one thing to give it to 50 million Frenchman who are never going to come here and another thing to give it to 35 million Spaniards who are joined to us physically, there is a difference, that was our argument. So to say that in response to that argument we were being given the same protection as France is not enough, we were arguing that we needed more protection than France and more protection than Germany and more protection than big nations, that was our argument. When Mr Rifkind gave his answer, to me that answer was to say the House of Assembly Committee is in fact a little game that the natives are playing at and it keeps them sort of occupied and busy, they feel important in their little secret Committee but what is going to happen is that we are just going to rubber stamp the Agreement and say: "Right, it applies to UK and UK includes Gibraltar, period. No special considerations because of its size or its problems or anything else". Therefore I brought an adjournment motion to the House because I was upset by this and I said, Mr Speaker, that it seemed to me that the answer given by Mr Rifkind meant that he didn't know that there was a House of Assembly Committee, he didn't know that there was a motion passed by this House and he didn't know that

we were seeking to alter the rights that we gave to EEC nationals before we were required to give them to Spain. I didn't know at the time that the Hon and Learned Member had already agreed with the British Government the idea of bringing them forward. When we were considering not giving them at all, the idea of bringing them forward should be discussed with Spain and I certainly could not have drawn that conclusion from the Hon Member's contribution to that debate at all because he was very strong, he said: "Let me say I fully share the sentiments expressed", after he has already agreed to bring them forward.

HON CHIEF MINISTER:

If the Hon Member will give way. We are talking of two different things altogether. One is the fact that we belong to Europe and we have to join and the other one was trying to get the best conditions possible. Two completely different situations. We are in Europe as a matter of fact. The only option to the argument of the Hon Member is to leave Europe and that is one which, of course, is a major decision. What we were trying was to get the best terms.

HON J BOSSANO:

Mr Speaker, what is not a different thing is that we should be arguing with the Foreign Office and asking the Foreign Office to make representations to the Commission to say: "We cannot afford in Gibraltar to grant Spaniards EEC rights when the rest of Europe does", and welcome granting them earlier, that is what I do not understand. If it is good then we have been barking up the wrong tree for four years in saying to Europe: "This is disaster for us". If it is good, if we are bringing them forward because it is good then if it is good then we have all been wrong and the Chief Minister should have come along long before this and said: "Look, let us stop making all these representations because in fact giving them EEC rights is not going to hurt us, we can afford it and they will have to open the frontier when they join the EEC and they will get their EEC rights but we will gain so much from the opening of the frontier that will more than compensate for the EEC rights". And if that is true, if the equation is, Mr Speaker, that on the 1st January, 1986, Spain joins the Common Market we have then got a legal obligation to grant them a number of rights the same as other EEC nationals and they have got then a legal obligation which they have been left in no doubt about, we were assured of that by Senor Natali himself, they have been left in no doubt at all that if they came into the Community the restrictions had to go and it wasn't just Britain saying it, it was the Community saying it and the Community made it clear to us that

they had had to argue with Spain on this one and that it wasn't true that they were not doing anything for Gibraltar because in fact they were prepared and had been prepared to be quite forceful with Spain to the extent that they were talking about the removal of restrictions but not when it came to changing any of our conditions. If that is the scenario and we are looking into the future and we say to ourselves: "Right, they come in in 1986 and their coming into 1986 has got plus and minuses", and we do an analytical study which the Hon and Learned Chief Minister recommends to do and which we support entirely as the kind of philosophy that one should adopt to try and come up with answers to problems, then it is very simple. You add up all the minuses and you add up all the pluses. If there are more pluses than minuses then the sooner you introduce that the better off you are, so if you are going to gain in 1986 then by all means do it in 1985 because you will start gaining earlier. But if you are going to lose in 1986 then by introducing it in 1985 you lose earlier. Which is it? Is it a gain or a loss? We are now being told that it is a gain because otherwise there is no point in welcoming this. It isn't enough to say: "Well, it was going to happen anyway on the 1st January, 1986", which we would question but let us take that analysis step by step, that the position is; well, it is going to happen anyway on the 1st January, 1986; on January, 1986, Spain joins the Common Market, Spain obtains rights throughout the Common Market, including Gibraltar, no difference between the rights in Gibraltar and the rights anywhere else and she treats Gibraltar no different from the way she treats any other Community member and all the restrictions are lifted and it is no good saying: "Well, they might not have lifted the air ban". I think they would have lifted the air ban and they would have lifted everything. I cannot conceive Spain keeping any restrictions because Mrs Thatcher has said it very clearly and very categorically and we are being asked in the motion to have complete confidence in the British Government and since the Hon and Learned Chief Minister asks me to have complete confidence in the British Government then I must say to him, if he has complete confidence in the British Government he cannot believe that Spain would have gone into the EC and kept the air ban or kept anything. Everything that is going now would have gone on the 1st January, 1986, and everything we are giving them now we would have given them on the 1st January, 1986, that is how most people see the Agreement. Certainly, that is the simplest way of explaining it. If the case is that that was going to happen anyway, what do we gain by bringing it forward and what do we lose by bringing it forward? If the Report that was prepared by the Chamber of Commerce, the discussions we have had in the EEC Committee for four years, the advice that we have had from Mr Forrester, the Port Study, which we have only seen a month ago but which has been there for two years, - the Port Study; Mr

Speaker, talks about the implications of Spanish entry and an open frontier on the development of the Port and some of the dangers - if all those things are correct then the conclusion would be that Gibraltar is going to be hurt economically by having to grant EEC rights to Spanish nationals on accession and getting the restrictions lifted. The degree to which it will be hurt is not easy to quantify because in economic forecasting you can never predict with 100% accuracy what is going to happen because you are predicting behaviour. Just like nobody could predict whether the pedestrian opening was going to mean 1,000 people a day going over or 100 people a day going over, what you could predict was that it would mean some people going over, so you can predict a direction but you cannot predict the magnitude of the flow. What we can predict, what everybody has predicted, they may all be wrong but even the Spanish economist who did a study came to the same conclusion, was that certainly potentially in the longer term or in the medium term, the situation might change and benefit Gibraltar but that in the short term the situation would be negative. So we can say: "Right, that is a minus. We know that we are going to be hurt economically in the 1st January 1986, and therefore bringing it forward means being hurt earlier". What is a plus? Well, I don't know what is a plus because what would have happened if we had done nothing? The Hon Mr Perez said in the television, what was our alternative? What is our alternative for getting the restrictions removed? We don't have to have an alternative for getting the restrictions removed, our alternative would be the alternative that the people of Gibraltar have been promised by the British Government consistently, that Britain would not permit a situation to take place where Spain came into the Common Market without lifting the restrictions. If it had been done like that, if we had arrived at the stage where Spain would have lifted the restrictions because of Spanish entry, there would have been no question of a bilateral agreement, we would have had to give them the rights because to some extent of our own failings, and I have to say that I believe that if the Government and the then Opposition had supported the motion that I brought to the House instead of amending it we might have got somewhere because the motion that I brought in 1980 didn't propose a Committee to study what needed to be done, it spoke of going to the British Government to get our terms of membership altered in order to protect our businesses and our jobs in 1980 and we should have started doing it in 1980, period, forget the Study of what needs to be done, we should have gone to the British Government and said: "Look, it is obvious that something needs to be done because of the disparity of size and we want you to go straight away to the Commission and raise the matter before the thing gets so far down the road that it is irretrievable". I am not suggesting that that would have

guaranteed success nor am I suggesting it would have been easier but what is patently obvious that setting up a Committee to study the matter - and I remember that in the initial amendment, in fact, that was moved in the House it was even more watered down, the Chief Minister wanted to say that the study should be made to see whether there was a need to protect the economy and he accepted that if I had thought a study was necessary to establish whether it was necessary or not then I wouldn't have brought the initial motion. So we put a motion in which, effectively, recognised that we needed to get special arrangements to protect Gibraltar's economy and that we would find out what those arrangements should be and we have not achieved that. The arrangements that we have got today and the arrangements we had in 1980 are exactly the same and therefore nothing is going to be changed. When the Chief Minister was talking in December, 1983, after his meeting in November, 1983, he didn't give any indication in his contribution on the adjournment that he thought we could afford EEC rights, in fact, he was saying: "Well, if the British Government doesn't know that there is a House of Assembly Committee then that is the British Government's fault, it is not my fault because they ought to know because they have been kept fully informed of what we are doing here and of our fears and what we want done". I would put it to him that the British Government must have been quite confused by that stage because if he was saying to them that we could not afford the EEC rights I do not see how he could also say to them that he agreed to the question of bringing the rights forward being discussed. To me the two things are mutually exclusive. Undoubtedly, for most people of Gibraltar, Mr Speaker, and I do not want to develop this point because, as I say, I think it deserves to be debated on its own, it is the question of sovereignty, undoubtedly, I think for most people the fact that the word sovereignty appears in the Agreement is qualitatively different. It was implicit in the other one, the Hon Member expressed a reservation because the possibility was not excluded, but of course to say that the possibility of something happening is not excluded doesn't sound as awful as saying that something will happen and that is what the new Agreement says that it will happen. I am only mentioning it now because that is another of the minuses in the sum. We have got the negative effect of EEC entry being brought forward, we have a situation where there is an explicit reference to the negotiability of Gibraltar's sovereignty and let us not forget because I think the Spanish Government and Senor Moran said that he didn't want to give the impression that they were crowing with victory when he got back to Spain but I think on that particular issue alone the Spaniards can claim a major diplomatic victory not because it means that on the 16th February Britain is going to come along and say: "Right, Gibraltar is now yours, there you are", no, but because in

1964 Mr King in the United Nations was adamant that sovereignty was not negotiable, the British Government had no doubt about its entitlement to sovereignty, sovereignty was not a matter for the United Nations, it had nothing to do with the Committee of 24 and they were not going to discuss it with Spain. And when the restrictions started in 1965 the Spanish Government wrote to the British Embassy saying that they were under the impression that if the restrictions that had been introduced on the 17th October at La Linea were lifted - this is when we were having delays with the passage of cars and so forth - then they would be prepared to start negotiations without previously excluding the possibility of sovereignty being discussed in the process, that is on the 10th February, 1965. On the 22nd February - and it is almost twenty years to a day, February is when they are going to implement the Brussels Agreement and agree to include sovereignty in the negotiating process which Spain asked for on the 10th February, 1965, and we have agreed to on the 15th February, 1985, whether we like it or not but then twenty years ago there was a categorical rejection by UK. Her Majesty's Government did not consider sovereignty to be negotiable and there was no agreement to enter into discussion which would imply, never mind say so, imply that the negotiation of the rock's sovereignty would be included. That position led to the restrictions being imposed. The restrictions are now being removed not just because that has been obtained but because, in fact, we are doing something totally different, we are doing something we do not have with anybody in the EEC other than the United Kingdom. The Hon Member has asked us to be analytical. I will ask him now to be analytical as well. Does he understand that the nature of the relationship between us and the Common Market is such that for Community purposes Gibraltarians are United Kingdom nationals irrespective of whether they have exercised the right to register for a UK passport or not, we are United Kingdom nationals for Community purposes. Why? Because the Community does not recognise us as a separate national entity with separate rights and separate obligations so whatever applies to the United Kingdom by virtue of its term of membership applies to us other than the question of VAT and the Common External Tariff which we agreed initially would not apply to us. It is for this reason, Mr Speaker, that for example when you look at the Social Insurance Legislation in Gibraltar and the leaflet put out by the Department it says, in Part 6: "For the purpose of EEC Social Security Regulations, Gibraltar is part of the United Kingdom and in order to operate the regulations between the two territories - that is, between the United Kingdom and Gibraltar - an agreement is in force which treats the United Kingdom and Gibraltar as separate states". So until now we have a situation where we have got a relationship between Britain and us which is bilateral because for the Common Market as a whole we are not an individual member, we

are part of the United Kingdom and part of its membership. From the 15th February we will have two bilateral agreements, one with Britain and one with Spain which makes it totally different from the relationship we have with any other foreign country in the EEC. There is no bilateral agreement with the Germans or the French or the Italians or the Greeks or anybody else, just with the Spaniards. We have just got an agreement that says that we give EEC rights to UK nationals in Gibraltar and they give it to us in UK because for the rest of the world we are part of them and therefore we are not covered by their agreement with the Common Market and we have another agreement which puts us on a similar footing with Spain and puts Spanish nationals on a similar footing as British nationals in Gibraltar and for what? So that the negative effect of the frontier will be brought forward ten months. Why is it so important? Why is it so important that we bring it forward ten months that we have to do this because we certainly would not need to do that at all on the 1st January, 1986. On January 1986, we wouldn't need to change our laws because our laws says: "Community nationals have x and y rights", and the moment that Spanish nationals become Community nationals our law covers them. We don't have to change our laws to say: "Community nationals" - because we didn't have a law that said: "Community nationals means French, English, Greek", no, if we did that then we would have to say: "Portuguese and Spanish" when the time came but we don't need to do it. We need to do it now because we are giving rights now. If one looks at Part IX of the Immigration Control Ordinance, Mr Speaker, there is nothing there specifying the nationality, a Community national is a community national and it is automatic that every time that there is an enlargement of the Community there will be an amendment to the Treaty of Rome which will have to be ratified by the Parliaments of the member states but we are not one of those, we are not one of the Parliaments of the member states, this is why for Community purposes Gibraltar is part of the United Kingdom. We are not signatories to the Treaty of Rome so we do not have to ratify it, if we had to ratify it we would be in a very strong position, we would then exercise the veto.

HON CHIEF MINISTER:

If the Hon Member will give way. Immediately Spain and Portugal join the Market we would have to amend our Communities Ordinance because in the Schedule of the Communities Ordinance it says the countries who have signed the Treaty of Rome and that is our legislation and we would have to come here anyhow.

HON J BOSSANO:

Mr Speaker, we would have to come here anyhow to change the Schedule. We are not talking about changing the Schedule to the European Communities Ordinance, we are going to have to change quite a number of Ordinances as the House will see when the time comes next month for the laws to be changed and we are going to have to do it because, in fact, we are granting rights to Spanish nationals in Gibraltar which they do not have anywhere else in Western Europe, they do not have that anywhere else in the Common Market only in Gibraltar. Alright, in exchange we are getting the rights over there, yes, I know that, the Hon Member has said that in his contribution. In his defence for the Brussels Agreement he draws attention to that as if to say, well, is it that we want people to forget the rights that we are getting across? No, it is not that we want people to forget the rights that we are getting across, it is that we believe, as he did when he spoke to the Select Committee on Foreign Affairs, that the people of Gibraltar are not interested in getting rights on the other side. He told the Foreign Affairs Committee that, we believe it is true, so it is no good coming along and saying to us: "But what about the rights they are giving us?" You have already said that we are not interested in those rights, you said so. When the Foreign Affairs Committee was saying: "Isn't it true that Gibraltarians are being offered or can obtain or that Spain is willing to grant all sorts of rights to them in Spain, isn't that true?" And you said: "Well, it may be true but it is not a question of whether they get the rights or not because people in Gibraltar are not interested in acquiring rights in Spain, what they are interested in is in protecting their own community from a Spanish take-over". In the submission of the Hon Member to the Foreign Affairs Committee again he was quite clear why the Lisbon Agreement was not being implemented. He said that it was because of the interpretation, which he considered to be contrary to the spirit of the Lisbon Agreement, that the removal of the restrictions had to be coincidental with the granting of EEC rights whereas the interpretation of the Government of Gibraltar then, the interpretation of the British Government was that in fact it didn't have to be coincidental that this was a possible thing that might happen in the future, that is, just like there was this possibility of discussing sovereignty and now it is no longer a possibility it is now a concrete commitment. There was also the possibility that future cooperation might materialise and provided it was mutually beneficial would involve or could involve or might involve equal rights in a particular sphere. That wasn't what the Spaniards understood by the Lisbon Agreement and therefore the Spaniards were insisting on something different. And the Hon Member said: "It would be totally contrary to the spirit of the Lisbon Agreement if the removal of the restrictions were

to be delayed until because of imminent entry into the Community that removal became necessary in any event. Would Britain then still be bound by its commitment to negotiate? Not in our opinion". Well then why did he agree to it on the 15th November, 1983, why did he say to the British Government on the 15th November, 1983: "Yes, I think it is a good idea that we should consider bringing forward EEC rights when their entry into the EEC is imminent"? Why didn't he say to them what he said in public in Gibraltar to the Foreign Affairs Committee: "No, I do not agree, either they implement the Lisbon Agreement or the Lisbon Agreement is dead", which he has said many times, it is now defunct, it has now been overtaken by events, the Spanish entry into the EEC has overtaken the Lisbon Agreement. He told the Foreign Affairs Committee: "If Spain is going to wait until a few months before entry and they have said now on implementing the Lisbon Agreement and now you have to negotiate, we do not think that that is right and it is contrary to the spirit". The commitment to negotiate was to get the restrictions lifted in 1980. We opposed the Lisbon Agreement, Mr Speaker, and we opposed it on a matter of principle but certainly the Lisbon Agreement is more defensible than the Brussels Agreement, I don't see how the Hon Member can argue the other way because in fact in 1980 the Government could argue in 1980 that all that the Lisbon Agreement gave the Spaniards was a promise of what might or might not happen in the future, all that the Lisbon Agreement talked about was future cooperation being on the basis of equality of rights and that might mean a lot of things or might mean nothing, it was sufficiently loosely worded to be capable of more than one interpretation. In exchange for that the Spaniards lifted the restrictions without getting any rights. We were against it because it implied that sovereignty was not excluded from the negotiations and because it implied that equality of rights might materialise and because it implied that we were giving concessions in exchange for the removal of the restrictions which we had consistently maintained were unilaterally imposed and had to be unilaterally removed because they were wrong and Spain had to admit that it was wrong and they had to take them away. We were against the Lisbon Agreement for all those things but the Government could defend it then by saying: "We are gaining four years or five years, we are going to get the frontier restrictions removed before they join the EEC on more favourable terms than when they join the EEC because there will be the positive effect of the removal of the restrictions and there won't be the negative effect of the EEC rights". It didn't happen because the Spaniards wouldn't wear it and the Government's position was: "Well then if the advantage of bringing this thing forward four years is not going to be there why should we agree to sit down and negotiate anything with Spaniards when they are going to have to open anyway in a few months time?" They haven't said why

that was true when they spoke to the Foreign Affairs Committee, I think it was in 1981, and it wasn't true in November, 1983, and certainly the House had no indication at all that there was a change of attitude on the part of the Government of Gibraltar and the electorate had no indication at all in February of this year, the electorate in my judgement - it is not that it happens like that and we all know it, Mr Speaker, we all know that neither in Gibraltar nor anywhere else do people do a sophisticated analysis of the issues that are at stake when they decide to vote, what makes people go is traditional loyalty, we all know that, but it is valid, I would submit, without wanting to be anti-AACR, without wanting to distort the facts, without wanting to bring down the Chief Minister or the Government, it is valid to say any thinking person voting for the AACR in January, 1984, would have done it on the basis, if he had cared to read what had been said, that the AACR's position on this issue apart from the fact that they supported the Lisbon Agreement and we didn't, was the same because their support for the Lisbon Agreement was heavily qualified by the beginning of this year, their support for the Lisbon Agreement was already going down the road that they had put to the Select Committee of saying: "Look, the thing is you have had your chance, you haven't done it, you are going to have to open anyway, so why should I give you something now? It is not valid anymore, it has been overtaken by events". So any person that cared to have this matter as one of the influencing factors in whether he supported the Government or not would have found that the Government from all their public statements were maintaining a line which was to say: "Well, we were prepared to support the Lisbon Agreement in 1980, we didn't like it very much, we were not entirely happy with it, we entered a reservation but since it was going to give us the removal of the restrictions four years ahead of time we thought it was a price worth paying", but if all that we are going to get is a few months then the price is too much. And what do they do? They don't just pay the price in the Lisbon Agreement, they come back with an even higher price and tell us that they welcome the new Agreement, they tell us that the new Agreement is better than the old one without explaining why. They tell us that the granting of the EEC rights is not going to hurt Gibraltar without saying why they didn't say that to the House of Assembly, why they didn't say that to the EEC Committee. Therefore, Mr Speaker, I can only return the ball back to the Hon and Learned Member's court and say to him that I hope that having listened carefully to my arguments and having looked at my analysis he will now be able to support my amendment to this motion which I propose now to move and which reads: That the Hon Member's motion should be amended by the deletion of all the words in paragraphs (1) to (4), leaving the words "That this House", and the substitution of the following words:

- "(1) notes the refusal of the Spanish Government since 1980 to implement the Lisbon Agreement without a prior commitment granting EEC rights to Spanish nationals simultaneously with the lifting of restrictions.
- (2) Notes that the Lisbon Agreement states:

"Both Governments have agreed that future cooperation should be on the basis of reciprocity and full equality of rights".
- (3) Notes that the recommendations of the Foreign Affairs Committee of the House of Commons that EEC rights be granted to Spanish nationals as an inducement to obtain the lifting of restrictions was unanimously rejected by this House during the debate on the motion on the subject of October, 1981.
- (4) Notes that the Gibraltar Government stated in the document "The Truth about Gibraltar" of October, 1981, that the Lisbon Agreement contained nothing to justify the Spanish Government view that EEC rights had to be granted to Spanish nationals on implementation of the Agreement.
- (5) Notes that the Chief Minister stated in answer to Question No.180 of 1984 that it continued to be his view, upheld by the British Government, that no re-negotiation or pre-negotiation of the terms of the Lisbon Agreement should take place.
- (6) Notes the terms of the Brussels Agreement that full equality of rights will be granted to Spaniards in Gibraltar and Gibraltarians in Spain by the mutual concession of EEC rights simultaneously with the lifting of restrictions against Gibraltar prior to 15th February, 1985.
- (7) Considers therefore that a re-negotiation of the Lisbon Agreement has taken place prior to its implementation on the terms demanded by Spain since 1980 and in total disregard for the views consistently expressed in this House by Gibraltar's elected representatives and calls on Her Majesty's Government to respect the wishes of the people of Gibraltar by not proceeding with the Brussels Agreement".

And now I will speak to my amendment. Unlike the original

motion, Mr Speaker, which I criticised for containing three paragraphs which were self evident and self explanatory and did not necessarily lead to the fourth, the amendment that I bring to the House brings to the attention of Members the reasons why we should not proceed with the Brussels Agreement because to proceed with the Brussels Agreement is to eat every word we have said previously and if we are going to do it we have a better reason than to be told by the Hon and Learned Chief Minister that he has been at the helm for a very long time, that everybody trusts him and that we should trust him, that why should he want to do anything that is bad for Gibraltar and that that is sufficient reason in itself. Well, if the Chief Minister was prepared to move in this direction in November, 1983, and the impression that he has given is that in fact in the negotiations, although he said in Question No.180 that it was his view that there should be no re-negotiation or pre-negotiation of the terms of the Lisbon Agreement, he can hardly tell us today that no negotiation or pre-negotiation has taken place when he says that the Spanish Government was originally asking for immediate EEC rights without a transitional period and then they softened their position, if that is not negotiation then I would like to know what it is. If people change their positions in a process where it is discussing, that is what negotiations are, so there have been negotiations, there have been negotiations because according to him the Spanish negotiating position on the Lisbon Agreement was immediate free movement of labour with no transitional period and they have shifted their ground from there to accepting the same transitional period as in the rest of the EEC but that they would have had to accept on the 1st January, 1986, there is no question about that. If there is one thing we have found about our relationship and our approach about the EEC is that it is very difficult to get the EEC to make exceptions, that the EEC dislike intensely making exceptions and that they are very worried about making exceptions because of the fact that there are a lot of interested parties watching every conceivable exception to every conceivable rule to see how they can be exploited as a precedent for whatever they want and therefore we have the EEC on our side on the question of Spain not getting more rights in Gibraltar than they would get anywhere else. We had the EEC against us on the question of Spain getting less rights for the same reasons. I don't think that the EEC was taking an anti-Gibraltar and pro-Spanish line, I think the EEC was saying: "Look, these are the rules and those rules apply to everybody the same and therefore we will not accept a Spanish view that the seven-year transitional period does not apply in Gibraltar and we will not accept a Gibraltar view that it should be, for example, fourteen years in the case of Gibraltar", because uniformity is part of the philosophy of the EEC and because, in fact, as I say, if they gave us fourteen years no doubt Luxembourg would

want fourteen years, if they gave Spain less than seven no doubt Greece or Portugal or somebody else would want another exception. It is in that context that the Chief Minister's answer to my question has to be understood, there was going to be no re-negotiation and the Lisbon Agreement was as it had been stated by him to have been and as I refer to in the other parts of the amendment, Mr Speaker, the refusal of the Spanish Government to lift the restrictions and it looked at one stage in 1982 as if in fact the Spaniards had gone back completely on their initial refusal, that is, the position that the Hon and Learned Member was putting to the Foreign Affairs Committee, the position that he put in his document "The Plain Truth" and the position that had been put in motions in the House of Assembly appeared to have won the day by 1982 when Senor Calvo Sotelo and Mrs Thatcher agreed to the implementation of the Lisbon Agreement, as far as we can tell, perhaps the Hon and Learned Member will correct me if I am wrong, but as far as we can tell they agreed it on the basis of the British interpretation of that Agreement not on the basis of the Spanish interpretation of that Agreement so, in fact, if the Falklands had not intervened then presumably what was planned for 1982 was the opening of the frontier, the removal of the restrictions against Gibraltar and the beginning of a process by which both Governments agreed that future co-operation should be on the basis of reciprocity and full equality of rights. What does that say? It says that future cooperation should be, meaning if it happens, it meant that future cooperation would materialise to the degree that both sides wanted it, that was the constant defence being made of the Lisbon Agreement by the Chief Minister at the time. He was saying: "But we are not committing ourselves to anything because it has to be mutually beneficial. The development of the cooperation has to be mutually beneficial, the fact that we consider the proposal does not mean we are going to have to do anything. We are not agreeing to anything, all that we are agreeing is to look at proposals and if they are good for us we can say yes and if they are bad for us we can say, no". It was on that interpretation consistently used as a defence of the Lisbon Agreement that the frontier was going to open in 1982 and if it is not so then let the Hon Member correct me when he exercises his right of reply. It didn't happen because of matters that intervened since, it didn't happen because it got caught up in the Falklands dispute. After that, why didn't it happen? It seems that it didn't happen because the Spaniards went back to the initial objection, to the objection of 1981, to the objection that surfaced in the recommendations of the Foreign Affairs Committee and to the objection that was being reflected in the statements of the Chief Minister in 1981 where he said, as I have mentioned here in the document "The Truth About Gibraltar" he said, on page 17: "Fact 7" - the Report goes through a series of facts to persuade people

who might have been misled by the analysis of the Foreign Affairs Committee and we didn't subscribe to this document, we put in our much harder line as is usually the case on our own, Mr Speaker, but Fact 7 said: "Spanish sources, including the Spanish Foreign Minister, have stated in Spain that the Lisbon Agreement will not be implemented unless Spanish nationals are granted rights in Gibraltar equal to those of the Gibraltarians or the rights of European Community nationals".

"Comment - here again little comment is necessary - as the facts once more speak for themselves. A formal commitment entered into by Spain remains unfulfilled after a year and a half. The Lisbon Agreement contains nothing which would justify the Spanish Government's imposition of pre-conditions for its implementation. The Agreement states that future cooperation should be on the basis of reciprocity and equality of rights and that both Governments will be prepared to consider any proposals which the other may wish to make recognising the need to develop practical cooperation on a mutually beneficial basis" - all this highlighted and underlined. If all that is true, if that is the truth about Gibraltar in 1981, what is the truth about Gibraltar in 1984? The truth about Gibraltar in 1984, Mr Speaker, is that the terms of the Brussels Agreement - as point (6) in my amendment says - contains a commitment to giving Spanish nationals full equality of rights in Gibraltar and Gibraltarians in Spain and that this will happen in order to get the restrictions lifted, the commitment to do it is before the restrictions have been lifted. In the Lisbon Agreement the constant theme is that it will be talked about as a possibility as a result of the removal of the restrictions, not to obtain that removal. Given that analysis, I don't think any thinking person, Mr Speaker, can come to a conclusion other than the one that we draw which is that there has been a re-negotiation of the Lisbon Agreement, that the Brussels Agreement is materially different. It is no good the Hon and Learned Member shaking his head because the opposite side of the coin is no better news for him, I am afraid. If the Lisbon Agreement has not been re-negotiated then why did he stop it being implemented because then he is responsible for stopping its implementation, not the Spanish Government. Yes, if the Lisbon Agreement contained a commitment to grant EEC rights then the Spaniards were the ones telling the truth about Gibraltar, not him, he cannot have it both ways. If this is the truth about Gibraltar and the Spanish version was not true then the Spanish version has now been incorporated in the Brussels Agreement and the terms of Lisbon have been changed. If the Brussels Agreement is the same thing as the Lisbon Agreement dressed up in a different set of clothes then, fundamentally, the granting of rights to Spanish nationals was already implicit in the Lisbon Agreement and the Spaniards were absolutely right to say that it was the British who were going back on their word. If that was being resisted by the

Gibraltar Government it must have been because it was bad for Gibraltar because we are accepting the Hon and Learned Member's request that we should look at this analytically and not assume that he is going to want anything that is bad for Gibraltar so that is what we are doing. Therefore we are going to assume that when he opposed it, when he said: "No they cannot have rights, they have not been promised that, they are twisting the Agreement around" - that he was doing what was best for Gibraltar then and that he was fighting it because to give them the right was bad for Gibraltar. Today we assume he is doing the best for Gibraltar again, today he is saying: "It is good for Gibraltar, we welcome the Agreement, it is a big victory for us". He needs to explain to us why, why was it wrong then, why was it bad then and why is it good now? It isn't enough to be told that it was bad then because he said it was bad then and that it is good now because he says it is good now. That might work with the other seven Members of the Government, they may have no choice, I suppose, they are so used to working under that system that they all indulge in beautiful tapping whenever the Hon and Learned Member makes his speeches.

HON J B PEREZ:

That also applies to your six Members.

HON J BOSSANO:

Mr Speaker, the Hon Mr Perez has had the benefit of working with me and therefore I think if he throws his mind back to those days, and I am not going to quote any of the things that he ever said in the campaign against the AACR, he will find that it didn't apply to him and it still doesn't apply and, in fact, it doesn't even apply if Members on that side can persuade us by rational arguments that there isn't this enormous patent and visible inconsistency which we can see. If they can demonstrate to us that in spite of that that I am quoting what they have said for years, what they have said for years and what they are saying today is compatible, then we will also tap the Hon Member when he stands up, he will have an opportunity to do it. It is not a question of simply saying: "We have to do it because we have got a party whip that says we are opposed to everything that the AACR does", that is not true and that has never been true since the election and it has never been true in the twelve years that I have been here as the sole representative of the philosophy that the GSLP defends today, Mr Speaker, because the consistency, I think, is visible. We are in fundamental disagreement with the whole process of getting restrictions lifted other than by the passage of time which is now imminent. We therefore consider that the fact that the Lisbon Agreement has been re-negotiated

is indisputable, incontestable, that the Government of Gibraltar having issued a Ministerial statement on the 30th November saying that they had welcomed the Brussels Agreement and saying they were now going to clarify the situation have failed to clarify the situation. They talk about the new Agreement, "under the new Agreement the balance would be restored, there will be free movement of people, vehicles and goods in both directions". Is the Hon Member suggesting that under the Lisbon Agreement there wasn't going to be free movement in both directions? How could the Spaniards be talking about lifting all the restrictions and not allow free movement? That is nonsense. The Lisbon Agreement is no different in that respect from the Brussels Agreement. Where it is different is in our granting them EEC rights without being in the EEC contrary to a motion passed unanimously in this House which the Hon Member supported by saying on page 106 of the Hansard of the 17th December, 1980, Mr Speaker, the motion read: "This House considers that Spanish nationals cannot be granted the same rights as EEC nationals in Gibraltar prior to Spain attaining full membership of the EEC". The Hon and Learned Chief Minister said: "The Government takes the terms of the Hon Member's motion to be a statement of the factual position and will accordingly vote in favour of the motion. I do not want to go any further than a general comment because I see little merit and some danger in discussing in this House at this stage the question of rights" - this is because of all the worry we had about what it meant giving them the rights - "what Spanish nationals should or should not enjoy in Gibraltar. As we noted in the debate on full equality of rights on another motion by the Hon Mr Bossano in July to which he was referring and as I have said elsewhere, the question of the rights of Spanish nationals is a matter for discussion when the negotiations envisaged in the Lisbon Agreement actually take place, that is to say, when the Spanish restrictions are removed". That is not what is happening. What the Hon Member said in this House is not what is happening. We need to be told why what he said then is not happening, the converse is happening and the converse is welcome and good for Gibraltar and he supports it, he hasn't told us that so far, Mr Speaker. He has brought a motion which asks us to give our support to the Brussels Agreement, to welcome the Agreement and he hasn't told us why we should welcome it. Why, because the frontier is going to be opened ten months earlier than it would have done anyway? Why, because we are going to be given EEC rights in Spain which none of us want according to him? Why, because we get Spain off the hook, because we get Britain off the hook? What has it got to do with us? We are not here to get other people off the hook. If they have got a problem, too bad. As the Hon Member said earlier on, his heart bleeds for the EEC, well, ours bleed for the EEC, the Spanish Government and the British Government,

our heart is here in Gibraltar and we are here to defend Gibraltar and this Agreement does not put Gibraltar first, it puts Gibraltar last. We pay the price, we were worried about the price that we would be asked to pay for allowing Spain into the EEC without obtaining derogations for us. We have been worrying for four years and now we are imposing it on ourselves ten months early, why? People in Gibraltar are entitled to ask why and are entitled to be given sensible replies, it is not enough to say: "Because I am sure that it is the best thing for Gibraltar and as I am going to be there and I have never let you down and I have been around for forty years". Well, presumably, the Hon Member is not always going to be a round like Rip Van Winkle, presumably eventually the Hon Member through the inevitable wear and tear and the passage of the years will not be there and what do we do then, who do we turn to in that moment of desperation when we are deprived?

HON CHIEF MINISTER:

The Government of Gibraltar.

HON J BOSSANO:

Mr Speaker, I think it is as the Hon Member has said, a very significant point in the history of Gibraltar. I think the Brussels Agreement is a major departure from the stand that Gibraltar has taken consistently since the 1960's since the matter surfaced in the United Nations. A line initiated by the Hon and Learned Chief Minister and therefore he ought to be more wary of changing that line than anybody else because it is the line that he started off but it seems that there is a parallel between what suits the British Government at any particular point in time and what the Gibraltar Government is defending. I know that the Hon and Learned Member gets upset the moment that there is any hint of the fact that he may be dancing to the tune of the British Government, I know that, but I have to ask him what are we supposed to draw as a conclusion from a situation where the British Government says: "Sovereignty will not be discussed, sovereignty is not negotiable, you can put whatever restrictions you like", and the Hon Member defends that position, every politician in Gibraltar defends that position, the people of Gibraltar come out with their Union Jacks. What are we supposed to do on the 15th February? The Spanish flag? What do we do, we keep a whole range of flags of every nation in the United Nations and when they press the right button we produce the right flag. I think, Mr Speaker, it is a very important motion, I think it is a very important departure and I think we haven't heard or seen the last of this. Although the Hon Member in his Ministerial statement was saying that I didn't understand British democracy, that I didn't understand British democracy

because in fact Sir Geoffrey Howe had not said that the laws were going to be passed, he said that proposals were going to be introduced, that is sheer semantics, Mr Speaker, there is no question about it. Sir Geoffrey Howe signed an Agreement with Senor Fernando Moran saying: "Proposals will be introduced in Gibraltar". If you want to pick words then he didn't say 'in the House of Assembly', he said 'in Gibraltar'. "The necessary legislative proposals to achieve this will be introduced in Spain and in Gibraltar". What are we supposed to believe, that Senor Fernando Moran was saying: "I am going to try and persuade Fraga Iribarne in Spain to support this and you try and persuade Joe Bossano in Gibraltar", is that what the Agreement was? No, the Agreement was: "I will deliver and you will deliver", and this was the British Government that owns and runs Gibraltar, whether we like it or not, saying to the Spanish Government: "You deliver in your Parliament and I will deliver in mine". In the British House of Commons people have not all reacted with gushes of enthusiasm and euphoria, there have been people who have been expressing a certain amount of concern but the muted criticism that there has been has been killed totally by a defence on the part of the British Government which is 100% solid: "The Government of Gibraltar welcomes it". If the Government of Gibraltar welcomes it and the Government of Gibraltar has been elected to govern Gibraltar in 1984, who is anybody to say that it is bad for Gibraltar and the Gibraltarians? This, Mr Speaker, is a very, very serious decision for the Government to take purely on their own shoulders. We do not believe in bi-partisan politics. It doesn't mean we cannot act jointly because we acted jointly on the Common Market although as far as I am concerned what the Chief Minister has been doing with the Foreign Office and what he has been doing with me in the EEC Committee are totally incompatible as far as I am concerned because I don't see how we can say: "We have to protect ourselves against granting EEC rights", and at the same time be willing to grant the rights before they are required, anyway.

MR SPEAKER:

Were you expecting to be long?

HON J BOSSANO:

I would think about another half an hour.

MR SPEAKER:

We will then recess until 3.15 this afternoon.

The House recessed at 1.00 pm.

The House resumed at 3.30 pm.

HON J BOSSANO:

Mr Speaker, I said I was going to expand slightly on some aspects of the implications of the granting of EEC rights to Spanish nationals. In defence of the amendment that I have moved to the Hon and Learned Chief Minister's motion, I have relied more on things that he has said than on things that we have said, quoting extensively from previous statements in the House. The bringing forward of EEC rights clearly is the quid pro quo for the lifting of the restrictions. In his ministerial statement and, indeed, today, the Hon and Learned Chief Minister has said "What is the alternative of the GSLP?" I therefore want to quote as regards our position on the lifting of the restrictions what he had to say to the Foreign Affairs Committee on the subject. He said: "The restrictions were the product of a totalitarian regime which sought to subjugate Gibraltarians as it had oppressed its own people and denied them their freedoms for forty years. Their continuation by a democratic Government is as incomprehensible as it is incompatible with the provisions of the Treaty of Rome, the spirit of the NATO Charter, the principles of the Helsinki Final Act, the objectives of the Council of Europe and the requirements of the European Convention on Human Rights, in short, all the standards which Europe and Western democracies are committed to observe". If that is the case and if the Chief Minister still believes that to be the case, how can it be an 'honourable settlement' that in order to get restrictions removed which are contrary to what every civilised European democracy is expected to do, how can it be 'honourable' that in order to get that we have to grant in Gibraltar, rights which endanger our economic survival and which put at risk many of the things which we have consistently shown ourselves committed to defend and which we have been consistently lobbying the United Kingdom on. In July, 1983, when Mr Hannay came to Gibraltar, he was told clearly by all sectors of the community, by the Trade Union Movement, by the Chamber of Commerce, by the Government, by the Opposition, that Gibraltar could not afford to grant EEC rights because EEC rights in the context of an economy of our size in fact implied a greater burden and a greater commitment than indeed for any other member of the EEC. The essence of our argument was not that we wanted to discriminate against Spanish nationals but that, in fact, as had been said many, many times in the House on many occasions, the changes in our laws in 1973 were theoretical changes, we were giving in theory in 1973 the right of establishment in Gibraltar, the right to trade, the right of residence, the right of employment, to 300 million Europeans knowing full well that those rights were not going to be taken up, knowing full well that there was no real prospect of European companies attempting to compete in our local market.

We were just not in that and they would not be interested, in fact, as we all know there have been public sector contracts like the one for the desalination plant which have gone to EEC members but we are talking about contracts which effectively could not be carried out by Gibraltar firms, anyway. If it had not gone to a French firm it would have gone to a UK firm or a German firm, but effectively, there was no firm locally that could undertake the building of the desalination plant. We are now talking, as became clear in the answers to questions yesterday, to a position where people operating from the hinterland have got a right which it would seem from answers to other questions may be made administratively difficult and to what extent that strategy is successful remains to be seen, it doesn't alter the principle of what we are discussing, the validity of the Agreement or whether it is in Gibraltar's interest or not but in practical terms to what extent that is possible remains to be seen if somebody decides to challenge administrative obstacles because the Treaty of Rome is quite specific in that you cannot simply pay lip service to Community obligations in the hope that you can get away with it and when we went to Brussels I am sure the Hon and Learned Member will remember that when we visited the British legation in Brussels we were advised that it would not be in Gibraltar's interest to try and wriggle out of Community obligations in the hope that nobody would notice or in the hope that nobody would challenge it because sooner or later somebody might and if somebody did and they challenged it in a Spanish court and then the matter went to the European Court and Gibraltar was shown to be doing things which were in conflict with its Community obligations, it would put Gibraltar in a very bad light. That is a philosophy which we agree with, that is to say, we agree on this side of the House that if we have got Community obligations and we cannot meet them we should say quite clearly: "We cannot meet the Community obligations and we are not going to meet the Community obligations and therefore we want our terms of membership changed". This is what we have been trying to persuade, unsuccessfully, the Foreign Office to take up with the Commission on our behalf. I think if we simply say: "Well, let us hope nobody notices" and somebody does, we will then be on the defensive and it seems to us that the Brussels Agreement puts Gibraltar on the defensive, that the Brussels Agreement has got very little positive and much that is negative in it because apart from the argument used by the Hon and Learned Member that he is convinced that it is good for Gibraltar and that he doesn't want anything that is bad for Gibraltar and that we should trust his judgement, apart from that which is the appeal that he has really made here and to the people of Gibraltar to say that he puts his weight behind it and that that should be a sufficiently weighty argument to convince the rest of us, the

opening of the frontier creates a situation where by the very nature of the Treaty of Rome, the chapter in the Treaty of Rome that talks about the free movement of persons and services and capital, represents a philosophy which is intended to produce a situation within the Common Market which brings about a levelling process, which removes the distortions created by laws which protect different nations or different interest groups within nations. The whole push within the EEC, the battles fought by different member states in defence of their specific interests is that there are two conflicting tendencies. There is a tendency that political leaders in each one of the member countries feel obliged to try and protect the interests of their own electorate and fight for that and there is a theoretical commitment in the spirit of the Treaty of Rome which is to bring about a process where economic forces are allowed to operate unhindered by administrative and political obstacles. In that context where does Gibraltar stand with respect to its hinterland? It is an argument that goes straight back to 1964 and the United Nations. The argument that was being used by Spain in 1964 may have changed in some respects in that they may be using less abrasive language, as the Hon and Learned Chief Minister has said - he says we are no longer considered to be a parachuted population, I would say that we have just been deprived of the parachute by the Brussels Agreement - but the logic of the Spanish argument was that Gibraltar was an artificial economic unit sustained not because of any natural resources, sustained artificially by defence expenditure and that therefore we were not a real community in the real sense of the word but a community of camp followers, a community of people serving a military base and that if the military base disappeared the economic essence of Gibraltar disappeared. That was the argument that was used in 1964 and there is the same inherent logic in the argument today of economic cooperation and implicit in the Lisbon Agreement. Perhaps what the Hon Member has said is right because we didn't support the Lisbon Agreement, perhaps he is right in saying that all that the Brussels Agreement has done, and it appears to us to do much more, but perhaps he is right in saying that all that the Agreement has done is to spell out in public what was already understood in private. If that is the case, then the defence of the Lisbon Agreement by the Government and by the then Opposition was only a half truth because the defence of the Lisbon Agreement was that it was an Agreement which was open ended, an Agreement which made possible certain things but not necessarily inevitable. We still had in the way the Lisbon Agreement expressed future cooperation, the option of deciding to what extent and where we would cooperate. I think the Brussels Agreement is more specific in that it carries within it the logic of the Common Market and the logic of the Spanish position for the last twenty years that you are talking about

economic development of the Campo Area. Certainly, this is how it is clearly understood on the other side, there is no question about that. The people who were interviewed after the Agreement, the people who have come out on programmes on Spanish television, the political leaders on the other side, are clear that what is envisaged in the Brussels Agreement is the development of the area - not the development of Gibraltar - they are talking about a sort of development corporation for the area, possibly financed jointly, they are talking about a Regional Authority in which there will be participation from seven municipalities - six on the other side and one on this one - so they are talking about a situation where whilst putting on one side the question of sovereignty and saying: "We have now agreed that we are going to talk about that but that is for the moment on ice, let us get on with the practical job of behaving as if" - We are not talking about two nation states cooperating with each other, the Spanish nation state and the Gibraltarian nation state, we are not talking about that, we are talking about the development of a particular area of the Andalucian region using the resources of that area and therefore we heard people say on television: "We have got a lot going for us in this area. We have got an airport, that is, we Campo Gibraltarians have got an airport, we have got roads, we have got a number of ports capable of development and a highly developed one". All that, Mr Speaker, is not new. Mr Seruya was saying that in 1963, regional economic cooperation. The basic problem about regional economic cooperation stems from the fact that you are cooperating with a neighbour that insists that the territory belongs to them and a neighbour that has been saying throughout, whatever they are recognising now and they didn't recognise before and as far as I am concerned it is not the first time that Senor Fernando Moran has shown himself susceptible to the requirement that the wishes of the Gibraltarians cannot be ignored, I think he showed himself susceptible to that when he was interviewed in the Man Alive programme in GBC a very considerable time ago and I think it is to be expected that he should react like that because, quite frankly, it is very difficult for him to continue to apply to himself the label of being a socialist if he puts a piece of territory higher in his order of priorities than the wishes of a community or the right of self-determination but apart from the fact that the Gibraltarians need to be wooed, which the British Government has been advising the Spaniards to do for as long as I can remember, apart from the fact that they need to be wooed, the major problem in wooing the Gibraltarians has been what could Spain woo them with? The level of employment on the other side? The level of wages on the other side? The level of social services on the other side? Our biggest protection has been, because at the end of the day it is easier to convince

people on bread and butter issues than it is on academic subjects about the future sovereignty of the Rock in ten or fifty or hundred years or whenever we want to think of. However far we put it into the future, the real issue is that the sense of security, of economic security, that we have had in Gibraltar has been the most important element in maintaining the will of the people of Gibraltar and, surely, that was recognised by Her Majesty's Government in responding to the closure by saying that the people of Gibraltar would be given help under a policy of sustain and support to help them overcome the effects of the restrictions. How can that philosophy, which we have been maintaining all the time, be made to square with the opposite philosophy which is inherent in the Brussels Agreement. That is the question that the Honourable and Learned Member must answer if he wishes to defeat the amendment that I am moving and continue with his motion to welcome the Brussels Agreement. He must explain to us how his Government proposes to continue with the line that they have been defending for the last 20 years since he went to the United Nations in 1964, and also how he intends to subscribe to the spirit and the letter of the Brussels Agreement. How is he going to do both, because to us it seems that already he has been doing, as I have said before, Mr Speaker, two mutually incompatible things in maintaining a joint approach with us to try and get our terms of membership altered and a joint approach with the British Government to explore with Spain the possibility of giving them the same rights as in other EEC countries. I mentioned before, Mr Speaker, the motion that I brought to the House when an answer was given in the Commons in December, 1983, shortly after the Member had agreed with the British Government that the possible advance implementation of EEC rights should be put to the Spaniards, but since then, in the year that has elapsed since then, the British Government's position has been unchanged, that is, they have been saying in the Commons, consistently, in answer to innumerable questions, that whatever was agreed between the EEC and Spain would apply to Gibraltar without alteration. The same derogations, the same transitional provisions, the same rights, throughout. We had a motion here which we all supported and we all spoke in favour of in December, 1983. It didn't make any difference. The British Government kept on saying the same thing. We had memoranda to the Foreign Office and it did not make any difference. And this debate will not make any difference. The reality of it is that this debate will only serve for one thing and that is to have on record our position. That is all. At the end of the day, although theoretically what we are seeing now is the matter being debated in the proper forum, it is a debate that is in essence sterile because it is a debate that cannot change the Brussels Agreement. The Chief Minister knows as well as I do that however effective I might be or persuasive

I might be, there is no way that he can now say "I have had second thoughts, I have been persuaded and I no longer welcome the Brussels Agreement". What happened with the attempt to close the frontier would be peanuts compared to the kind of fireworks that that would produce. So, is there any point in what we are doing. Well, Mr Speaker, I think it needs to be done because what we cannot have is a situation where we share in the responsibility for the implementation of an agreement which we consider to be bad for Gibraltar and therefore it has to be clearly stated that we are against it and that we do not consider ourselves bound by it and that we wish we could persuade the Government of Gibraltar to take the same line as they have been taking until now and the line that we are continuing to take. I think it also needs to be done, because whatever the effect within Gibraltar I have no doubt that the British Government will be fully aware that this is not the end of the story. It is not going to end in a motion that is going to be debated and passed by eight to seven and that is it. There are going to be many more problems to come and there is no question of us coming to the rescue of the Government. The Government is making a serious mistake in our estimation and the Government has got the right and the power to use its majority and then it has to carry the responsibility for that mistake and be answerable for it. There is a parallel which is perhaps not so clear because so far the defence that has been made of the Brussels Agreement has not been the same as the defence that was made of the Dockyard Agreement. But there is a parallel and the parallel is that from the moment that the closure was announced in November 1981, to the moment the Agreement was brought back by the Chief Minister in July, 1983, the Government of Gibraltar was saying that it continued to oppose the closure of the Naval Dockyard and that it was not convinced that the solution to the problem created by the Naval Dockyard was the Commercial Dockyard. And when they went along the road of accepting commercialisation, I think the Honourable Minister for Economic Development was the one who gave the most honest explanation to the House of the position of the Government when he said that it wasn't that they were suddenly convinced that it was going to be the resolution of all their problems, or that it would substitute for the Naval Dockyard but that it was that they were convinced that it was Hobson's choice, that it was either that or nothing. And faced with that dilemma, then they went along the road of supporting commercialisation in the hope that it could be made to work although they still had their doubts, and in the expectation that if they tried to make it work and it failed, they would be able to go back to the British Government and say "Look, we have done basically what you wanted us to do. We had our doubts about it, you have given us very little room for manoeuvre, now we have done our part, it is not working so it is up to you now to give us whatever help we need". That was an honest defence of the

stand that was being taken.. It wasn't the defence that was sufficient for us because as far as we were concerned what the Government should have done then was to go back to the British Government and say: "We want to use the £28million in a different way. We are not going to put all our eggs in one basket". And we certainly don't believe today, Mr Speaker.....

MR SPEAKER:

Yes, yes, but don't.

HON J BOSSANO:

Well, let me just finish what I was going to say. We certainly do not believe today that the passage of time will prove us wrong. Whatever the Dockyard will do, it will not produce the 1,400 jobs in 1988 that were in those proposals. In the scenario created by opening up the hinterland to Gibraltar businesses and Gibraltar market to Spanish businesses, we are talking about a totally different kind of world from the one we have experienced today because even before the closure of the frontier we did not have that. What we had before the closure of the frontier was a supply of labour from Spain which was relatively cheap and which enabled the defence establishment in Gibraltar to operate at a level that was impossible using native resources. If they had depended on the size of the Gibraltar labour market they could not have done it. They created a demand for labour which drew in labour from outside and that labour went. But that was all. The local businesses were not facing any real competition at all from the other side and they have never known it, and I am not sure they are ready for it. It would appear to me that although the Government is welcoming this, it is not in a position to give guidance or leadership to the private sector as to how to handle it because they themselves do not seem to be absolutely clear what they will be able to prevent and what they will not be able to prevent. We have had some very contradictory answers to those questions and clearly there are things there that we shall come back on at the next House when legislation comes up and when we will be able to follow some of the things there with some more questions. The issue is not going to end today, Mr Speaker, this is only the beginning, but we are entering into a totally unknown area for Gibraltar and the Government of Gibraltar is leading us down that road and we believe that it does not even know itself the road that it is following, never mind where it is taking the rest of us. It is a big responsibility that the Government is taking on, probably the biggest responsibility that any Government has taken on in the history of Gibraltar, even bigger than on the question of the Dockyard. The Minister for Economic Development, again I have to quote him, has said in previous motions in this House that the implications for Gibraltar of member-

ship of the EEC and of granting EEC rights were more fundamental and more important and more serious even than the question of the Dockyard. And yet we are dealing with a situation with even less thought than we put into the question of commercialisation. I commend the amendment to the House, Mr Speaker, and I hope that not everything that I have said will have been lost on the Government.

Mr Speaker then proposed the question in the terms of the amendment moved by the Leader of the Opposition.

MR SPEAKER:

We are now speaking on the amendment exclusively. I know that it is going to be difficult for contributors to keep exclusively to the amendment so I would like to be told by each contributor who has not spoken to the general motion yet whether he is speaking exclusively on the amendment or he intends to speak on both at this particular contribution. Of course, the Honourable and Learned the Chief Minister has got the right to speak on the amendment and ultimately the right of reply on the general motion.

HON A J CANEPA:

Mr Speaker, it is my intention to speak with reasonable brevity on the amendment and then, perhaps, I may consider later on speaking again with reasonable brevity on the general motion. With the amendment, of course, of the Honourable and Leader of the Opposition is attempting to do what has been done on very many occasions in this House, not just by the Government, the Honourable Mr Joe Pilcher has not been here long enough to have suffered with his Leader during the years when amendments by the Honourable the Leader of the Opposition were being defeated by 14 votes to 1, very often with every word after the word "This House" being deleted. He is doing the same even though as if he would not hurt a fly, he just deletes in his amendment paragraphs (1) to (4) and then substitutes by the following words a small matter of a whole page. I am frankly disappointed in many respects with the Leader of the Opposition today, Mr Speaker, and I will try to say why. First of all, he has spoken for far too long, he has spoken for 2 hours, and even though he has dealt with the Chief Minister's motion and with the amendment, I do not think there is any need for anybody to speak for 2 hours, particularly when he himself confesses that the whole thing is sterile. So why bother, why not spare us at least an hour and he could have made the same points. I think he has taken a leaf out of the books of both his immediate predecessors as the Leaders of the Opposition. He has bored us like Mr Xiberras used to do and like Mr Isola used

to do he has gone round and round in circles coming back to the same point as he has done this afternoon, coming back to points that he has made during the morning. I do not think that that makes for good debate even in this House. And what it does underline, of course, is how futile, how pointless was the challenge that he made to the Chief Minister on television that the matter should be debated, he challenged the Chief Minister to a debate on television. You can have a useful discussion on television. He had a reasonably useful discussion last week for 45 minutes, 5 people on television and perhaps half an hour between the Chief Minister and the Leader of the Opposition. Two persons on one subject can be useful but you cannot debate such a complex, such a complicated issue as the ones that are being discussed here today over television in the sum total of half an hour, even though I do criticise the 2 hours. And I ask myself, why has he done so? Is it just for the record or could there be, perhaps, other motives? In all the years that I have been in the House with him, I can never remember my having spoken for more than 50 minutes. I do not think I have ever spoken for more than 50 minutes. I have done so on a number of occasions and I consider that virtually everything that needs to be said can be said within an hour, and that is stretching it a bit. Why has he done so? Very often, when I hear Joe Bossano speak in this House, particularly on the budget, where he is usually worth listening to and I think that in the 12 years or so that we have been listening to him on the budget he is usually worth listening to, perhaps on two or three occasions he has not been worth listening to, particularly the last one when I think he went on for nearly three hours and that was a bit too much. Why does he do so? Is it that he loves his friends and supporters to remark as one of them was heard to remark leaving the House at lunch-time: "Valiente tio, una hora y media lleva ya, eso no hay quien lo haga". Is that the object of the exercise, that his supporters should be in awe of him. I cannot help but remember when I see his colleagues there gazing in awe, I cannot help but remember the poem about the village school master. "And still they gaze, and still the wonder grew that wise small head could carry all he knew". The Honourable the Financial Secretary is not the only literary person in this House. Mr Speaker, therefore I do not propose to deal in any detail with the very many points which the Honourable the Leader of the Opposition has made. As he has said, this is only the beginning. There will be legislation to follow at the next meeting of the House and in the course of that lengthy process, no doubt, myself, the Chief Minister, and other Members of the Government, over a period of time will be dealing with the point that he has made. But there are one or two things that I want to say and I want to underline a second reason why he has disappointed me. At one stage this morning he said, and I quote his words exactly:

"The British Government owns and runs Gibraltar whether we like it or not". What are we doing here? Why speak for two hours if that is the case? Why bring a number of motions to the House, as the Honourable the Leader of the Opposition has done, which I don't think that we can quarrel with other than with the present amendment. What is the point of it all? Is it all a game? Is it all a pointless exercise? And is that a fact of life, that the British Government owns and runs Gibraltar? Because if that is what Honourable Members subscribe to then I would suggest that they all resign from the House. Perhaps they would then be doing the people of Gibraltar a better service by resigning from the House because the whole thing is a futile and pointless exercise. The Constitution does not mean anything, this is just worse than a 6th Form debating society. What are we on about? I wonder whether the Honourable Member really means that. I am sure he doesn't. What is the point of his being the Leader of the Opposition? He is trying to achieve what? To keep the Gibraltar Government on the rails? To point out what the Gibraltar Government is doing wrong? To play a part in trying to stop the British Government from doing what perhaps we do not like them to do? Why bother if that is what it is? When he exercises his right to reply on the amendment, I really would like the Honourable the Leader of the Opposition because I have a lot of regard for him, I am sure it is mutual, and I cannot believe for a moment that during the 12 years that we have both been Members of the House the Honourable the Leader of the Opposition has really felt that way or that he is beginning to feel that way now. I am sure that that is the case and I would invite him to clarify in somewhat more detail what were just passing remarks what he really means by that. Another thing that I quarrel with is the suggestion which he made in somewhat more elegant terms than his predecessor Mr Isola used to make, and I don't just complain about it because it affects me, because I don't want people to feel that I am Sir Joshua's puppet. I think I do well in general elections on my own to show that I do have an element of some personal standing and popularity amongst the community. But he did imply, he did not go too far, but the impression that he created was here was Sir Joshua back in November, 1983, he had been discussing with Sir Geoffrey Howe the idea, the possibility of exploring the question of advance implementation of EEC rights, and he comes back to Gibraltar, puts it to his colleagues in the Government, cracks the whip, perhaps, and we all jump and say, "Yes, you are right as usual, Sir Joshua". It does not happen that way. There is less of that on this side of the House than there is on that side of the House because the extent to which inevitably Joe Bossano, after all his years in the House dominates because of his ability, his expertise and his general involvement, close involvement, in political matters in Gibraltar over such a

period of time he dominates the Members of the Opposition to a far greater extent than what Sir Joshua does this side of the House in spite of his 40 years. I do not go along to carry the Chief Minister's brief case when I go with him to London. We are not yes men, and have never been yes men on this side of the House. Just as he mentioned the Honourable Mr Perez as perhaps being somebody who should know a little bit about how Mr Bossano conducts his affairs, I might mention Mr Michael Feetham, as knowing a little bit about how the AACR used to conduct its affairs, at least between 1969 and 1972 or 73. He knows a little bit and he knows that that is not the spirit with which the AACR has ever conducted its affairs. I feel slightly sore about that point because it is not worthy of the seriousness of the matter that we are discussing. Having said that about November, 1983, I want to underline the fact that the point wasn't just made to Sir Joshua then and accepted. That is not really how it happened, there has been a process of a year. It was an idea, Sir Joshua thought that with the concurrence of his Government, perhaps it was something worth exploring, it could be put to the Spaniards in order to try and break the impasse that has occurred in 1983, an impasse that had occurred because in October, 1982, you had had a new Spanish Government elected with a resounding majority, a Spanish Government which had certain views about Gibraltar with a slightly different approach. We saw that evinced immediately in the pedestrian opening. I think they should be given some credit for it, perhaps later on when it became clear that it was something of a Trojan Horse and that it was bleeding the economy dry, perhaps they thought it suited them but I think that initially, having said that if they were elected to office they would open the frontier on humanitarian reasons, they should be given some credit for going ahead and doing so. But they had different views of this and they obviously were not just prepared to rubber stamp what had been agreed in Lisbon by a previous Government and hence the situation got somewhat stuck in the course of 1983 and new ideas had to be brought to bear in order to see whether progress could be made. Let me now, Mr Speaker, go through some of the points which are preliminary in the amendment of the Honourable the Leader of the Opposition, five or six points which are preliminaries leading to paragraph (7) where the motion really resolves that the Brussels Agreement should not be proceeded with. I think that the reasons why the Lisbon Agreement fell through have been explained in considerable detail by the Chief Minister. There were reasons to do with differences on interpretation, initially it was going to be a question of equality of rights and reciprocity. It was always held by the British side, by the Gibraltar Government, that it was a forward looking thing, something for the future, something that could not automatically come into effect on day one when the frontier was going to open, as the Spaniards later on appeared to interpret the matter. It

is interesting, I think, to note, Mr Speaker, that in spite of this view on the part of Spain about equality of rights which then became the conferment of EEC rights, in spite of that, the Spanish Government was prepared in 1982 after Senor Calvo Sotelo had taken office, the Spanish Government was prepared to accept the British interpretation of the Lisbon Agreement and were definitely ready to implement it in April, 1982, when the well known event at the Falklands prevented that from happening a few days virtually before the two sides were waiting to meet in Sintra for the talks that were envisaged. And by June, 1982, it will be recalled that there was a postponement when it was agreed not to proceed with the Sintra talks, the meeting and the opening of the frontier was postponed from April to June, and by then the UCD Government was in a shambles, it was breaking apart, and it was in no position to deliver anything and so the whole thing fell through. But they weren't seriously attempting to renegotiate the Lisbon Agreement between its non-implementation on the first occasion in 1980 and the intervening two years until April 1982. Why the advance implementation of the EEC rights? I think the Chief Minister has also explained how the matter has in fact developed in the last four years. The Spaniards were seeking equal rights as Gibraltarians there and then and the matter has developed in such a way over the last 4 years that it has justified our taking a different view now when Spain is clearly seen to be on the way to accession. That was not the position in 1980. In 1980 there had been an application by Spain to join some time earlier but the negotiations were not making any real progress, they were not grappling with the negotiations. The whole question of democracy and the future of democracy in Spain was seriously in doubt. There was the attempted coup in February 23rd and no one could seriously say up until the advent, perhaps, of the Socialist Government, that Spain was clearly on course in spite of difficult and detailed negotiations for accession. That only became evident, I think, round about the middle of 1983. I think also that it is necessary, and I don't like particularly in politics, Mr Speaker, I do not like to repeat myself. If I say something on television I don't particularly like to say it here in the House though perhaps I should again for the record. I definitely hold the view that essentially the agreement differs in emphasis. But what Brussels is seeking to do is to implement the Lisbon Agreement but up-dating it in one or two respects. And the differences in emphasis, again I mentioned last week in the discussion on television, have to do up to a point with semantics, presentational, the Spanish Government then in Lisbon in 1980 only spoke of suspending the measures. They didn't even use the word restrictions. They wouldn't accept that they were restrictions, they were measures, "medidas", and they would only accept suspending them, and we were naturally very doubtful that if a process of the negotiations was then envisaged,

the restrictions were only going to be lifted as and when they made progress, or else they might be re-introduced if progress was not made. I do not think we are in that situation now, if Spain joins the EEC on the 1st January, 1986. I also mentioned the SPA, something which I attach a considerable importance to because it is evidence of the different attitude which this Spanish Government has in spite of difficulties that I understand they were having with the Military on this matter because the military in Spain attaches a lot of importance to the Spanish prohibited air zone. Then of course, there is the more fundamental matter on which we all feel aggrieved and that is the explicit commitment to discuss sovereignty. The Honourable Mr Bossano says that at one point I said in the House that the whole question of the conferment of EEC rights, the obligations that they have under the EEC, that I regard the impact of that as being more serious than commercialisation, than the closure of the Dockyard. I do attach a great deal of importance and it is an area that worries me enormously. I say that quite openly; I am very worried about the implications for Gibraltar of Spanish entry and I am very worried because I have come to the conclusion that the European Economic Community is a club for the big boys, it is not a club for Gibraltar. It was never meant for territories the size of the population of Gibraltar and that is why in the initial Treaty of Rome there is a protocol safeguarding the position for Luxembourg which then was and continues to be very strong economically, and Luxembourg as one of the founder members ensured that they would get a protocol safeguarding their position on demographic grounds because they were afraid of much of what we are afraid of and because they were one of the original members, they were able to get that protocol. Nobody else has done so. I don't know whether they felt that they did not need to or what have you. I have come to the conclusion and therein, I think, are our difficulties. We are probably going to experience a difficult period of adjustment; where problems are going to arise, where we are going to have to meet probably to make representations about those problems, and having regard to the nature of the community it could well be irksome, certainly for the commission in Brussels, it could well be irksome for them to have to be with these people from Gibraltar who continue to be such a nuisance because they just won't lie down and accept matters as they are. But I am up to a point comforted by the fact that, and I have said this before, if we are not able to comply what happens? Only this morning I heard on the news that Great Britain is not complying with certain transport arrangements to do with 40-ton lorries. When it suits them it doesn't. But is it that Gibraltar is the only territory in the Community that is expected to comply with everything? My views are well known on that matter. But, really, that would have been in any case after January, 1986. We have made representations on derogations, we have not got

anywhere. We have made representations on the question of Spanish labour and we don't seem to be getting very far either and all that is due I think, to the nature of the Community and thank God that there is a 7-year transitional period and thank God that, apparently, they are also going to agree to review that after 5 years, all the Community which might give us an opportunity earlier than the 7 years to make representations about the difficulties that we are experiencing and I think we are going to experience difficulties. But what should I base my optimism ultimately on? I do not have any facts and figures that I can point to the Honourable Member to say that in the year so and so and so and so five more million pounds are going to come into the economy, or six or seven. I haven't. What I do say is that I honestly do not think we can carry on as we are. If we carry on as we are I definitely think that we have had it. The way that things are going in Gibraltar I don't think that we have got the elbow room to manoeuvre, the wherewithal to get the economy moving and to improve the financial position of the Government whereas with normalisation at the frontier we may have a chance. I spoke on television about trust in the British Government that is fundamental. Ultimately, a lot is going to depend on us and I have no doubt that if there is, it is just not a gut feeling, it is part of our history, if there is something that the people of Gibraltar have it is the ability to survive, the ability to adapt, because that is why we are here. We are here because our ancestors were people who wanted to survive and they came to Gibraltar thinking that they could and they have adapted and we have worked at something in this community which is valuable and I do not think that in spite of all the difficulties that we may have in the future we are prepared to keep that up just like that. It is because I feel sincerely about that that I was very much taken aback by what I saw was indicative of the somewhat defeatist attitude of the Leader of the Opposition to come here today and say the British Government owns Gibraltar and they are running it and there is nothing very much we can do. There is a lot that we can do and there is a lot that we can do if we remain essentially united on fundamentals and on the more immediate thing of like what is going to happen over the next 10 months. Initially, the effects of normalisation at the frontier we have considered on this side of the House are going to be negative or zero for a couple of years for reasons that we have gone into at great length ad nauseum in the House before. If there is a difficult period of 2 years before the business community or the economy, generally, can begin to adapt in order to try to compete fairly if the regime at the frontier is a reasonable one in order to attempt to compete fairly, isn't it better that that 2 year difficult period should be brought forward when we are not making much progress with any development in Gibraltar,

when since 1980 there has been on the part of developers and in business a wait and see attitude when we know that normalisation at the frontier is essential, it is the key to the Queensway Development, to the Eastside Reclamation Scheme, certainly. I do not think that the Eastside Reclamation Scheme can be viable with a closed border, it would never get off the ground but with normalisation at the frontier it might. And if it were to do so and we were to have a transient population of up to 5,000 people at one time in Gibraltar, that would have a far greater beneficial impact on the economy than even the commercial yard. I honestly think we need a chance, Mr Speaker, we need an opportunity to try and break new ground. There are hazards, there are difficulties, but we seem to have been going downhill for some years and perhaps this may give the opportunity which the business community in Gibraltar requires, which traders, which investors are looking for and we may be able to grapple with the situation, the dangers may not turn out to be as bad as we think they are. I don't think that anybody who knows me will regard me either as an optimist or a pessimist. I don't think I am either but I do have faith in certain fundamental matters and perhaps the greatest faith that I have is in the quality of the people of Gibraltar. If not I think I would be wasting my time here and I would go home I would pack my bags and see if there is anywhere in the world where my family and I might have a better future. I don't think that that is the case. I think we do have a future in Gibraltar and what I think we have got to be honest with our people is to point out the dangers, to point out the pitfalls. But to tell them that ultimately, at the end of the day, if we work hard, if we pull together, and I do not think these are pious hopes given the history of the people of Gibraltar, a history which has been difficult, which has been black at many times in our lives, during the second world war, when the whole population was taken out of the colony yet they were brought back to their homeland, during the difficult years of the restrictions, when they first started, and even now the Dockyard was another trauma. I think we can overcome these traumas and at least I would hope that the Honourable the Leader of the Opposition would join me, when he exercises his right to reply, in some message of hope for people, the outlook cannot be entirely bleak, if it is entirely bleak then let us go home and forget all about it.

HON M A FEETHAM:

Mr Speaker, I am of course speaking in support of our amendment to the motion but before doing so I think that I have to take up the reference of Mr Canepa regarding my position in 1969 and 1972 in relation to the remarks made concerning the Honourable Mr Brian Perez. The fundamental difference, of course, is that I did not betray the trust of the electorate who voted me into office.....

HON A J CANEPA:

If the Honourable Member will give way, I was not making accusations. I was not justifying one thing or the other or making any criticisms or accusations. I was just saying that in the same way as the Honourable the Leader of the Opposition had said that Mr Brian Perez was acquainted with his way or his procedure of doing things, the Honourable Member on his right, the Hon Mr Feetham was also acquainted with our way of doing it. I was not criticising him because he was a Member of the AACR between 1969 and 73. I can give him my solemn undertaking that I was not decrying that in any way.

HON M A FEETHAM:

I am prepared then to forget what I was going to say because, in fact, I do not wish to create a polemic and divert from my address to the House today. Mr Speaker, what has been the position in the last four years? My colleague the Honourable and Leader of the Opposition has dwelt to some extent on the position of the Government and the Opposition in relation to the enlargement of the European community and the effect that this would have on Gibraltar. There was no question in the discussions that were taking place at that level that other then important issues which are related to those discussions would in any way have a bearing in what the end resort of the enlargement of the community would be in relation to Gibraltar. What we were saying, fundamentally, was that Gibraltar's size and economic ability were not able to compete and defend its interests against European economies and, secondly, that the entry of Spain into the European Community strengthened our argument by the mere fact that for the first time Gibraltar was, in effect, if the lifting of the restrictions took place, for the first time were effectively becoming members both territorially and economically with the Community as a whole because for the first time we could walk down the road and we go straight into the European community and that the effect of that on Gibraltar should seek to renegotiate its basis, because it was quite clear from experience already that Gibraltar needed safeguards. That was the argument and has been the argument in the last four years. It has been a joint approach clearly illustrated by my colleague in the way the Government handled its affairs and the Opposition handled its affairs in a minority opposition and in having a whole GSLP opposition in the House. When we talk about the Brussels Agreement, Mr Speaker, what has happened is that not only have we conceded to the British Government and to Spain because their national interests coincide and we take second place, what we have conceded is that Spain should have something that we have got consistently argued against. The Chief Minister has explained and argued why that

was necessary but it does not divert from the fact that we have conceded that position because not having achieved a protection for Gibraltar, we have in fact achieved that Gibraltar's position will continue to be vulnerable in the years ahead because the others obtain protection and Spain will become a member and will aggravate the position for Gibraltar. When the Chief Minister said that we should talk from the heart, I of course have not come prepared with a 24-page statement as the Honourable the Chief Minister has done. Neither have I had a brief from my Colleague and Leader as to what I should say and not say, but I will certainly attempt to speak from the heart because I am not in politics to run away when the situation is such that we have our backs against the wall because it is against my nature, it is against the nature of all my colleagues on this side of the House. Of course we have got a problem and we have got a fighting chance, a fighting chance of survival, but the most important part of the statement of the Chief Minister is when he said: "Today I see the way ahead for Gibraltar with far greater optimism than at any time in the last 20 or 30 years. Today we have an opportunity to consolidate the Gibraltarian identity in both political and economic terms in a way that will enable us to stand on our own two feet. Let us not throw away this opportunity for the sake of party political prejudice or because of untotally unfounded fears and mistrust". Well, let us concentrate on this opportunity that we have, let us concentrate on this political and economic opportunity that we have. The fundamental shift, Mr Speaker, in the Brussels Agreement is that we have accepted a movement away from the status quo that Gibraltar has maintained during the last 20 years when Spain has thrown everything that it has been able to throw against the people of Gibraltar in order to strangle the economy of Gibraltar and in order to make the people of Gibraltar surrender. The Brussels Agreement has, in my opinion, vindicated the Spanish blockade of Gibraltar because it has been successful in obtaining the sort of agreement that they wanted because economically we are now taking a road and that is what we have to question, what road are we going to take to be economically self sufficient in the future. We have shifted on the sovereignty issue, two things that in 1964 and in 1963 the Spaniards were arguing in the United Nations. But in what way have we shifted the status quo in Gibraltar, Mr Speaker? What road are we going to take from now onwards? The Brussels Agreement is explicit in the way the British Government envisaged and aided and abetted by the Gibraltar Government who has welcomed it as an honourable and beneficial agreement, it envisages the way Gibraltar's economic self sufficiency is going to take place, in the way that it has to take place and it speaks of promoting cooperation on a mutually beneficial basis on economic, cultural, touristic, aviation, military and

environmental matters. Well, Mr Speaker, if that is the alternative that we have got, it takes us down not only on the road to economic intergration Europeanwise, but it takes us on the road to economic intergration with Spain. The reality of this arrangement was in fact embodied Mr Speaker, in the conclusions that were reached in 1976 by the most authoritative survey and study that was made on Gibraltar's future economic prospects by Maxwell Stamp and Associates and Iberplan, a joint venture of British and Spanish economists supported by Fraga Iribarne, the then Spanish Ambassador in London, and it is curious how close it holds a parallel to what is happening today and, in fact, how close some of the conclusions they reached at the time have come so close to the heart today and in events which have taken place recently. I am going to quote, with your permission from "Gibraltar, British or Spanish—the economic prospects". The important political hypothetical, nevertheless I will accept worthy consideration that they thought would have for a future economic intergration of Gibraltar would be "(a) and we are talking of 1976, (a) a maintenance to the status quo, and cooperating with a future democratic Spanish Government in the longer term, the latter would likely take the form of the removal of the present restrictions followed by a period of transition to economic but not necessarily political intergration in conjunction with Spanish accession to the European community". But, Mr Speaker, another one of their conclusions in 1976, when nobody was even thinking about this. It says: "Unless the level of labour productivity were very high, however, the Gibraltarians could compensate for the high level of other costs only be accepting relatively low wages, certainly the idea of parity with wages with the United Kingdom would have to be abandoned if the Dockyard were to be subjected to the test of market competition. A further point to be taken into account is the valuation of the Dockyard's capital assets at the time of their hand over, the competitive of a commercial ship repair industry would be greatly enhanced if the assets were to be written down and handed over to Gibraltar on concessionary terms so that the heavy capital charges would not have to be met". That happened, Mr Speaker. Another of their conclusions was, in order to deal with the distortions in the economy they suggested that, for example, the Government should hand over the housing to its occupants with appropriate restrictions on re-sale and the rents replaced by building society loans. Total freedom of residence and of movement for citizens, this would undoubtedly be one of the main advantages to be gained by the Gibraltarians who would thereby recover the mobility they lost in 1966. There would naturally have to be reciprocity. — In 1976 they mentioned a word reciprocity — The possibility that Spaniards might take up residence in the territory. The airport: the airport perhaps with some expansion of terminal

facilities would be suitable for use by medium sized jet aircraft providing regional services in the peninsula and in the Mediterranean. As such it would fill an important gap in the present Spanish network. A detailed feasibility study would be needed to determine where the extension of the runway, with some re-alignment to take larger aircraft but without restrictions would be economically justified. No doubt, that is one of the points that will be discussed in the question of regional cooperation and working parties. Mr Speaker, I have tried to make the point that that is what the thinking is in the Foreign Office as far as Gibraltar is concerned because where are we going from here? The other important point where there is this tendency of putting Spain as an enemy, certainly they may be an enemy in terms of their claim over Gibraltar as far as the Gibraltarians are concerned but they are certainly not an enemy of the British Government, they are certainly not a military enemy of the British Government. Spain is a member of NATO politically. The argument is whether Spain will leave NATO altogether or intergrate itself in the military structure of NATO. But the fact is when we talk about military cooperation, that regardless of what happens in relation to Spain's position in NATO, Spain is bound by several bilateral and multilateral agreements with the Western countries and consequently, with a democratic Spanish Government in office with its bilateral or multilateral agreements militarily, the position of Gibraltar and its ability to sustain militarily its position as it is, now, is weakened day by day because if they were to be, and I do not wish to go into the subject too much, but if there were to be a military conflict, I think that the military conflict would undoubtedly be with the Warsaw Pact, I cannot see Morocco taking up arms against Gibraltar or Spain, so, consequently, a democratic Spain with military responsibility in the Southern Atlantic, commits it to a military role in this area, in defence against aggression from the Warsaw Pact. So what does this Brussels Agreement leave us with? It leaves us, the people of Gibraltar, economically in a position of vulnerability because we have not got protection. It puts us in a position where there could be further military cooperation and, therefore, the possible longer term British military presence in Gibraltar being re-assessed but it still leaves us in a colonial situation in Gibraltar. Where do the people of Gibraltar begin to reassert their Gibraltarian identity in that situation? What way do we go? What have we got to bargain with when this is all over? That is the fundamental shift in this document, as I see it because not only have we not settled out political position in relation to Great Britain because when we talk about sovereignty, sovereignty is an emphasis on the territory, not on the people. Our relationship with Britain is still colonial, the people of Gibraltar and the territory are two different things and consequently, Mr Speaker, we see this in that sort of light

as another step. I agree with the Chief Minister that we have to re-assess the Gibraltarian identity but what we would like to know is how are we going to be able to do it because one important thing which has not been emphasised by the Chief Minister is that in the Lisbon Agreement which is still embodied in the Brussels Agreement, the question of the United Nations resolutions are still there very much in the background. I have no doubt in my mind that in the process in the years ahead it has got to go back to the United Nations and what sort of position are we going to adopt and on what grounds are we going to adopt it? Self determination of the people of Gibraltar can only be pursued, Mr Speaker, from a position where we know which way we are going and I am not satisfied that the thinking behind the Brussels Agreement is going to help us onto that road at all. I would certainly feel less concerned if I knew the thinking of the Government on the explanations that I have tried to seek. Perhaps when the Chief Minister replies he may be able to throw some light on the matter.

HON G MASCARENHAS:

Mr Speaker, with your indulgence, I wish to speak on the original motion and the amendment to the motion and I can promise you that I am going to be brief. The Honourable Leader of the Opposition has spoken at great length this morning and this afternoon but as far as I am concerned the only thing remotely positive that has come out of his contribution was when he said that come February the 15th the British Government would not sit with the Spanish Government even with Gibraltar representation and say: "Here is Gibraltar, you can take it now". That is not the case and anybody who believes in Britain can be assured of that. We have trust on this side of the House, I don't know up to what extent on that side of the House they believe in that as well. However much the Spanish Government may think that they are on the way to the recovery of Gibraltar as a result of the Brussels Agreement, I am sure that they are totally mistaken, at least as far as Gibraltar and the people of Gibraltar are concerned. We, at this particular moment in time, are not ready to give in, at least not this generation. I am not going to speak on behalf of future generations but I would like to say that I do not think that even they would have any reason to doubt the wisdom of the decision that we have taken in supporting the Brussels Agreement. Some of the things that the Honourable Leader of the Opposition has said this morning in my opinion make a mockery of the psychological tight rope that we have been walking for the last 20 years because nobody is selling anybody and certainly as far as I and my colleagues are concerned we are not going to give in at any stage in the future.

HON J BOSSANO:

Can the Honourable Member be more specific about the psychological tight rope. What is he quoting from?

HON G MASCARENHAS:

Mr Speaker, I am talking about his amendment in general. I think that the answers to the questions yesterday in the vast majority were positive and I believe that even some Members of the Opposition were surprised at the answers that we were giving on the positive side. The comments that the Honourable Leader of the Opposition has made about the programmes on Spanish Television "Si Yo Fuera Presidente", quoting the Mayor of La Linea. Of course, the Mayor of La Linea can say whatever he likes about cooperation. Whether we accept that or not is another matter. I don't think we are going to accept that in any way. They will woo us, if they are clever they will woo us. Whether they will succeed and we will succumb at the end of the day that is another matter. The Leader of the Opposition said that businesses in Gibraltar had not faced competition pre-1964. I was trying to think what the way of life was then, I was pretty young then, but I think I recall that apart from a certain firm in Main Street, in Gibraltar Heights, a Grocery Store, I will not mention any names, you all know what I am talking about, there was no other shop on that side of Gibraltar dealing with the grocery trade apart from a whole host of very small shops which used to be dealing in that trade. Today in Gibraltar we have quite a number of large stores dealing in the grocery trade. They will face strong competition but, frankly, after two years of the pedestrian opening, if those shops are still managing to succeed to make a profit, I don't know to what extent perhaps the levels are much lower than they were two years ago, but they are succeeding and I have no doubt that they will compete. I don't think that Spanish goods are on the same level as the goods that shops here are importing. I have no doubt about their chances of succeeding and of being able to face the competition from the other side. In any case, Gibraltarians buy a lot in Spain, unfortunately, they used to before even in greater quantities even pre-1954. I think the retail trade in Gibraltar was virtually here for the benefit of the Spaniards who worked here. I think the whole question of the Brussels Agreement ends up on a matter of confidence in Gibraltar and confidence in ourselves. My Honourable Friend the Minister for Economic Development, mentioned that at the end of the day it was trust in the British Government on this side of the House and there is no doubt about that. We have also got confidence in Gibraltar and we have, I think, the necessary equipment to survive and to survive well. I can assure the Honourable Leader of the Opposition we have far better skills, and I am not talking about the Dockyard, I am

talking about business skills, than the other side and I am talking from personal knowledge, in being able to survive. I don't know whether they have better carpenters there or better plumbers but at least at a business level I think we are well equipped to survive. The reality of the Brussels implementation I think will suit us very nicely from this side of the fence because if the Spaniards think that they will be coming here and having carte blanche over our businesses, I think the same applies on the other side. On the question of capital, I think there is far more capital in Gibraltar than there is anywhere in the Campo de Gibraltar. Mr Speaker, no doubt there has been a lot of anxiety and confusion caused by the Brussels Agreement but at the same time I think most people in Gibraltar have sighed with relief that the blockade will come to an end if there is no other Falklands or any other small matter of that nature.

HON J BOSSANO:

Small matter?

HON G MASCARENHAS:

Well according to the Labour MP that I watched in World in Action on Monday, it was a small matter because they should not have gone to war at all, they should have left the Argentinians there. Another thing I wanted to say because it has been touched on by the Honourable Leader of the Opposition and by the Honourable Michael Feetham, is on the question of the Members on this side being puppets of the British Government, particularly my Honourable Friend the Chief Minister. I do not think that Sir Geoffrey Howe, in Brussels two weeks ago, when he made this agreement, obviously the Chief Minister was aware and we were aware, I don't think at the end of the day Sir Geoffrey Howe can be so presumptuous to assume that no one on this bench will say to the Chief Minister: "We do not agree with you Sir, we will vote against this". We are all in agreement, of course we are all in agreement. We have been in agreement since December, 1983. I was not a Member of the Government then but I knew what was going on, of course I knew.

HON J BOSSANO:

The Honourable Member knew and other Members of the House didn't. That is a fine state of affairs.

HON G MASCARENHAS:

I knew within my party circle, of course we knew. And in January I was a Member of the Government and I was well informed then. The preamble to the Constitution, in my opinion, Mr

Speaker, is watertight on the matter of self determination and there is no doubt about that. The Honourable Michael Feetham might make a play on words on the question of self determination but it is there, no one can take that away from us.

MR SPEAKER:

Well perhaps then we will have a short recess for tea now, and then we will come when we will resume the debate.

The House recessed at 5.10 pm.

The House resumed at 5.40 pm.

HON J C PEREZ:

Mr Speaker, the Honourable and Learned the Chief Minister, in his opening statement said that we should take an analytical view of the Brussels Agreement and this my Colleague, the Leader of the Opposition, has tried to do during his intervention this morning and this afternoon and it seems that none of the Honourable and Learned Chief Minister's Colleagues have done that. If we take Mr Canepa's contribution, for example, he said nothing of substance on the issues that were analytically raised on this side. In fact, he was contradicting himself in that he accepted the grave implications of Spain's accession to the EEC vis-a-vis the economy of Gibraltar and then defended the Brussels Agreement by saying that although he hadn't quantified what the actual effects of that Agreement were going to be, that the private sector needed a change and that perhaps with an open frontier we were going to get certain developments going in Gibraltar which might or might not effect positively the economy of Gibraltar. Our own view is that this is not the case and we cannot understand how the Government can come to this House and, indeed, to the people of Gibraltar and say that it is a good thing for Gibraltar when in fact they have not quantified it to the extent that not only don't they know what duties are going to be imposed on that frontier, but they have not got even information about what duties Spain imposes on other frontiers with Portugal and with France. Mr Speaker, the Hon Mr Mascarenhas stole the show away from Sir Joshua today because the Honourable Mr Mascarenhas today mentioned something that Sir Joshua has been quoted for very long, that this generation should not be the ones to decide for future generations. We are not of that philosophy and if we were and if people around the world were of that philosophy, we would still be living in a world full of colonies big and small because there would not have been any progress towards decolonisation because

future generations would say that future generations have to decide etc, etc. But if we were of that philosophy, Mr Speaker like the Government is, it is not true to say that the decision is being left to future generations because this agreement implies that there will be a transfer of dependency economically from Britain to Spain and although the Honourable and Learned Chief Minister criticised quite rightly, in my view, the previous Leader of the Opposition, Mr Isola, for his comments, he did say the other evening one thing on television where he could be right. If that gradual transfer of economic independence from Britain to Spain takes effect, by the time we come to talk about sovereignty, Mr Speaker, the question will be academic because of all the implications that we, on this side of the House, see on the Agreement. Mr Canepa attacked the Leader of the Opposition because he said that the British Government really were the ones that ruled in Gibraltar, and the Honourable Mr Canepa said that this debate would be a futile exercise. Well, taking Mr Canepa's view that it is not a futile exercise, that the British Government does not rule, that the Gibraltar Government is in power and the Gibraltar Government has the power, then it would be a futile exercise, anyway, but not for the reasons that my colleague the Leader of the Opposition said because the Government has disregarded motions that have been passed here and supported by them and are making a farce of this House of Assembly because they disregard the motions which they themselves vote in favour of. I come back to the second part of the motion that we passed in the last meeting of the House where it says "and it requests that Her Majesty's Government should note this and should therefore not give any undertaking the effect of which would be to grant such rights or privileges until the matter has been fully debated and approved by this House". The Government voted in favour of that motion and that is not what is going to happen. The British Government have already undertaken to grant these rights and the Government is going to come here and pass the necessary legislation and if it is not what my colleague the Leader of the Opposition said that it is the British Government that has decided that it should be so, then the Government has completely disregarded this motion and the Government itself is making motions and debates in this House futile and unnecessary.

HON A J CANEPA:

I would rather that the Leader of the Opposition still explained the statement that he made which the Honourable Mr Perez has misquoted, and the statement that the Honourable the Leader of the Opposition made was: "The British Government owns and runs Gibraltar and there is nothing that we can do about it".

HON J C PEREZ:

In the context of what the Leader of the Opposition said, everything that I have said still stands, Mr Speaker. We have a situation where the Honourable and Learned the Chief Minister is saying that we will be able to stand on our own two feet and that we are going to re-assert our Gibraltar identity, a theme that was taken up by my colleague Mr Feetham. Mr Speaker, I cannot understand when for the first time in 20 years we accept, with reservations, notwithstanding that it is a binding statement, we accept that the question of sovereignty becomes a matter for discussion between Britain and Spain and at the same time in that context we say that we re-assert our Gibraltar identity because if we really want to re-assert our Gibraltar identity we should start talking to Britain now about the sovereignty and future status of Gibraltar rather than maintain the status quo and have the question of sovereignty within the context of negotiations about other matters which include military, aviation, tourism, the environment and so on. In that context we are going to discuss it where, as I said before, when we come to the question of sovereignty it might be academic depending on the progress that Spain makes on that. But the question of sovereignty will be dealt with more amply with other motions that we are to present in this House. I now come, Mr Speaker, to something which the Honourable and Learned the Chief Minister said that we should take great note of and that is the date of November, 1983. I do take great note of that date because apart from the fact that my colleague the Leader of the Opposition has already mentioned the contradictions in statements that the Chief Minister has made to the position he was adopting then, after that and today, and those contradictions have not been answered by the Government. The Government has been exposed this morning for what the contradictions between their position in 1980 and in 1981 was, we have been analytical about that and none of the colleagues of the Honourable and Learned the Chief Minister that have stood up have been able to justify why this change in position. But I come back to the date of November, 1983, and ask the Chief Minister: Since we had a general election in January, 1984, and since the Gibraltar Socialist Labour Party stood in that election with a commitment to continue to oppose the Lisbon Agreement, which we oppose, anyway, if there had been a change of attitude from him and from his party why did he not say it in the general election campaign and get a mandate from the people of Gibraltar to come back with this Agreement and to implement this Agreement? The Government has not got a mandate to implement this Agreement, Mr Speaker. Let me just say, perhaps in a lighter note, that the Honourable and Learned the Chief Minister has destroyed the image that I had of him as an international statesman, Mr Speaker, because he comes to this

House and he says that when we talk about the Lisbon Agreement, it was implied there and in the Brussels Agreement sovereignty is specifically mentioned but that that is academic, it was implied in one, it is specifically mentioned in another, it is the same. Then further on he goes to say that it is a watered down version of what Spain wanted because the quote does not say that Spain demanded that sovereignty should be talked about. If we put it in that context, if it was first implied and it is not important that it should be mentioned afterwards rather than demanded, it is still a step further and that is important. It is certainly important to Spain and in the interpretation that Spain is giving to the Agreement. Then Mr Speaker, the Honourable and Learned the Chief Minister tells us that what in fact we should be doing is rejoicing at the progress. Well, we still have not had an explanation of what progress we are talking about. All that is clear up to now from what has happened in this debate and from the points that we have raised which have not been answered, Mr Speaker, is that we have given in on a lot of issues to have the restrictions lifted ten months before they were due to be lifted. That is all. How can the Opposition be rejoicing to something which is not progressive, it is going back. It is like my colleague said, eating every word that we have said in the last four years in respect of the amendment of the Leader of the Opposition and eating all the words which the British Government and the people of Gibraltar have said since 1964, that is what we have done with this agreement in order to get 10 months before the lifting of the restrictions which we all welcome, we all welcome the lifting of the restrictions. The Honourable Mr Mascarenhas said that people were overjoyed with the Agreement. Well, people were certainly not overjoyed with the Lisbon Agreement although they did want the frontier opened and the pedestrian opening came through without the Lisbon Agreement, in fact, and people are certainly not overjoyed with the Brussels Agreement. If Mr Mascarenhas is going to make statements like that or any other Member of the Government, I would suggest that they test public opinion on all the implications that this agreement has for Gibraltar, and that they do so before committing Gibraltar down a path which in our view would be ruinous for Gibraltar and for the future survival of Gibraltar as an independent economic unit independent of Spain. Thank you, Mr Speaker.

MR SPEAKER:

Are there any other contributors to the amendment?

HON J L BALDACHINO:

Mr Speaker, I came here today with an open mind and an open heart, not as a politician but as a Gibraltarian, to see how

the Government of Gibraltar defended the agreement that was signed by Senor Moran and Sir Geoffrey Howe. Mr Speaker, they have not been able to convince me, not because I am a Member of the GSLP and the Leader of the Opposition put a party whip on what I should think or not. The Honourable Mr Mascarenhas said that he was an expert on the private sector and he said that.....

HON G MASCARENHAS:

If the Hon Member will give way. I did not say I was an expert. I know the area because I happen to belong to it but I am not an expert by any means.

HON J L BALDACHINO:

I withdraw what I said. He said that he knows that traders in Gibraltar could survive. I think he must know also that at a general meeting of the Chamber of Commerce they passed a motion making representations to the Government that the Government should do everything in its power for the restrictions at the frontier to be lifted by the 1st of January.

HON CHIEF MINISTER:

By the 1st December.

HON J L BALDACHINO:

Or 1st December. I stand corrected. Surely, Mr Speaker, if traders in Gibraltar can survive, why go into this Agreement 10 months before when we will get it 10 months after, everything that is there, and we would not have given anything in return. Now we are giving everything that we have including sovereignty which is going to be discussed. Whether they get it or not is a different matter but it is something that the Spaniards have been after for 20 years. I would also like to take up a point with the Honourable Mr Mascarenhas because we have never challenged, we in this are quite clear, and I think that in this our thinking is exactly the same as the Government and that is on the question of what the preamble to the Constitution says and means. To us the people and the territory must be one thing, we have never challenged that. The one who gives a different interpretation to that is Senor Moran because when he says that he will respect the wishes of the people he says that they could retain British nationality but that Gibraltar must be Spanish. The people and the territory must be one and the same thing. I am not quite clear from the answers that we have had from the other side if they can really maintain what they have said at question time. That will be

challenged most probably because under the Brussels Agreement, in paragraph B, it states "establishment of free movement of persons, vehicles and goods between Gibraltar and the neighbouring territory". If we start putting restrictions there, Mr Speaker, I am sure that the Spaniards on the other side of the frontier will complain to their Foreign Office in Madrid which in turn will complain to the Foreign Office in London, saying: "Look, this is not the same agreement that we have reached". What would happen then, Mr Speaker, if the British Foreign Office tells the Gibraltar Government: "You cannot do that", what would happen then Mr Speaker? Will the Gibraltar Government have a confrontation with the British Government? The British Government has already done it once when the Government of Gibraltar decided to close the frontier at 12 o'clock at night. On that occasion they over-ruled that decision, Mr Speaker. What happens if they over-rule the decision? Will they have a confrontation with the British Government? I hope we can get an answer on that. If they are unable to deliver what they said, Mr Speaker, then the agreement that the British and the Spanish Government have signed and which the Gibraltar Government has welcomed is not beneficial for Gibraltar, it cannot be beneficial for Gibraltar, it will be beneficial for the Spaniards and maybe for the British Government in other contexts in international politics. The Hon Mr Mascarenhas also said, Mr Speaker, that he would not commit future generations of Gibraltarians. Mr Speaker, this agreement commits future generations of Gibraltarians. I came here with an open mind and the answers the Government has given have not convinced me at all.

MR SPEAKER:

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

HON J BOSSANO:

The Honourable and Learned Chief Minister has not, in fact, spoken on the amendment. His statement obviously was prepared before listening to any of our arguments other than what has come out in public, therefore, was ostensibly in support of his original motion although as I pointed out in my brief opening statement, Mr Speaker, and knowing that I have succeeded in boring the Honourable Member opposite by speaking for two hours, I am tempted to spend three on the rounding up. If we assume, as I think we must, because of one particular element in both the Chief Minister's motion and in my amendment, that is, one motion welcomes the Brussels Agreement, the other one asks Her Majesty's Government not to proceed with it, it must follow that one negates the other. In the 6th part of the amendment that precedes the request to Her Majesty's Government,

we try to demonstrate why the Brussels Agreement is unacceptable and why the Brussels Agreement contradicts everything that has been said before. The only phrase that I can find in the Chief Minister's exposition to justify the change is that the situation in March, 1984, was totally different from that which existed at any time between 1980 and 1983. We do not know what this difference is other than apparently the fact that it was not until then that it was fairly clear that Spain was going to go into the EEC. The Minister for Economic Development obviously wants me to talk about the phrase that I used about Britain owning and running Gibraltar. I don't know why he finds that so surprising. We have had examples for as long as I have been in the House of the Government being required to do things that they did not want to do, we have had countless outbursts from the Honourable Member of the sort of pressures that he is being put under by the British Government on aid, on land, on cooperation, on development, and we have had the situation with the 24-hour opening of the frontier. We had the situation with the COLA payment in 1973, there is a whole history of this. But let me give him a very clear and very specific example. On the 20th October, 1981, Mr Speaker, I brought a motion to this House rejecting the analysis of the report of the Foreign Affairs Committee and saying that the House considered that the recommendations to Her Majesty's Government to grant EEC rights in Gibraltar on the lifting of frontier restrictions and to amend Gibraltar's laws were an unacceptable and unwarranted interference in our domestic affairs. The Honourable and Learned the Chief Minister, after I had spoken at length about my objections to the Foreign Affairs Committee Report and to the attitude of the British Government, congratulated me on a lucid exposition and said there was little that he could disagree with, which is something that he does quite often although he finishes up doing the opposite of everything that he has agreed with. He also said in that contribution that although it could be argued that the position of the House of Assembly was clearcut, and I had been saying that I was astonished that the Foreign Affairs Committee should make a recommendation to the British Government, because it was a report of the House of Commons Foreign Affairs Committee to the British Government, not to us, that they should make a recommendation to the British Government which appeared to disregard everything that we were doing or saying and all the representations that they had received from unions, from Chamber of Commerce, from Government, from Opposition, the Honourable Member said that although the resolution which read "Spanish Nationals cannot be granted the same rights as EEC nationals in Gibraltar prior to obtaining a full membership of the EEC", might be what one would call the doctrine of the House of Assembly because it was passed unanimously, whether we can go on repeating the same thing is another matter. The

difficulty that there is about this matter is in its purely strictly constitutional sense is apart from the fact that immigrants, immigration, residents and labour from abroad are not defined domestic matters and, therefore, whatever the views of the House may be, the meaning which you want to convey may be, is constitutionally incorrect. It is not the first time that we have passed motions in this House expressing views in the hope that the British Government will take these views into account but it appears that a very close reading of the Constitution can leave nobody in any doubt where the ultimate power lies. We have got two possible interpretations of the dramatic change of heart on the part of the Government. Either it is similar to the Dockyard situation, where the Minister for Economic Development came clean and said: "Look, it is not that we are falling in love with the Commercial Dockyard, it is that we are really being given a choice of either this or nothing, and this is better than nothing". Therefore it wasn't a situation there where the Government of Gibraltar got what it wanted from the British Government. The Government of Gibraltar took what the British Government was prepared to offer. Is this a repetition of that or is it not, we need to find that out. If it is not, then it is not simply that it is in the United Kingdom's interest to normalise relations with Spain, as political commentators have said, and that if the situation is normalised at the Gibraltar frontier then Britain will find it easier to support Spain's entry into the EEC and the accession treaty will go smoothly to the Commons because the Gibraltar problem is now out of the way. That is something that Spain is interested in and something that Britain is interested in but why should we be interested in it. What is in it for us, for Gibraltar? I don't know that I have heard anything today, Mr Speaker, from anybody on that side to persuade us that we should be welcoming this Agreement. In fact, although there is no doubt at all, and this is something, taking up the point made by the Minister for Economic Development about the differences of views, one thing that I have seen many times in this House, and it happened a couple of times with the Dockyard when we had Members on that side of the House saying they did not need to be told that it was going to fail but, nevertheless, when the time came to vote, the vote was clear so clearly the voting behaviour of the Government is determined by party policy but it does not mean that individual Members of the Government are all in agreement. And how can the Government on the one hand tell us, as the Chief Minister says: "Today I see the way ahead for Gibraltar with far greater optimism than at any time in the last 20 or 30 years. Today we have an opportunity to consolidate Gibraltarian identity in political and economic terms in a way which will enable us to stand in our own two feet". Where in the 24 pages that he has read out is there the evidence to substantiate a comment like

that. Where? Is it in what the Minister for Economic Development has said? What has the Minister for Economic Development said, because he has produced one argument. The one single argument that has been put there that might have some merit in it has been put by the Minister for Economic Development who has said there is no prospect of the Eastside Development ever getting off the ground with a closed frontier. It might or it might not get off the ground with an open frontier but without the open frontier the answer is no. If that is true of the Eastside Development, it is also true of other developments so the one argument is that if those developments were going to get started on the 1st January, 1986, by implementing the Brussels Agreement they stand a chance of getting started on the 15th February, 1985. That is the one single argument. Let us analyse the rest of the contribution of the Minister for Economic Development about the state of the economy. I think his analysis coincides with ours. I think it is as gloomy as ours is. He has said we are in a very bad state and he has said we cannot carry on as we are and therefore, by implication it is because we cannot carry on as we are that there is a pressure to try and do something to break out of the cycle of stagnation that the economy is in by bringing forward the opening. But how can bringing forward the opening get us out of the cycle of stagnation if we also accept that the effect will be either negative or zero for the next two years. If we are in a bad state, then for the next two years at best we will be in the same bad state and at worse we will be in a worse state, taking the contribution of the Honourable Member himself. Of course, it is clear that that is not the assessment of the Honourable Mr Mascarenhas, who says we have got no problem with competition, we have got more capital in Gibraltar than they have on the other side, which is astonishing.

HON G MASCARENHAS:

I did say capital, yes, but more than on the other side of the Campo area, I qualified that, I didn't mean the whole of Spain. I wasn't talking about Bilbao, I know Bilbao is much richer than Gibraltar, yes.

HON J BOSSANO:

I don't know how far along the other side one goes but, certainly it seems to me that if there is a problem about the capital we have got on this side, it is that very little of the capital on this side gets invested on this side. It might get invested in Jersey or on the gilt edged market but I think there has been a long history of under-investment in Gibraltar by Gibraltarian businessmen and even today when we are talking about possible major developments, we are not thinking of local

capital we are thinking of capital from outside. I don't think we are thinking of any Gibraltarian actually doing the Eastside project or the Queensway, or the Rosia. The kind of money we are talking about is not the kind of money that exists in Gibraltar. That does not mean that in the particular trade that the Honourable Member works there may not be people who do better out of the opening. But we are not talking about a negative effect for the economy in the sense that everybody will lose without exception, what we are talking about is what the Honourable and Learned Chief Minister himself said to the Select Committee on Foreign Affairs. He said that there would be winners and there would be losers. He said "As to the minuses for Gibraltar, obviously, in the same way as some commercial enterprises suffered when the restrictions were imposed and others began to flourish under the new situation, so some businesses will stand to gain and some to lose when the frontier is opened. This is an acceptable fact of life". That is what he said. We are saying the same thing. We are saying some businesses will gain and some businesses will lose but we are also saying if the Chamber of Commerce has not been taking all of us for a ride for the last 3 or 4 years in all the representations they have been making to the EEC Committee about the need for protection, then the businesses in Gibraltar in many areas will be facing a level of competition on the other side which they have not faced before and I stand by those words whatever the Honourable Member may think. It is not just a question of a willingness to survive, it is not just a question or a desire to survive, it is not just a question of the motivation existing, the motivation exists to survive everywhere in the world. Nobody actually wants to disappear. It is whether the circumstances, whether the infrastructure, whether the back-up capital on this side can withstand national competition. The essence of the problem that we face is a problem of size. This is why I find strange the conflicting statements from the Government, and particularly from the Honourable and Learned the Chief Minister, who very recently wrote to the Daily Telegraph on the 15th November this year - he seems to do lots of things on the 15th November, Mr Speaker, I think I need to watch that date very carefully from now on, he wrote to the Daily Telegraph defending the transitional period. He was saying a transitional period in this, as in some other areas, is not discrimination. He was doing it in answer to somebody that had accused Gibraltar of wanting to discriminate against Spanish workers by having the transitional period and the Honourable Member was defending the transitional period saying "it is a way of gradually adjusting situations which otherwise cause severe disruptions". But we have argued the opposite, we have argued that, in fact, time cannot produce the adjustment in our case because after 7 years we will still consist of two square miles and 7,000 homes, unless

some of them have emigrated by then, and that will not be altered whether you give us 7 years, or 10 years, or 200 years. The essence of our argument is the argument that the Honourable Minister for Economic Development used, that it is evident that the EEC is a club for big boys and the rules of the EEC are not designed for somebody our size, that is the argument, and that is the argument that we have lost. Having lost it, it seems to me that the Government have not accepted that it is now lost and I think we are to blame, quite frankly, I think we have wasted a lot of time in that Committee instead of getting on with the job, having lost the argument to get the rules changed for us in the EEC, the Government says "If Spain is going to get in to the EEC at the end of the year and we are going to have to give them all the rights at the end of the year and eventually the frontier opening is going to be beneficial, presumably, if it takes 3 years for the benefits to come through it is better to start counting the 3 years from February rather than start counting them from January next year. That seems to me to be the analysis that can only be, and I am only assuming that analysis, it is not that they have put it, but in trying to understand the position that they have adopted today and in trying to explain to myself the contradictions between everything that they have agreed with us in the past, I can only come to that conclusion. What I think has emerged today, and let me say that even if the arguments in this House are futile from the point of view of getting anything changed and I think that we have a great deal of motions on record to demonstrate the futility, if it isn't futile it is only when the Government sometimes accepts ideas from us for improving some of the legislation but apart from that I think in terms of major policy making most of the arguments only serve to maintain a record and I think we have got an obligation to put the point of view that we represent even if we know that it is not going to change the voting because we have been voted in this House to do precisely that. The people who voted for us still expect us to spend the next four years defending the stand that we took in the elections against the Lisbon Agreement for the renegotiations of the EEC and so on because those are the things that people voted for. We had those things in our manifesto and we will maintain that position. The thing that has emerged is that by the Honourable and Learned Chief Minister telling us that this was already put to him in November, 1983, all the things that have happened since November, 1983, are incomprehensible because the Government was continuing to give the impression to us and to Gibraltar and, as my Honourable Friend Mr Perez has mentioned in the elections there was no hint at all of the Government toying with the idea of advancing EEC rights, none at all, all the public statements have said the opposite. Now we find that, in fact, Mr Mascarenhas was a party to this knowledge, he knew in December, 1983. So much for the so-called bi-partisan

approach of the previous Leader of the Opposition who supported the Lisbon Agreement with the Chief Minister, who apparently didn't know anything about this because if he knew he certainly had no business to criticise the Government the other day on television and I imagine if he knew, Mr Canepa would have shut him up by saying to him "Why are you criticising it, you knew it since November, 1983". I think it is very wrong then for a person that knew to pretend now that it is complete news. He didn't well, then if he knew he should not be saying he didn't and if he did then he should be saying the opposite but it is clear to me, and let me say that it isn't that we in the GSLP disagree with the view that the executive of a party should be fully involved, we support that philosophy. We have got no quarrel with the AACR taking decisions in the executive of the party and involving non-elected members, we think that is an extension of democracy and we are in favour of it.

HON G MASCARENHAS:

If the Honourable Member will give way. I believe that at the time that I knew the information I think I was already a candidate for the party for the general election.

HON J BOSSANO:

Mr Speaker, I am not saying that it is wrong that the Honourable Member should know because it is contrary to our philosophy, what I am saying is that it makes a nonsense of all this business of me not knowing because I have not accepted confidentiality and the previous Leader of the Opposition knowing and the argument put by the previous Leader of the Opposition that if I had been involved I would have been able to influence the situation. As far as I am concerned, I was well informed by reading El Pais, The Daily Telegraph, all the information was there, although the British Government did not ask for my views, the British Government got my views gratuitously because what I did was that I wrote to the Governor and I said: "Look, I read in the press that you are thinking of advancing EEC rights and although Her Majesty's Government has not asked me what I think, I am giving it to you free of charge without being asked". There is no doubt of what the views of the GSLP were and in any case I am sure that Her Majesty's Government keeps itself informed of what both sides of the House think and what different politicians think so therefore there was no question that if I had been there and they had known how I thought, the agreement would have been anything different. It might well have been that if I had been there the debate might have come earlier, that is all that might have happened. It is clear to me, Mr Speaker, that at the end of the day the optimism expressed by the Honourable and Learned the Chief Minister is

unsustainable and unsubstantiated. We have had major differences of opinion before and therefore I can only say, as I have said on other occasions, let there be no doubt at all that there is no question of us attempting to embarrass the Government or exploit the situation for purely party political reasons. We honestly believe that a serious error of judgement is involved on the part of the Government, to put it at no higher than that, because we honestly believe that all the arguments that they have been putting and we have been putting in the context of the EEC still hold true. If we are wrong, and we don't think that we are infallible on this side of the House, and if this marvellous future predicted by the Honourable and Learned the Chief Minister comes through and if we are able to stand on our own two feet and it makes us more independent of the rest of the world and we can consolidate the Gibraltarian identity in both political and economic terms, then that is fine, he will have done a great service to Gibraltar. But if it all turns sour then he will have a lot to answer for.

Mr Speaker then put the question in the terms of the Hon J Bossano's amendment and on a vote being taken the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham,
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J E Pilcher

The following Hon Members voted against:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon G Mascarenhas
The Hon J B Perez
The Hon Dr K G Valarino
The Hon H J Zammit

The following Hon Member abstained.

The Hon B Traynor

The following Hon Members were absent from the Chamber:

The Hon R Mor
The Hon E Thistlethwaite

The amendment was accordingly defeated.

MR SPEAKER:

We have the original motion as moved by the Hon and Learned Chief Minister to which, of course, the Chief Minister on moving has spoken and the Hon Leader of the Opposition has spoken. Are there any other contributors to the motion?

HON J E PILCHER:

Mr Speaker, in introducing the original motion, the Chief Minister spoke about having a rational debate in the House. He said that the Hon Leader of the Opposition had challenged him to a television appearance and, obviously, that was not the forum where parliamentary matters of the importance of the Brussels Agreement should be discussed. He was entirely right that parliamentary matters should only be discussed in the House but I take it, Mr Speaker, that this is a certain cushy position in that as we can all see, the public gallery in the House of Assembly normally holds about fifty people and when one talks on a motion like the Hon Leader of the Opposition spoke on the motion briefly for 2½ hours then, obviously, the press and the television cannot report fully what is being said and might miss, if I may say, the most important points so I think it is the right time to remind the Chief Minister that very shortly after the opening of this House of Assembly he told the Opposition that he would look into the possibility of broadcasting the proceedings of the House. This would have been exactly what the people of Gibraltar would have wanted today, to hear such an important motion being discussed, not as the Hon Mr Canepa was saying in a half hour programme, but live on radio so that everybody in Gibraltar could have heard the Hon and Learned Chief Minister, the Hon Leader of the Opposition, and to have judged for themselves whether or not the Hon Leader of the Opposition's speech was boring or not boring.

HON CHIEF MINISTER:

If the Hon Member will give way. The question of the broadcasting of the proceedings of the House is no longer entirely in my hands.

MR SPEAKER:

I was going to say that the question of broadcasting on radio the proceedings of the House has been a matter which has been considered for some time. It is coming to fruition, we now have a letter from the Gibraltar Broadcasting Corporation to say that they have now got the expertise and the equipment to be able to carry out the broadcasting. In my last visit to London, no more than about three weeks ago, I spent two days in the House of Commons trying to find out the procedure and the matter is being looked into and should come to fruition in the not too distant future.

HON J E PILCHER:

I am glad to hear this, Mr Speaker, the sooner this can be done the sooner the people of Gibraltar will have a knowledge of what goes on in the proceedings of the House.

HON CHIEF MINISTER:

That is a reflection on the media.

HON J E PILCHER:

On summarising the position of the GSLP, I would like to refer to some of the points made in the interventions of Hon Ministers opposite. I think, just in passing, if I can mention that the Hon Mr Mascarenhas missed the point of the Hon Leader of the Opposition when he was speaking as regards the effect that the opening of the frontier would have on businesses in Gibraltar and the fact that businesses in Gibraltar had never had this kind of competition to deal with. The point was that pre-1969, the situation between the Spanish mainland and Gibraltar was completely different. Gibraltar was to a point very similar to a free port, a Ceuta situation, and people were more likely to come to Gibraltar to buy goods than they are at the moment. This is what the Hon Leader of the Opposition was referring to and I think this point was missed by the Hon Mr Mascarenhas although I realise that perhaps in his business there might be a boom. I was very disappointed with the Hon Mr Canepa's intervention. I normally look forward to his interventions as much as he says he looks forward to the interventions of the Leader of the Opposition. I am not sure whether he is going to intervene now as I suppose the Hon and Learned Chief Minister is just going to reply to the motion but I think he was speaking mainly to the gallery and not to the point in question. He spoke of the GSLP and of the fact that we gaze in awe at our party Leader when he speaks in the House of Assembly. Perhaps this is because we are a young party and we are all trying to learn from the Leader of the Opposition. I am afraid I cannot say the same thing of Hon Members opposite who gaze with awe at their shoes because half the time they are asleep when the motions are going on. The Hon and Learned Chief Minister spoke of honest opposition, of objective analysis. But, surely, Mr Speaker, being a lawyer the Hon and Learned Chief Minister must understand that an objective analysis must not necessarily be when two people analyse a thing objectively, they do not necessarily come up with the same analysis. I expect that has happened to him in his career, where he is convinced that what he has been saying in court is true and the jury have opposed what he has been saying. I do not suppose that the Chief Minister believes for a moment that the jury was dishonest. What I am trying to put across to the Chief Minister is that in our objective analysis, just because we do not come up with the same analysis that he comes up with, does not mean that we are a dishonest Opposition or that we are the prophets of doom in Gibraltar. It just means that we

analyse the position and we put the position honestly without being afraid of putting our position here and if every time we put a position it is a position of doom then, unfortunately what is happening is that that is the way that we are seeing it. The Chief Minister mentioned, he did so on television as well when he was speaking of the Brussels Agreement and of the different interpretations of the legislative proposals to achieve this which will be introduced in Gibraltar and Spain. I must say that although I agree with his version of executive power, this is a bit of a red herring, this is the first time in my sitting in this House that the Chief Minister has spoken of executive power and of the right of the Government to take decisions. Surely, in a democracy where executive power does come into effect, the views of the Opposition and the views of the people of Gibraltar also come into effect. We have heard him say that from the 15th November, 1983, he knew that some kind of proposals were being discussed with a view to bringing forward EEC status for Spanish nationals and yet until the Agreement has been signed there has been no mention of this in the House, there has been no mention of this in Gibraltar and he has not been able to in his sitting down and analysing and coming up with his executive power, he did not have the chance to analyse what the views of the Opposition or what the views of the people of Gibraltar were. I think it is undemocratic because in a democracy there exists a Parliament and there exists a Government and an Opposition and, obviously, the Government has the right to bring in a Bill, to bring in a motion which they rightfully consider that they will vote through irrespective of what the Opposition think but in that debate there might be situations where the Opposition might convince the Government. This cannot happen in this Agreement because there is a situation where the Agreement has already been arrived at with a third party, the UK Government, a party who has signed an agreement with another country and therefore it is impossible for the Gibraltar Government to do or to say anything different in this House of Assembly but to support the motion and to welcome the Agreement. Let us for a moment check the Agreement. Everything seems to revolve round the preamble to the Constitution. We all heard the Chief Minister say that if ever steps were taken which were contrary to the people of Gibraltar he would come back to this House and say so. I ask myself, when the Lisbon Agreement was signed and he put in a reservation, I try to ask myself what is the definition of a reservation, what does a reservation mean? Surely, a reservation means that the Government is not happy with this. He did this with the Lisbon Agreement. Three or four years later the Brussels Agreement comes up and he accepts this, again with a reservation. But, surely, is not the definition of a reservation that the Gibraltar Government is unhappy with this because it thinks that certain steps are being taken which are contrary to the people of Gibraltar? Is not this what the reservation means? And if this is what the reservation means, what does the preamble to the Constitution mean? What does respecting or honouring the wishes of the people of Gibraltar mean? When are the wishes of the people of Gibraltar going to be taken into account? When? It is very easy to say the wishes of the people of Gibraltar will be taken into account

but if in 1980 the Lisbon Agreement was signed and the Chief Minister, who is the person who whether we like it or not on this side of the House is the person who speaks for Gibraltar, put in a reservation saying that he did not like that all the differences were going to be discussed, and that implied sovereignty, surely, he must have done the same before the Brussels Agreement was signed when he went to see Sir Geoffrey Howe a week before the Brussels Agreement was signed. And if his wishes were disregarded, where does that leave the wishes of the people of Gibraltar and when do the wishes of the people of Gibraltar come into effect? When? When the British Government want to ask us what our wishes are? The wishes of the people of Gibraltar must be paramount throughout if this is what the Gibraltar Government is saying and I am sure that the reservation there has to be defined by the Gibraltar Government. If we look at the Agreement - and I was speaking privately to one of the Ministers opposite the other day - and I was saying: "Well, if the Agreement means everything you say it does, I must take my hat off to you". And I will, if the Agreement means everything that they say, everything that they answered yesterday in the House, all the positions that the Gibraltar Government say they will maintain despite this piece of paper, which is the Brussels Agreement. The Brussels Agreement speaks of giving Spanish nationals EEC rights or a lot of EEC rights as from the moment the restrictions are lifted. The Gibraltar Government says that in a lot of areas EEC rights will not be given. It speaks of free movement of persons, vehicles, goods, between Gibraltar and the neighbouring territories. The Gibraltar Government says that free movement has to be taken in the context of the Trade Licensing Ordinance, of a lot of Ordinances, and that that will mean nothing. Mutual cooperation will be

HON A J CANEPA:

If the Hon Member will give way because we are dealing with a rather serious matter in respect of the answers that were given here yesterday in the House. We have never said that that means nothing. What we are saying is that the Trade Licensing Ordinance which is the main one that has been mentioned by the Hon Member opposite, is not in conflict with the Treaty of Rome, is not in conflict with EEC directives because it is of general applicability. It is non-discriminatory; it is a requirement in respect of Gibraltar as much as anybody else. Thus, if we impose certain restrictions on the importation of goods into Gibraltar on Gibraltarians, we are entitled to impose them on other people and that is why it can be argued, and I think the Attorney-General argued that yesterday morning, that he is confident that the Trade Licensing Ordinance was alright and could not be challenged.

HON J E PILCHER:

I accept that. Perhaps I was a bit too strong in saying that nothing at all was being given but this was one of the things mentioned, the main thing. Other things were mentioned as well and what the Government were saying yesterday was that in reality very little would be given as regards the Brussels Agreement and therefore this meant a victory for Gibraltar. You have been saying that all through. Is it not a victory for Gibraltar? You are not going to give the EEC rights in many of the cases, you are going to defend the free movement

MR SPEAKER:

I think what the Government has said is that any rights that relate to things like the importation of goods and such like in Gibraltar is subject to Gibraltar legislation which is applicable to all Gibraltarians.

HON J E PILCHER:

I accept that, Mr Speaker, this is what I am saying, the only thing is that perhaps I am not getting my point of view across. What I am saying is that if this is the case it has to stand the passage of time. The fact that there is a limitation on the bread importation in Gibraltar and that the Hon Mr Canepa was adamant that this would not be changed, that they were adamant that things like levels of certain goods such as potatoes and other commodities had to be maintained and that any Spaniard coming in would have to rigidly comply with this Ordinance, all these things really made the Brussels Agreement not as bad as was initially envisaged, if you can uphold all these things. The Hon Dr Valarino said that no jobs were going to be lost because, obviously, if you do not allow people to bring in bread then obviously the bakeries in Gibraltar will carry on making money and carry on selling bread. He also said that 400 jobs were going to be created in the economy. What we are saying is that we will take our hats off to the AACR when they are able to deliver that. I would say to the AACR that when the pressure gets to the Spanish Foreign Office, they will apply pressure to the British Foreign Office and the Gibraltar Government will get their bottoms smacked like they have done in the past. This is what we are saying. If that is not the case we will eat our words on this side. Mutual cooperation on matters economic, cultural, touristic, aviation, military, environmental: I asked the Chief Minister yesterday whether he had any say in what happens at the airport or other areas which are really non-defined domestic matters. Although his answer was "Yes Sir", he then qualified that to say that obviously they advised the British Government of what the Gibraltar Government feel and this is to the extent that the Gibraltar Government have a control over the airport or any other area which comes under non-defined domestic matters. And I asked myself, having analysed their reaction to the sovereignty issue, will we get a situation where in six months time or a years time an

arrangement is made between the British and Spanish Government over the airfield and is accepted by the Gibraltar Government, with reservation. This is what I ask myself when I see co-operation on military and cooperation on aviation matters which are purely and strictly non-defined domestic matters. I do not think they can uphold the other areas which I have mentioned, let alone areas which are non-defined domestic matters. The Chief Minister also spoke of Working Parties. I have always been under the impression, and obviously I was wrong, that when we spoke of Working Parties we were speaking of local Working Parties who were working towards different things, culture, economy, tourism, environmental matters. I read with some strangeness when the Chief Minister said: "Gibraltar Government officials will as appropriate attend meetings of the Working Group whose work will be ad referendum to Ministers, including Gibraltar Government Ministers". What do you mean, including Gibraltar Government Ministers? Does that mean that the Working Parties will be between Britain and Spain and that the Gibraltar Ministers will just be part of a delegation? I thought that Working Parties meant that we would have our future and we would be taking care of our future, which is what the Chief Minister said in his speech, that this is the time to grab hold of our future and to move forward. How are we going to do that as part of a delegation of the United Kingdom? They talk of the Lisbon Agreement. I have not been in the House for very long but it seems to me that I remember that sometime in March or April this year the Chief Minister pronounced the Lisbon Agreement as dead.

CHIEF MINISTER:

Dying.

HON J E PILCHER:

No, dead. I am sorrying, dying, or in the ICU. The Hon Mr Canepa on television pronounced it dead and gave it extreme unction. He said defunct and I think defunct means dead.

HON A J CANEPA:

If the Hon Member will give way. In the House I have gone even further. Señor Moran and Sir Geoffrey Howe have worked a miracle, really. In this House I think I said it was in the process of being cremated.

HON J E PILCHER:

The Hon and Learned Chief Minister said he was not the Pope. I think this has been mentioned by the Hon Mr Canepa, that he wasn't Bishop or Pope yet. Sir Geoffrey Howe appears to be God because he has just resurrected the Lisbon Agreement and although it has changed its name to the Brussels Agreement, in all honesty the Brussels Agreement is a re-negotiation, and I think the Government have accepted that, of the Lisbon Agreement. The Chief Minister also spoke of the former Leader of

the Opposition. He mentioned it many a time to qualify many of the things. He was talking of the former Leader of the Opposition and the only thing that I want to remind the Hon and Learned Chief Minister is that although it is valid to make points of the DPBG, the DPBG are not today in this House. The GSLP opposed the Lisbon Agreement from day one and it has not changed its policy or its analysis one iota. The Brussels Agreement we see as worse than the Lisbon Agreement and therefore we continue to oppose it. We speak now of political advantages. If in 1980 we opposed the Lisbon Agreement, we were not trying to get a political advantage then, we just were mostly members of an Executive Committee with only one representative in the House who was Joe Bossano, and we were just putting a point of view across as we saw it. And today we are doing exactly the same the only difference is that today we are seven Members of the Parliament and not seven members of an Executive on a trailer in the middle of Casemates. That is the difference, but that is the only difference.

HON CHIEF MINISTER:

If the Hon Member will give way one moment. I only mentioned that because I was analysing the opposition to the Brussels Agreement and I necessarily had to analyse that a party, which is now almost defunct and which had taken part in previous proceedings, was taking a different view. That is all. I attach as little importance to them as I am sure Hon Members opposite do but when you have been a protagonist and you have taken part and you have said one thing and then because you are not in it you say the other, the analysis of his own leader says that if he had been in the House of Assembly now he would have come along on the Brussels Agreement.

HON J E PILCHER:

I agree with the Hon and Learned Chief Minister and, in fact, the Hon Leader of the Opposition has also agreed with him. If the composition of the House had been the same as the last time, the motion today would have been won fourteen to one and not eight to seven, as undoubtedly it will be won. Mr Speaker, the Agreement hinges on one thing and one thing alone. It hinges on the word faith. It hinges on the governing party's faith in the British Government, on the Members' opposite faith in the Hon and Learned Chief Minister and we are not saying that their faith is or is not or should or should not be questioned. We are looking at the Agreement analytically and taking a stand on the Agreement. The Hon and Learned Chief Minister seems to be saying that if we oppose the Agreement we are really opposing his thirty years of statesmanship, well, I will not proceed with that. Certainly, no one on this side of the House has said that the Hon and Learned Chief Minister is selling Gibraltar down the river, we think it is a difference of judgement, a difference of opinion which the future will decide who was right. Unfortunately, if it is true that we were right, it has serious consequences for Gibraltar but, certainly, that is the analysis of the GSLP. But in so doing

I have to say that in picking his position, the Hon and Learned Chief Minister is accepting the most comfortable position of the two. In the past thirty years which the Hon and Learned Chief Minister has been the Chief Minister of Gibraltar, except for a very short time, he has always accepted the position of the UK Government which happens to coincide many a time with the position which was best for Gibraltar because there was a dictatorial Government in Spain. Today, it is much more difficult because, as my Hon Colleague Mr Feetham says, there are other things playing in the same context, the EEC, NATO and many other things which are bringing pressure to bear on the Gibraltar Government and I think this is the area where it is dangerous for the Gibraltar Government to accept the more comfortable position. I think it is a comfortable position. I think in private the analysis that has been made is that there was nothing that the Gibraltar Government could do. They told Sir Geoffrey Howe in London what the position of the Gibraltar Government was, that they didn't want sovereignty included but that in the evening of Monday they were told of the Agreement and that sovereignty would be part of the agreement. They then proceeded to try and convince Sir Geoffrey Howe not to put sovereignty into that Agreement all through the night and all through Monday morning. At 1.30 pm the Agreement was made public and at 1.45 pm the Chief Minister was defending that Agreement as an honourable one, with reservations. If that is not true then I expect the Chief Minister in his analysis and in his intervention to tell me what exactly did happen between the moment that he left Sir Geoffrey Howe on the Wednesday and the moment that the Agreement was made public in Gibraltar. The Hon and Learned Chief Minister also spoke of the victory of Señor Moran. I think the Hon Joe Bossano has already tackled this point. I sat and watched television about two years ago in the Man Alive programme where Señor Moran said that he respected the wishes of the people of Gibraltar. But in their analysis, respecting of the wishes of the people of Gibraltar does not mean anything at all and what Señor Moran was saying on Spanish television does not mean anything at all because they divide the wishes of the people of Gibraltar and the sovereignty of the territory of Gibraltar, which we don't, on either side of this House. But to say that we should look at it as a victory because Señor Moran has said this publicly is nonsense because he said that at the Man Alive programme and he said it on television and he said it many a time. The point is that the Chief Minister said that one of the points that proved how good the Brussels Agreement was, was the fact that Señor Moran had said this on television and it showed that he now respected our wishes. He has been respecting our wishes all through, what he wants is sovereignty over Gibraltar. What he wants is what we call in Trade Union circles, and I am sure that many of the Members opposite will know, is a personal to holder status. That is what he wants, to give the Gibraltarians a personal to holder status as a Gibraltarian when the country is Spanish, that is what he wants. He also quoted Señor Moran as saying, I cannot find the exact words, he said it in Spanish: "No se puede preveer ni el ritmo ni el resultado de las negociaciones".

We are getting more and more Spanish in this House. I will translate just in case - "It is impossible to foresee neither the pace nor the outcome of the negotiations". No Member on this side of the House has said, in fact, the Hon Mr Mascarenhas picked it up, that this will be a question of three months, six months, nine months, a year, two years, ten years, twenty years, what we are saying is that the principle of sovereignty has been sacrificed and the Hon and Learned Chief Minister as a lawyer should know that it has now been put on the table and it is negotiable and for the past 260 years we have not negotiated. And we are told about this totally unfounded fear and mistrust. Totally unfounded fear? The Brussels Agreement, is this what the people of Gibraltar deserve for what they have been put through for the past twenty years? They talk of a status quo but wasn't a status quo, to a point, good for Gibraltar? The status quo made a situation where there were only two options, maintaining Gibraltar as a colony or slowly decolonising Gibraltar and moving on to a situation where Gibraltar was more economically and politically self-sufficient. These were the two options open under the status quo before the Brussels Agreement. But now the Brussels Agreement has brought a third factor into play - the sovereignty issue. If Spain had had to decide which of the two options it chose, whether to maintain Gibraltar as a colony or to accept that there was a process by which Gibraltar would become politically self-sufficient, then Spain would have chosen the latter but today there are no longer two options in process, there are now three options. Spain has now been told that sovereignty is negotiable so Spain will go for the third option. Whether it takes ten, fifteen, twenty or thirty years, that is the option that Spain will now go for and it has, to a point, closed the door to our fight for Gibraltar, the fight of the AACR, the slogan of the AACR. I refer to "The right to our land", not "Safe and Secure", I don't know where you got that slogan from. The right to our land is the slogan I am referring to, a slogan which although the AACR has now apparently dropped, the GSLP have always had this as their slogan because we do believe in the right to our land. I have made what I hope is an analysis and, obviously, I have brought points in which, according to the Chief Minister, must necessarily not be an objective analysis because I haven't come to the same analysis and the same conclusion that he has come to. All these are contradictory remarks. The Hon Leader of the Opposition highlighted that all these are contradictory remarks throughout. The Government have been contradicting themselves. They contradict themselves in the answering of questions, they contradict themselves in statements, they contradict themselves in the motion. How are we expected not only to analyse and come up with the same solutions as they come to but to have any kind of faith in them if since 1982 they have been saying one thing, today in 1984 they say something completely different and have, to a point, and although I do not sit in that Committee, I will look to my Hon Colleague, Mr Feetham, to agree with me or not agree with me, that in that EEC Committee the Government has been misleading the

Opposition. Even if our analysis were the same how could we have faith in a Government that is jumping from one side to the other and we can never trap them into anything because they do not admit to anything. They vote on motions in the House one moment and do something else the next. And, in fact, it has been proved here today by the Hon Leader of the Opposition that they have voted for a motion in December, 1983 when they had already taken another position in November, 1983. I think, Mr Speaker, that is all I have to say.

HON M K FEATHERSTONE:

Mr Speaker, the Opposition lays a lot of stress on the word "analysis" but from what I have seen they have not analysed to any great extent the majority of the motion put forward by the Hon Chief Minister. The first one declares that the wishes of this House and those of the people of Gibraltar as a whole are that sovereignty over Gibraltar should be retained by Britain. They have not said a word about that. They have not said whether they agree with that or whether they disagree. Where is their analysis?

HON J BOSSANO:

Mr Speaker, I can answer that point straightaway. I said in my opening remarks in moving the amendment that as far as we were concerned the first three points of the motion moved by the Chief Minister we had no quarrel with but the first three points had nothing to do with the fourth one, that one could be against the Brussels Agreement and still agree with points 1, 2 and 3 and that, in fact, we would be stressing that in the other two motions on the Agenda. I have already answered that.

HON M K FEATHERSTONE:

Well, if the Hon Mr Bossano said that I did not seem to pick it up. Anyhow, let us accept then that they agree with the first three points in the motion. What they do not agree with is the question that the agreement reached by the Secretary of State for Foreign Affairs and the Spanish Foreign Minister should be welcomed. I have a jaundiced viewpoint on this and I would like to paint two scenarios. We all know that the GSLP is doing its utmost to work for a victory for their party at the next elections. They have put on an air of respectability. The Hon Mr Bossano now lays a wreath at the Cross of Sacrifice.

MR SPEAKER:

No, no. Let us come down to earth and let us now talk about the motion.

HON M K FEATHERSTONE:

They have made much that ten months is being gained by the application of the Brussels Agreement now, ten months which we could easily forego and not implement until Spain joins the EEC, if they join, in 1986, although it might even be later. It is not an unknown fact that the economy of Gibraltar is going through a difficult period, a period which with the full opening of the frontier is likely to continue for some time. It has been stated it may take two years. Let us assume, Sir, that we waited until 1986 to have the full opening of the frontier. By 1988 - election time - the economy of Gibraltar would be just about rock bottom, exactly the point where the Hon Mr Bossano would say: "There you are, you have put your faith in the AACR, they have let you down completely, now is the chance to vote for me and my economic package". Ten months gained can mean a lot. A week can mean a lot in political circles. Ten months gained may mean that by 1988 Gibraltar is on the upturn, the economy is starting to boom, my friends in the Chamber of Commerce will be making money in their shops, in their businesses and I do not doubt that they have the acumen and the ability so to do. As the Hon George Mascarenhas said: "The entrepreneurial capability of the people of Gibraltar is very great indeed". And so you see the two scenarios, one in which the economy of Gibraltar is at a low ebb and open to the opportunities for the type of socialist Government which Mr Bossano feels should be the answer to Gibraltar, which thrives on depression, or the possibility of an upswing in the economy where the AACR can say: "You have put your faith in us, it was not wasted, it has come as we have forecast, things have gone initially as was expected, a little bit for the worse, but now the upsurge is coming, here is your opportunity to renew your faith in the AACR". What have we given for these ten months we have gained? Have we given anything on agreeing to talk on sovereignty? There is an expression in Spanish that by talking people understand each other. Well, perhaps, by talking to the Spaniards on sovereignty they will understand that as far as we are concerned sovereignty is not for discussion, sovereignty is not something which we are going to give away easily or hardly. We cannot speak for generations to come, that I think would be unfair. We ourselves wish to have the right to determine what we do today, generations to come in fifty, sixty, one hundred years may think differently, we cannot determine what they wish, but we can tell the Spaniards that as far as the present generation and as far as the generation that is following us, it is on the cards that sovereignty is something that we are not going to give to them and the sooner they learn it, and they will only learn it by discussion, they will not learn it by sitting on one side of the fence and ourselves sitting on the other side of the fence and never speaking to each other. I welcome the Agreement. As I said, it gives us ten months opportunity, ten months advance in trying to re-orientate our economy which is and has been for the last year or so at a rather low ebb. You have heard the Hon Financial Secretary talk of possibly having to do deficit

financing. This is something that is not what we would like to see for Gibraltar. This is something that the sooner it can be cured it must be cured. Therefore, I see no dangers in accepting the Agreement as it has been arranged. I have full faith in the Hon Chief Minister. I have full faith that when he went to see Sir Geoffrey Howe and he put Gibraltar's point as forcibly and as strongly as anybody in the Opposition could have put it or anybody else in Gibraltar could have put it. We have trusted him for the last forty years. He has not let us down. He will not let us down now. It is not hero worship, it is plain commonsense. Thank you, Sir.

HON H J ZAMMITT:

Mr Speaker, Sir, I want to be quite brief. There are a number of points which I think have to be brought to bear and one of the things I would like to say is to commend particularly Members opposite because of the way they have held this rather emotional discussion, where we have shown that we are somewhat different inasmuch as we can think with our heads and not with our hearts. I think that during the time I have been in the House of Assembly it is without doubt that the most important and crucial item that has been discussed in this House because everything we have spoken about previously, whether domestic or international, has invariably had a bearing on the restrictions at the frontier. In that context, I think that I will praise the Opposition in holding this discussion down to a reasonable discussion with ideas, whether we agree with them or we do not is an entirely different issue, but there has been something said which some people share but which we do not necessarily agree with. Mr Speaker, I think there is one basic thing and that is, do we want the frontier open? I do not think we can kid ourselves we have been politically and in every other field saying to the world that that situation was abnormal. If we want the frontier open and we do not want disagreement, which I will go into briefly later on, how then can we envisage an opening of the frontier on day X, after Spain's accession or day Y, before Spain's accession into the EEC, with what? Mr Speaker, do we honestly want, and I think we do not we are much more mature than that, to poke our tongues out to Spain and say: "We have licked you, we have beaten you, you have had to succumb". I do not think that is the thinking of mature people today and I think that this House has demonstrated particularly since I have been here since 1972, a purpose of maturity that there is no victory, there is no defeat, common sense prevails, and the best advantage must be taken of this. Mr Speaker, I lament, and I hope Mr Joe Bossano will not take exception to this, I lament that we have not been able to have a bi-partisan approach with Mr Bossano on this issue. I lament this because I think Gibraltar has lost. I do not want to mention the previous Leader of the Opposition. I think his political acumen was exposed beautifully, if that needed being done, at last Thursday's Gible, but I think the Hon Mr Bossano should have buried his personal pride and accepted confidentiality as much as I am sure he accepts confidentiality in union matters and, for the benefit of Gibraltar, he should have gone out of his way to have joined the Chief Minister

HON J BOSSANO:

If the Hon Member will give way. It has nothing to do with confidentiality, Mr Speaker. We have been told today that the Leader of the Opposition, who was taking a bi-partisan approach because he supported the Lisbon Agreement, he didn't know in November, 1983, that is, in November, 1983, the United Kingdom Government consulted the Government of Gibraltar, not the Opposition, in spite of the fact that there was a bi-partisan approach. The reason why we do not have a bi-partisan approach is very simple. It is because we do not agree with the Lisbon Agreement and we do not agree with the Brussels Agreement. We had a bi-partisan approach on the EEC re-negotiation because we agreed on that. We have to agree to be able to go together.

HON H J ZAMMITT:

Mr Speaker, I take his point and I cannot obviously move him from a matter of principle which he feels so strongly about but I would have liked the Gibraltar leaders, particularly when for the first time since 1969, there has been an Opposition of members of the same Party which would have been an absolutely first class situation to have had a united front on the issue that all of us in Gibraltar hold so very dear. Mr Speaker, what I do think is wrong is that we seem to be bent on spreading fear and alarm. I said this to the Hon Member a few days ago in private. I think it is wrong of us, as leaders, to spread alarm because over the years, Mr Speaker, the people of Gibraltar have been subjected to leases, sell-outs, we have been sold down the river, guardia civiles up Main Street and God knows what. And we survived all that, Mr Speaker, because we have showed resilience over the years and we have overcome those fears. There are very many people in Gibraltar that worry and it affects them and at the end of the day it is analysed and explained to them properly that there is no cause for worry. The Leader of the Opposition has been speaking as a prophet of doom. For instance, Mr Speaker, I was reading Hansard when he was Leader of the Opposition in 1976, at the Opening of the House of Assembly. He then said; "This is the last House of Assembly". Well, Mr Speaker, we have had two Houses of Assembly after that and I am sure we will have another twenty Houses of Assembly still to go. I think that there is no need to say that kind of thing, certainly not publicly, Mr Speaker. Let us all work together because I know that all of us in this House have exactly the same thing in common, certainly on that issue. Let us work together, let us show the people that we are mature and that we are reliable. Let us lead and let us not spread the fear that is totally unnecessary. In 1964, in the Committee of 24, Sir Joshua said that no one in the world understood the Spaniards better than the Gibraltarians. I think we can afford to say that having been at their doorstep for close on 300 years. We know very well, Mr Speaker, that had this Brussels Agreement been a victory for Spain, I think the euphoria that would have emerged from there would have been terrific. After all, Mr Speaker, we can all remember the euphoria of Spain when

Paquito Fernandez Ochoa won a gold medal, we had it for six weeks on television. There hasn't been euphoria on the question of sovereignty. Let me tell the Hon Mr Juan Carlos Perez it is not true to say that sovereignty has not been raised before. I think if you read history, Spain has been claiming sovereignty over Gibraltar since 1704 or 1711.

HON J C PEREZ:

I have never said that sovereignty has not been raised by Spain I said that we, the Gibraltarians, and the British Government, have never put it under discussion with Spain and because of our resistance, Mr Speaker, the restrictions were imposed and because we are now giving in the restrictions are to be lifted. That is what I have been saying.

HON H J ZAMMITT:

I am afraid he is absolutely wrong again, Mr Speaker, because in 1964 when Mr Fred Leigh was Colonial Secretary, Britain challenged Spain to go to the International Court of The Hague to look at all the Gibraltar question. The whole of the Gibraltar issue was going before the International Court at The Hague at a time when Spain said we were a prefabricated population, the Committee of 24 was against us, the General Assembly was against us, and yet we had some jubilation, Mr Speaker, because Spain refused to take up the challenge. Today, Mr Speaker, where we have the aggressor, Spain, accepting the presence of the Gibraltarians and accepting the identity of the Gibraltarians and let me say that it is to me a matter of pride, and I am sure to everybody else, when I listen to radio late at night and I hear Cadena Ser ringing up Sir Joshua and referring to him as Chief Minister. It is something that was completely unheard of fifteen years ago, Mr Speaker. So what is the fear today? I told Members opposite at a dinner the other evening that I was one that questioned the Brussels Agreement. I had questions to ask and I did not have them cleared. I am not entirely delighted or pleased but what I am saying is that it is the best thing we can obtain at this particular stage. I think the Chief Minister put it beautifully. I do not care if people say I am a puppet or whatever, people know I am not a puppet to anybody.

HON J E PILCHER:

I was just thinking of the Hon Mr Canepa's "gaze with awe". The Hon Mr Zammit has mentioned his Chief Minister twice as beautifully quoted.

HON H J ZAMMITT:

Mr Speaker, the Chief Minister put it very nicely the other night over Spanish radio when he said: "It isn't a victory for Spain. Spain has not lost, Gibraltar has not lost, Spain has not won, Gibraltar has not won". Common sense has

prevailed and we are now coming back to a normal set of circumstances which we all wanted. If there is anybody prepared to come out saying: "We wanted it and we wanted it this way. We wanted the frontier open, the Spaniards to come in crawling saying how awfully sorry they were for the bad things they had done". Mr Speaker, let us be honest. We just cannot have that kind of thing. We have to be realistic and face facts as they are. Mr Speaker, in this House we get Shakespearean phrases, Churchillian phrases and the like. I am going to quote Marilyn Monroe. She said; "After you get what you want, you don't want what you get". I think, Mr Speaker, that is what we Gibraltarians, possibly, are failing to see. We cannot continue to argue only when it suits us. There is a reality to face and we must try and get the best deal possible. Spain is there, Mr Speaker, it is a fact. Mr Bossano himself did say that, Mr Speaker, in his speech at that particular Opening of the House, he mentioned the fact of our Colonial status and the fact that it was a reality that Spain was there. Let us stop quibbling about the nitty gritty and unite in a common purpose in trying to get the best of what we have been fighting for for very many years. Thank you, Sir.

HON A J CANEPA:

Mr Speaker, I would like to say by way of introduction in answering one or two of the points made by the Hon Mr Pilcher, that it is a truism, naturally, that reaction from politicians and from political parties to any political proposition is naturally going to vary by the approach, by the ideological or the pragmatic approach of the politicians in question. That has been very evident with the reaction to the Brussels Agreement as to whether some people in the United Kingdom have welcomed it or not or, indeed, in Gibraltar or in Spain for that matter. I challenged on television last week when Mr Isola in the same manner as he used to do here in the House when he is apt to exaggerate, because one newspaper in particular, and he made a Freudian slip, he mentioned The Guardian. The Guardian took a particular line and that is they welcomed the Agreement, I think they would have liked it to have gone much further, they believe that sovereignty of the people of the Falkland Islands should be negotiated away, that it was the sensible thing to do, the British economy is bleeding because of all the expenditure on defence in the Falklands, and they would have wanted to see, I have no doubt, this Agreement going much further to what they would regard as being the logical culmination of it all coming from a very liberal approach, the sensible thing, here you have got a democratic Spain, it is not the old fascist regime and so on. But The Guardian was not reflecting British press opinion. British press opinion varied and neither does for that matter "Ya", naturally, which is a right wing newspaper in Spain, reflect the average reaction of the press or the average man in the street, if there is such a thing, to the Agreement in Spain. But the important thing I think is this and it has to be underlined. The principle of discussing sovereignty has

been given away, yes, explicitly. Previously it was implied, now it has been conceded but not the principle of the transfer of sovereignty. Britain still stands fully by the preamble as she has always done. It is interesting how "Ya", in an editorial of the 28th November, which only came to hand during the lunch hour, makes that point. They go on to say that there are two points which detract from the optimism in Spain. The second one they say, oddly enough, is the question of the prohibited air space. They say that by Spain agreeing to remove it they are implicitly accepting British sovereignty over the isthmus which is a rather interesting assertion coming from a Spanish quarter but, obviously, "Ya", if they can undermine in what is a fairly levelheaded, editorial it does not go into dramatic blandishment against the Spanish Government but, obviously, it is a subtle way of attempting to cut the ground from under the feet of the Socialist Government. But the first point is the question of sovereignty and it quotes the statement about the British Government honouring fully its commitment to honour the wishes of the people of Gibraltar and it goes on to say that Moran and Howe spoke moreover about rights, just as established in the 1969 Constitution. And this means, they go on to say, neither more nor less, that the British position has not changed in this respect one iota. On the contrary, it has been reaffirmed in an agreement signed by the Spanish negotiators. This is another way of looking at it and I am just quoting that because it underlines the point that one is coloured in one's appreciation of the document of an agreement. The Hon Mr Pilcher, I think, was wrong when he was speaking passionately about respect for our wishes, when he was saying why should the British Government agree to negotiate sovereignty, be prepared to put its signature to such an agreement when the people of Gibraltar do not want this, when repeatedly there have been motions in this House to that effect. I think it has got to be understood that in the preamble to the Constitution, the British Government commits itself to honour our wishes in the context of a transfer of sovereignty and that our wishes are paramount in that respect. That is where I think you have in an indirect way a right of veto. But the British Government has never committed itself in the conduct of its responsibility on foreign affairs to accept everything that we want. That is why we express views in the House, the Chief Minister expresses views on behalf of the Government of Gibraltar through the Governor and directly to the Foreign Secretary and our views may not be taken fully into account to the extent that they are paramount. Obviously, their attitude is going to be coloured by what we say and we have considerable influence but the mistake should not be made of thinking that paramountcy of the wishes of the people is in respect of everything to do with foreign affairs because we have accepted in the Referendum, and having regard to the fact that we are a dependent territory, to place the conduct of foreign affairs in the hands of the British Government. But on this crucial and fundamental issue of the transfer of sovereignty the transfer of sovereignty is in respect of people and territory. The Gibraltarians are not Gibraltarians in Corby, Newtown, they are Gibraltarians in Gibraltar. I think

that is obvious so it is in that context of not having handing over the people and all the territory of Gibraltar against our wishes that paramountcy comes into effect. Dealing very briefly with the various points made in the motion, Mr Speaker, alright, the first three points, perhaps, are axiomatic up to a point but in the context of the Agreement at Brussels and in the context of the fact that we do not like that a commitment to discuss sovereignty has been entered into by Britain explicitly, I have no doubt that it is essential for this House to reaffirm at the first opportunity that we have to do so after the signing of the Agreement, that our wishes and those of the people of Gibraltar as a whole other than those people of the PAG, the Party for the Autonomy of Gibraltar, autonomy under the Spanish state and under Spanish sovereignty, that our wishes are that sovereignty should continue to be retained by Britain. Going on to the second point of confidence in the British Government. One point that has not been made today so far is what I think has been a very successful policy on the part of successive Governments of Gibraltar, and I only came into the picture in 1972, and the battle that was waged was being waged and won, I think, before my time culminating in the preamble to the Constitution, but throughout a long period of time successive Governments of Gibraltar, mainly through the Chief Minister who has repeatedly stuck his neck out, have committed the British Government to stand by the people of Gibraltar with the policy of support and sustain, the preamble to the Constitution and so on, by placing our trust in the British Government and its Parliament. I think it has been a very successful facet of the trust which the Chief Minister has had in Britain and for which he has been criticised on numerous occasions. The second paragraph in the motion deals with the question of the preamble but it does not quote the preamble fully and I very much hope that the DPBG will not take offence at the fact that in the same way as in the Brussels Agreement the whole of the preamble is not spelt out, we in the House through the motion of the Chief Minister, are not spelling it all out. There is no need for it. As is set out in the preamble to the Constitution, the British Government would take into account our wishes which have to be exercised freely and democratically. And by leaving those words out, either of the Agreement or in this paragraph, that in no way, I think, weakens the essence of the preamble because if that is weakened then the preamble falls apart so the preamble must stand as a whole. In Parliament, very often, the whole of the preamble is quoted and I think it very much depends on the context in which the matter is being dealt with such as in the case of an answer to a parliamentary question. The third paragraph is the question of our appreciation in the British Parliament and it is no secret that there is a problem with respect to certain Members of Parliament, coming from a certain quarter, whether perhaps because of the ideological views that they have or because of their lack of contact with Gibraltar, do not support the view that traditionally we have had from the vast majority of Members of Parliament. We saw that only too eloquently expressed in 1981 from two very left wing Members of the Labour Party one of whom, happily, is no longer a Member of the House of Commons. I think it must have been, I was going to say "las maldiciones" of the people of

Gibraltar but I shouldn't, perhaps, say that, but he is no longer a Member, and what I think we have to be very careful and I know that all Members here are conscious of this, is that we cannot afford to be complacent in this respect and we have been working hard to nurture the support that there is in Parliament, and we have to continue to work hard and even harder, perhaps. Parliamentary visits from UK delegations such as the one we had here recently are costly for a small territory like Gibraltar but it amounts to money which is extremely well spent and I was very glad to see, in particular, one of the Members belonging to a party where there is a certain amount of disquiet, the very committed line that he took, the very sensible line that he took and I am sure that in him we will have a lot of support in Parliament. I just hope that his party do not kick him out when the time comes for the next election as they are doing with many moderate and sensible people. That brings me to the last point which is the welcome that we have given to the Brussels Agreement. I made one point earlier in the debate in favour of the Brussels Agreement. I want to make another one. I see it as a culminating step in the process of recognition and acceptance by Spain of the reality of the people of Gibraltar as a people with a separate identity. The process, perhaps, started in November, 1977, in Strasbourg, and it has been taken a number of stages forward. I do not think it is a question of magnanimity on the part of the Spanish Government or Señor Moran, I think it is a question of stark realism on the matter. He does accept that the wishes of Gibraltar are paramount, he is no longer speaking about interests but wishes and the reality of the situation is not only because he knows that it is inconceivable that the present, or indeed the next generation, can be wooed by Spain, but the matter goes much further than that and Spain herself has got certain interests of an internal nature, I would imagine, and which Señor Moran has spoken about, which would preclude her wishing to have the people of Gibraltar transferred, and Gibraltar, under Spanish sovereignty against our wishes. Spain is fully aware of the problems that can be created for a state in internal security by having a people, or a large proportion of a people under the Spanish state who do not want to come under Madrid, who do not want to form part of the Spanish Government, and there is the problem of terrorism in Northern Spain. Far be it for me to say that that is what would happen in Gibraltar but it is a very serious problem to have at the entrance to the Mediterranean, a people under you who do not wish to be under you and who can create in certain circumstances, difficulties. This is not magnanimity, this is stark realism. This is, I think, maturity on the part of a democratic Government in Spain which is learning from the problems that face them. I think that it is an aspect that has to be borne in mind and in summing up, Mr Speaker, as I say, generally, I know that Hon Members opposite reject the fourth paragraph of the motion. I wonder whether they might somehow find it possible to at least vote for the preceding paragraphs with which I am sure they do not quarrel because there are certain principles stated there which I feel very strongly require to be re-stated at the first opportunity that we have had in this House to discuss the Brussels Agreement since it was signed.

HON CHIEF MINISTER:

Mr Speaker, I am grateful to my colleague for having covered a considerable amount of stuff which would have had to be answered by me; he has done it admirably and I am very grateful that that will make my contribution shorter, but there are one or two matters that I should want to discuss. First of all, I had no obligation to state here when the process which has culminated started. I had no obligation and therefore I want to explain why I said it and I want to explain what was happening in the meantime. I volunteered that because I felt I had to open my heart and everything that has happened in this House because it was necessary but I want to assure Members of the House of Assembly Committee that there was, in my view, no inconsistency whatsoever to try and improve the situation of Gibraltar within the Common Market and thinking in terms of an eventually inevitable fact that Spain was joining and that Gibraltar had to join. In my view, and I say so in all honesty, in my view, there was no misleading of the House of Assembly Committee because there what we were doing was to try and see whether we could tailor part of the Common Market to our requirements or try and improve in the overall. Spain was not concerned with that, it was a matter between us and Britain and Britain and the Community. Therefore there was no question of that at all and the idea, as was put to me, I sounded opinions reasonable wisely. In many ways, one can sound opinion without revealing why you are seeking certain information, one has ways of doing it and one knows where one can find proper places where to do it and how to do it and the feedback I got very directly was - reciprocity yes, that should be wearable, that could be good - in advance, oh yes. I did not have to look for the reaction of Members opposite, I knew more or less what they felt and I make no secret about that, they were against the Lisbon Agreement. I am not going to either confirm or deny the rather interesting version given by Mr Pilcher, I don't know whether he said where he got it from but I am not going to either deny or in any way say anything that would tend to show whether he is right or wrong. These things happen and therefore it is up to people to say what they want. To some extent his version gives me an element of credit for fighting about this matter to the last moment so in that respect the version, as I say, gives me credit for fighting for something to the last moment, according to him, I am not going to say whether I did it or not. I stand by what has been agreed and I take the responsibility for what has happened after. First of all, the matter did not materialise until much later insofar as the other approach was concerned but there should be no misunderstanding about that. I stated it because I felt that I wanted to show that this was not a sort of trick that had been suddenly brought out, like a rabbit out of a hat, it was something that had been maturing in the minds of people who were aiming at getting something that was reasonably acceptable to us. I think my Colleague, Mr Ganepa, has very properly explained the question of the veto that we have and that brings me to a point made by the Hon Mr Pilcher whose contribution I thought was very helpful apart from my being grateful for his acknowledgement of good faith which is always nice to hear from Members opposite when

one has a situation as one has now with a reservation. The reservation means that I have been a party to that Agreement which takes certain steps which we think are right - whether you think it is right or not is another matter - but I am free to argue what is there that I do not like. If it had been a question of a transfer of sovereignty then I would not have been a party to it, I would have gone away but if there is some area of it which I do not accept I reserve my position. It would have been different if I had not made that reservation we would not have been able to be talking as we are openly in this House throughout the day about this matter. That is what the reservation was about and exactly the same thing happened in the case of the Lisbon Agreement, exactly the same thing happened. We did not like the idea that there was a possibility of discussing sovereignty but there were other factors in the Agreement that to us looked favourable. There is one thing that the Hon Mr Pilcher said which I have to correct when he said that I had always accepted the position of the British Government. That is not true, what happens is that in the end if you come to an agreement you find the final analysis of the agreement because you have come to some terms, what goes on behind is nobody's business. As the Hon Mr Canepa was saying, how we have been able to take along in most respects the British Government with us over the years is not an easy matter, it has been an on-going matter. Let me say that the same has happened with the Constitution which bad as it may be you have found yourselves with in your hands. That was not an easy matter, getting the constitutional development of Gibraltar was not for the giving just like that, every step had to be fought and you fight with the friends with whom you have to live, you have to fight in a way that you can save your face and you save the face of the person with whom you have to carry on living because one of the, if I may say so, weaknesses of the approach of the Leader of the Opposition, and he said so in so many terms today, and that is that he speaks of Gibraltar as if we were an independent state with no limitations. He said: "We are not being dealt with like two nations". Of course we are not a nation, we are a nation in ourselves but we are not independent and that is the reality. I told you I would put myself down for independence if it was guaranteed by everybody around the place but it is a fact of life that our partnership with Britain is one of a junior partner. Perhaps we are heard much more than ordinary junior partners are heard from time to time and that must always be borne in mind and that brings me to the question of what is possible in such a situation. That is the parameter on which one's struggle is all the time going on and that is why you see the end result and you say it is bad. You might have seen the beginning of it and you would throw me out of the window but that is the position, that is the position of not being completely independent and being able to carry out part of what you want or what you think is the best deal possible. I do not want to go again over trodden ground but that is what happened with the Dockyard and, of course, it remains to be seen who was right. I hope Hon Members opposite are wrong as well on that matter, I am sure of that, but I can tell you that if it had not been for that this would be the

blackest Christmas in Gibraltar's history, if that Dockyard had closed and they had done nothing in its place. The other thing that is worth thinking a little about is if it is going to be difficult to live with our neighbours within the Common Market because of the relative size and so on, how much more difficult would it have been if that frontier had had to be opened by virtue of the veto of Britain for Spain to join the Common Market? How bitter would they have been to us forever that they had had to do that by force of the veto rights in the ratification of Spain's entry? What bitterness would have been left there for future generations? This, to us, is a good deal. To Spain it is, if I may say so, an honourable way of getting out of a difficult situation which they have inherited. Perhaps, if they had been a democracy, the restrictions would not have been started but by God once they did it, democracy or no democracy they have tried to make the best of it and we have tried to make possibly the worst of it and that is where Government by compromise, Government by trying to get the most favourable situation, the least possible objectionable situation, that people who are not completely independent find themselves when they have to live with a Government which has overriding powers and wants to respect the powers of small people. That is the difficulty that Members opposite have not been through - I hope they won't be through it for a long time - but that is the difficulty that has to be faced when one has got to deal with these matters. When the Hon Mr Feetham brought out the Iberplan Report I was reminded of the fact that of course the Spanish economist who did that was Señor Tamames, who is now a very famous militant member of the Communist Party of Spain, but that did no more than make an economic analysis of the situation and arrive at certain conclusions. That brings me to the other point of the Hon Mr Pilcher that of course two people, and I think that was made by the Hon Maurice Featherstone, the fact that two people make an analysis does not mean that they come to the same conclusion, the only point is that it is no use discussing matters without analysing the facts behind them and then come to conclusions and I entirely agree again with Mr Canepa when he said that, of course, people are conditioned by their attitude, by their political approach and so on. This is why we may agree to differ in many matters and still hold the principles, in general, which are compatible in many other ways. I hope I have covered the main ground because certainly I would never have tried to emulate the Leader of the Opposition in terms of the length of his speech. There is one point that I would like to make because it is also important, it is not directly related to what I was saying now but there are two points. First of all, I reaffirm my view that there has been no re-negotiation of the Lisbon Agreement, I reaffirm that very strongly and very sincerely. I do that because I am quite convinced and the fact that it is referred to again was a face saver to some extent for those concerned in this matter in order to give it a new lease of activity if not life but otherwise I think that the Agreement had to be related or rather, the rationale of it was the increasing approach of Spain's entry into the Common

Market. That would not have been possible in 1980 or 1981 or 1982 or 1983, it was only in 1983 when she started getting near to joining the Common Market and that is the reality. Again, on the question of independence and so on, what do we do when we do not find the purpose that we want, the changes in the Common Market? I know that the comfortable thing would be to say, leave it, but what remains behind it? First of all, a closed frontier; secondly, is Britain going to uphold us, are we going forever to live without the hope of being self-sufficient? Certainly, I have said many times and I say so here, I am not prepared to preside over an administration that requires handouts for the budget and then for somebody to come from England to find out whether you are entitled to buy a bicycle or a typewriter because they are footing one-tenth and you are footing the other nine-tenths into the kitty, I am not prepared to preside over that, I am prepared to try and see whether the people can make a way of life in such a way that, at least, if we cannot achieve that independence that we all crave because that is human, at least we should acquire an economic independence that if we do that then our strength with Britain is much better and we can achieve it much better by talking from a position of strength than from a position of weakness. It is all these considerations, all those limitations that we have, that has brought us to the inevitable conclusion that this was the best deal possible and that is why I commend it to the House.

HON J BOSSANO:

I would like to say something, Mr Speaker. It was our intention to vote against the motion as a whole and as far as we are concerned our position is clearly set out in the other motions anyway, but if the Hon Minister for Economic Development feels it is so important, we do not see that it is but if he feels it is so important then if we take the first three parts separately we are prepared to vote in favour in deference to what he said.

MR SPEAKER:

It so happens that the first three paragraphs of the motion can stand on their own so therefore I will put the question first insofar as the first three paragraphs are concerned.

Mr Speaker then put the question and on a vote being taken on paragraphs (1), (2) and (3) of the motion the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon M A Feetham
The Hon Sir Joshua Nassan
The Hon G Mascarenhas

The Hon Miss M I Montegriffo
The Hon J B Perez
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon H J Zammitt

THURSDAY THE 13TH DECEMBER, 1984

The House resumed at 10.45 am.

PRIVATE MEMBERS' MOTIONS

HON J BOSSANO:

Mr Speaker, I beg to move that: "This House - (1) declares that the soil of Gibraltar belongs to the people of Gibraltar who wish to live under the sovereignty of the British Crown; (2) declares that there is one single issue of sovereignty, that of the whole territory of Gibraltar and its people as a single indivisible and inseparable unit; and (3) requests Her Majesty's Government to inform Señor Moran of the above and correct the misconception he has made public, that the Brussels Agreement commits Her Majesty's Government to discussing the sovereignty of the isthmus, the City and the people of Gibraltar as separate issues". Mr Speaker, I imagine that there will be less of a gap between the Government and ourselves on this one than on the previous motion or on the amendment to the previous motion. There was, I recall, some time ago, another occasion when I brought a motion to the House stating that the soil of Gibraltar belongs to the people of Gibraltar and, as I remember, the Government side found it easier to support that than the other Members of the Opposition at the time. In fact, the phrase came from a document to which all Members of the House, of the Legco as it was then, I think, subscribed to in 1964. I think in some of the remarks that the Hon and Learned Chief Minister made yesterday in exercising his right to reply on the other motion, I think one can say that certainly the present composition of the House of Assembly must be one where there is a stronger sense of stressing the identity of Gibraltar and the Gibraltarians and the indissolubility of the two than there has been. I would say, for some considerable time, certainly since 1964/65, when the first movement towards the possibility of integration with the United Kingdom started. I think it is important, therefore, to draw attention to the fact that the first part of the motion is designed to show how there is no incompatibility between the question of the Treaty of Utrecht that invested the sovereignty of Gibraltar on the British Crown and the human right of the right to one's homeland which has nothing to do with political or national concepts. That is an older concept than even the nation state, the right to call a place one's home because one has been born there and because one's ancestors have been born there. I think in one of the programmes that there was recently on Spanish television it was one of the representatives from La Linea, representing the movement for reconciliation, who put it, I thought, most aptly in defending the rights of the Gibraltarians to their homeland as a right more ancient than any political concept or any concept of nation state. It is appropriate, I believe, after the House has approved by a Government majority the negotiations envisaged in the Brussels Agreement, and after the House by a Government majority welcomed the granting of EEC

The following Hon Member abstained:

The Hon B Traynor

The following Hon Members were absent from the Chamber:

The Hon R Mor
The Hon E Thistlethwaite

On a vote being taken on paragraph (4) of the motion 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 G Mascarenhas
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammitt

The following Hon Members voted against:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon J C Perez
The Hon J E Pilcher

The following Hon Member abstained:

The Hon B Traynor

The following Hon Members were absent from the Chamber:

The Hon R Mor
The Hon E Thistlethwaite

The motion was accordingly passed.

The House recessed at 7.55 pm.

rights to Spanish nationals implicit in the Brussels Agreement, that the House should now have an opportunity to demonstrate that that is not a change of policy from the views that elected Members of the people of Gibraltar have been consistently putting forward for twenty years. We, on this side, have expressed our concern that there appears to be and that there is, in our judgement, a major departure from what we have been saying. Therefore, more than anything else I think this gives an opportunity to the Government to demonstrate that in their judgement there isn't a major reversal of policy to, in fact, support the motion and therefore show that they are able to vote in favour of a motion that welcomes the Brussels Agreement and still vote in favour of a motion that stresses the view, I think, in Gibraltar, which must be virtually universal. It would be very difficult, Mr Speaker, to find anybody in Gibraltar irrespective of their political persuasion who would disagree that for us Gibraltarians there can be no question of sovereignty consisting of separate issues which can be dealt with separately and certainly, the contrary view has never been put as explicitly or as clearly as it was put by Señor Moran on his return to Spain. Therefore, the last part of the motion which is perhaps the one that the Government might find more difficulty in accepting is still a necessary part in our view because it isn't enough that we should be clear ourselves, I think it is necessary that Her Majesty's Government should make sure that the Spanish Government understands the position of the people of Gibraltar and of the House of Assembly of Gibraltar and that we are not at a later stage accused of welching on the undertakings contained in the Brussels Agreement as they were understood by Spain at the time the Agreement was done. I think, given the fact that the Government is giving its support to that Agreement, given the fact that the Government will use its majority to introduce the necessary legislation, I think it would not do Gibraltar any good if at a later stage we started finding that there were different versions of what the Agreement meant as happened after the Lisbon Agreement. I commend the motion to the House.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon J Bossano.

HON CHIEF MINISTER:

Mr Speaker, we will go along with the first and second paragraphs of the motion in the way they are drafted. There may be a problem on the third one to which I will refer to later on but it is only a matter of form and not of substance. The Hon Member is perfectly right to say that he is not bringing anything new to this House in respect of the soil and, in fact, in this pamphlet to which the Hon Member referred, there is something else which is interesting in connection with something else that was said yesterday. First of all, it was signed by the then Members of the House of Assembly who were Members, the Chief Member and Mayor at the time, Messrs Risso;

Serfaty, Seruya, Isola, Ellicott and Baldorino. By the time the booklet was ready the Legislative Council Elections of 1964 introducing the Landsdowne Constitution had taken place and it is reinforced by the signatures of the Members of the House of Assembly at the time. At page 11, the third paragraph, Sovereignty Over Gibraltar, we said: "The soil of Gibraltar should belong to no one but the people of Gibraltar and the people of Gibraltar do not desire to be united with Spain. Part I of this publication dealt with the right of a colonial people to end their colonial status by the exercise of self-determination but emergence from a colonial status is not of itself enough if it does not also ensure that the right of self-determination is exercised at the same time and enjoyed securely thereafter". So, really, in that respect who could dispute something we have been asserting for the last twenty years and perhaps re-assertion now for the reasons stated makes it welcome. But there is a point there that answers a matter which was raised by the Hon Mr Pilcher last night about going along with the British Government when it suited both. As I said yesterday, we haven't always agreed with the British Government, we go back twenty years for that to show. At that time, for reasons which were not directly connected with Gibraltar but which was a matter of principle for the British Government who were under great pressure in the United Nations and the fact that she was decolonising the bulk of her empire, didn't make her more popular. That is why we suffered a lot at the United Nations at the time because all the guns were against Britain at the time because she was not devolving quick enough and she was not able to do it quicker. The whole of Africa went, the Far East went, but then the British Government was averse to United Nations missions to various territories because they caused much more upsets than they would want to having regard to the matter of the question of public order and so on. Therefore the pamphlet itself said: "The British Government which is responsible for Gibraltar's international relations is opposed to the visit of official United Nations missions to dependent territories. The undersigned Members of the Gibraltar Legislative Council, however, have the honour to tender a most cordial invitation to any individual Government which wishes to send a representative to Gibraltar to ascertain conditions here and to verify the statement made by the Gibraltar Petitioners in New York in September, 1963, and those contained in this publication". This was sent to all the members of the United Nations. We were differing at that time on the approach even though the principle was the same. Of course, we have no hesitation in saying that we naturally support the motion which contains something we were saying twenty years ago. With regard to paragraph (2) of the motion, the Government will also vote in favour with paragraph (2). Maybe that some people think that it is a bit tiresome to be continually stating the obvious but, perhaps, the reasons given by the Mover for reiterating it now are good enough. Where he says that the whole territory of Gibraltar and its people are a single and indivisible and inseparable unit, to which we agree, again there is no new ground on that. On the 19th September, 1963, twenty-one years ago, I told the

Committee of 24 of the United Nations, and I quote: "The land on which Gibraltarians live is their birthplace and was the birthplace of their forebears for no less than 250 years. A man has an indefinable pull towards the land in which he was born. He wants to continue living in this land and he wants to decide for himself how he shall live there. The people of Gibraltar want to continue living in Gibraltar and they have decided how they want to live there". That, really, is a more than good reason for saying that it is trodden ground and that we are happy to be able to support it. With regard to the third paragraph, again, the spirit of it is approved but I do not think it is appropriate for this House, if I may say this with respect, in a formal motion of this House for us to attempt to deal with the tactics which should be adopted by Her Majesty's Government. I believe that we should express our views and communicate these to the British Government and leave it to the British Government, taking account of our views, to decide how particular matters should be handled in contacts for discussion with the Spanish Government. I think that sometimes motions that are brought here and are beyond our power sometimes can later be mentioned as not having been complied with. I have an amendment which I hope will be accepted by the Hon Members opposite and that is that instead of paragraph (3) the substitution should be "requests Her Majesty's Government to take note, for the purposes of any discussions with the Spanish Government, of the views of the people of Gibraltar as expressed above". For all we know, by the time this comes to happen, it may not be Mr Moran. This is the amendment which I move and which I hope will be acceptable.

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

MR SPEAKER:

You are entitled to speak on the amendment.

HON J BOSSANO:

On the amendment, yes. We are prepared to accept the amendment moved by the Government. There is some logic in what the Hon and Learned Chief Minister has said that Señor Moran may or may not be there when and if the time comes to discuss the issue or issues of sovereignty, as the case may be.

HON CHIEF MINISTER:

It may be the great grandchildren.

HON J BOSSANO:

Of course the fact of the matter is that no doubt whether Her Majesty's Government does inform Señor Moran or not, the fact that we are debating it in this House and that the motion has

been made public means that Señor Moran will no doubt have taken steps to get himself informed. We would rather not divide the House on what we consider to be an important motion and therefore we are prepared to accept the amendment.

MR SPEAKER:

Does the Hon Chief Minister wish to reply on the amendment?

HON CHIEF MINISTER:

No..

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

The following Hon Members were absent from the Chamber:

The Hon R Mor
The Hon E Thistlethwaite
The Hon B Traynor

HON MAJOR F J DELLIPIANI:

Mr Speaker, I am just going to speak on the first part of the motion which refers to the soil of Gibraltar, which is the philosophy that we all share in this House and the whole of Gibraltar shares, 99.9%. It is one thing to talk about the philosophy and another thing to talk about the practicality of this philosophy and I cannot distinguish between the soil and the land of Gibraltar. This brings me to a question which has vexed me for some years and continues to vex me at the moment and I am sure in three year's time, when I leave, it will still be a vexing question for me, it annoys me a lot. This is the question of the land that is still held by the Ministry of Defence and however good the intentions of the UK Government in the United Kingdom, I can tell you that the mandarins that are here in Gibraltar, the vast majority of them play the "Sir Humphrey" role. I can tell you that there has still been no real progress in any of the projects which we need so much to diversify our economy because some of the more junior, the senior people are more receptive, but some of the more junior staff of the MOD and the PSA/DOE and the Regional Surveyor and all that crowd are not particularly fond of us. It so happens that I share a telephone with my Director of Public Works and there is no light to indicate when he is talking and I picked up the phone and I heard a very English voice whom I know personally and I knew immediately who it was, because he does not particularly like us, saying: "I think at this stage you should keep Frank Dellipiani out". I can assure you that I immediately hung up the phone because it is not in my nature to eavesdrop. The Director, of course, immediately got up and told me every, every word that the other chap had told him so it just shows you the attitude that unfortunately some Members who represent the British Government have in Gibraltar. And until we maintain a really strong line on the question of the disposal of the land, not when it suits them but when it suits us, we will never get off the ground.

MR SPEAKER:

Are there any other contributors?

HON M A FEETHAM:

Mr Speaker, I feel I would like to make a contribution on the motion mainly because it is the first time that I have been in the House where one could say that the formulation of a declaration of principles is being put to the House this morning and this declaration, obviously, Mr Speaker, must be based on the principle of human rights which is embodied in this House and on the principle of international law as would be applicable to Gibraltar and its people as a response, and this is what this motion is, as a response to the declaration by the Spanish Foreign Minister, Señor Moran, in his public statement that the Brussels Agreement commits Her Majesty's Government to discussing the sovereignty of the isthmus and the City and the people of Gibraltar as separate issues. Sovereignty, Mr Speaker, is not only a highly important issue of international law but it is also a highly emotive one. That is why it was only to be expected that after 274 years of British refusal to discuss sovereignty over Gibraltar with Spain and Spanish insistence that it must, that there should be a heart searching quest by the people of Gibraltar that Britain should accept that this process could begin. But, Mr Speaker, what does this imply when we talk about sovereignty? Let me concentrate on the responsibility aspect of sovereignty. First, by its very nature, Mr Speaker, it imports the notion of obligations as well as rights into the arena and that is also at the very heart of international law. Secondly, the principle of sovereignty enables and indeed requires, Mr Speaker, the practical context of analysing and breaking down into possible segments what sovereignty entails especially in the light of statements and the way the Spanish Government envisaged that the discussions would pursue. These rights and obligations could be broken down into different authorities and entities within the Constitution and the rights of the people of Gibraltar. We are talking, as the Chief Minister earlier pointed out, on the question of internal Government including civil, criminal and individual rights and obligations. It also means an international status and authority which at the moment is vested in Britain. And it also means external defence, Mr Speaker. It also means external trade, communication, movement and economic development, Mr Speaker, and it also means extraterritorial rights and jurisdiction and of course fundamentally as well, the symbolic expression of the flag.

HON CHIEF MINISTER:

If the Hon Member will give way. At least say that these are not exclusive because it covers everything and if you include a few and you leave out some, somebody will pick out and say you did not mention this or the other. And any other that may not have been mentioned because in fact it includes everything.

HON M A FEETHAM:

Mr Speaker, I am saying this because it is necessary in the light of the motion in front of us that when sovereignty is being discussed, in the ensuing process that is now surely to take place, Britain and Spain are committed to discussing sovereignty over these issues, Mr Speaker, and the Chief Minister, despite his reservations, has to acknowledge that this will be the case. What I want to do by having said that is not to get into a polemic but just to put on record what the position is as it stands today and that this motion is taken against that background and nothing else. We know what the Spanish case is because we are being told nearly every day. The Spaniards are saying that Gibraltar forms part of the territory of Spain, occupied by the United Kingdom. That both the Treaty of Utrecht and the relevant United Nations resolutions by Spain and the United Kingdom through bilateral negotiations are the only way to decolonise and return Gibraltar to Spain and that the existence of a local population with individual characteristics obliges Spain not only to respect their interests but also as a consequence of this, bear in mind their opinion with regard to the formal and practical process of returning Gibraltar to Spain which does not mean, in their view, Mr Speaker, in any case that the population of Gibraltar should be given the right to self-determination. That is the Spanish case as far as Gibraltar is concerned. Today, in Europe, it is difficult to find any serious territorial dispute between states except for Spain's claim over Gibraltar. Britain's position as it stands today is that it stands behind the preamble of our Constitution. International thinking on the matter as reflected in the United Nations is, according to the United Nations Resolution 1514 of 1960, that there are three things for the decolonisation of Gibraltar. The first one via a freely expressed will for integration; the second through self-determination and independence; and the third by the re-establishing of territorial integrity as is a principle of the United Nations Charter. Our argument, Mr Speaker, is that the responsibility for the make-up of the issue of sovereignty should continue to be under the British Crown and that sovereignty is a single one, that of the whole territory and its people, as a single indivisible and inseparable unit. That is the position as it stands today. That is why it was important, Mr Speaker, that against that background, that this motion in the light of the declaration of Brussels should be brought to this House so that everybody understands in that context what the wishes of the people of Gibraltar are, Mr Speaker.

HON G MASCARENHAS:

Mr Speaker, it is good to hear contributors from the other side echo what we on this side feel and it is good to hear the Hon Leader of the Opposition say that the gap is much less on this than on other things. There is no doubt that the first part and the second part of the motion are issues which are very close to all our hearts. Whatever political beliefs we have as a group or as individuals there is no doubt that on

this thing we are united and Gibraltar has always shown a united front on these issues. On the third part of the motion the sentiments are precise and I am glad that the Opposition have agreed to the amendment which as the Chief Minister said earlier, is a matter of form and not of substance. The spirit which has emanated from this motion and which will go out to the people of Gibraltar can only serve to show the people of Gibraltar that on the basic issues we are all united. I think it is very important that for presentational purposes the people of Gibraltar should be aware of this.

HON J E PILCHER:

Mr Speaker, I would just like to make a brief point but before I do so I would like to follow up what the Hon Major Dellipiani said a moment ago, our party does not differentiate between land as opposed to soil. I think what this side of the House would like to see is that strong position which the Hon Major Dellipiani was talking about, to be brought to the House so that this side of the House can support that strong position on land. As regards the motion now in front of us, I think the Hon Leader of the Opposition mentioned the television programme on Spanish television "Si yo fuera Presidente" which I didn't particularly like but one thing that did come across very well was the sentiments of the Gibraltarian identity which the people feel in Gibraltar. The Hon and Learned Chief Minister said that he did not understand the reasons for restating the obvious in this motion. Well, I could have said the same thing of the motion that he brought to this House yesterday.

HON CHIEF MINISTER:

I said it bears repetition.

HON J E PILCHER:

As the Hon and Learned Chief Minister is aware, we voted in favour of paragraphs (1), (2) and (3) specifically because the Hon Mr Canepa said that in this time of great moment in Gibraltar's history we should all be together in supporting things like that. We accepted that and, in fact, we voted in favour and I think if I may just for a moment continue my arguments yesterday on reservation, on the word reservation, I think this is the point I am trying to make, the definition of the word "reservation". I pondered that yesterday and I came up with a couple of definitions on the word reservation. I think another definition is 'with a proviso'. The Gibraltar Government accepted the Brussels Agreement with reservation and I think if we take reservation to mean 'with a proviso', I think this motion in front of us now can be the proviso under which the Gibraltar Government accepted the question of sovereignty because it states clearly and categorically and we accept that the Chief Minister has changed that and has now amended the motion, but it states clearly and categorically both this and the next motion that we are

going to bring before the House, the position of the whole of Gibraltar as expressed in this House of Assembly, in the point; "declares the soil of Gibraltar belongs to the people of Gibraltar and declares that the whole of the territory is a single and indivisible unit". Thank you, Mr Speaker.

MR SPEAKER:

I will then call on the Mover to reply if he so wishes.

HON J BOSSANO:

Not really, Mr Speaker. I just want to express the appreciation of our side of the House for the fact that it is possible to reach unanimity on this point.

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

The following Hon Members were absent from the Chamber:

The Hon R Mor
The Hon E Thistlethwaite
The Hon B Traynor

HON J BOSSANO:

Mr Speaker, I beg to move that: "This House is confident that it can continue to look to the British Parliament, the British Press and the British people to support fully the right of self-determination of the people of Gibraltar, in spite of the fact that some prominent Members of Parliament in recently welcoming the Brussels Agreement, went on to imply that sovereignty was negotiable. It therefore declares that notwithstanding the commitment to include discussions on sovereignty in the negotiating process due under the Brussels Agreement, the House still stands by the 1977 Resolution that sovereignty is not a matter for discussion with Spain and looks to Her Majesty's Government to act in consonance with it". Mr Speaker, the motion is not in different parts because it hangs logically together but, in fact, part of it is to some extent an overlap of some of the sentiments expressed in the motion moved yesterday by the Hon and Learned Chief Minister in the first and second parts. We prefer to think of the support from Britain and we include all segments of British society as a support for the right of self-determination for the people of Gibraltar because we have found that even in those quarters where there is least understanding and by implication least sympathy for our position, and that tends to be the case with the more radical wing of the British Labour Party who see Gibraltar as a colony and who see the process of decolonisation as requiring all colonies to be got rid of and who think they are doing colonies a favour by getting rid of them regardless who they

get rid of them to. Even there, the right of self-determination is not and cannot be challenged. We have found that in putting a case and in arguing Gibraltar's case, as we frequently do when we attend the annual conference of the British Labour Party, even those people who say: "You shouldn't be a colony because colonies are now out-of-date", cannot deny that we should decide if we are not going to be a colony, what we should be, and who we should be with. I think it is important that the support should be linked to the right of self-determination of the people of Gibraltar. I also think that some of the statements in the House of Commons were quite worrying in what they went on to suggest and I think we have to recognise that there has been a perceptible shift in opinion in some quarters post the Hong Kong solution and post the Falklands situation because it is one thing to rush off to the defence of the Falklands in a moment of patriotism and euphoria and out of a sense of injured national pride and out of a sense of obligation of commitment to defend a small community against an aggressor where the Government was not only an aggressor against the Falklands people, but an aggressor against thousands of innocent Argentinians who have disappeared and nobody knew their whereabouts, and another thing to count the bill a year later. I am afraid that there are clearly today in UK a lot of people who are saying to themselves: "Well, this is fine, we have got to stand by the people of the Falklands and so on and so forth but at the rate we are going, we could all make them millionaires and get them to emigrate from the Falklands and we would save money on the process. If we actually dished out £1m per family, I mean, we are talking about 800 families". The reality of the situation is that people can subscribe to ideals and then economic factors and international pressures start operating counter to those ideals and, therefore, we have to say that in spite of the fact that there may appear to be some kind of shift, our position is that we believe that we can still depend on the overwhelming majority of Parliament, people and press to stand by us when we are exercising our right of self-determination for the very same reason that the Hon Minister for Economic Development appealed to us to support the first three parts of the Government's motion which as I explained to you, Mr speaker, it had been our intention to vote against because we felt that our position was sufficiently clearly stated in this motion not to require us to do anything different on the other one. But for the same reason that he appealed to us so that we did not appear to be saying the converse, we did not appear to be saying we had lost confidence in everybody in UK, we think that it is necessary to say we recognise that the situation is certainly not as solid now as it was on other occasions in the past. That is a fact of life and we have to live with that fact of life and, clearly, the days of gunboat diplomacy and the British Raj have disappeared and therefore in the British Parliament today we find that we have longstanding friends but there are newcomers to the British Parliament that we need to bring out here. I agree entirely with what the Hon Mr Canepa said yesterday. The most effective way that I know of making people understand what makes Gibraltar tick is to make them

come here and see us and spend a couple of days with us. No amount of letter writing, no amount of argument and no amount of debate outside Gibraltar, OK they will listen politely to you and they will make the nice sympathetic noises that they think that you expect them to make until you are out of the door and then they completely forget about you, but when they come here, it is visible because when we say goodbye to them we have seen the change that has taken place in two or three days. They cannot get away from the fact, I suppose because Gibraltar is more claustrophobic and more intimate and more enclosed than anywhere else and because I suppose they get bombarded by the same message everywhere that they go, every meeting that they have, every meal that they eat, that by the end of it if they are not brainwashed then no brainwashing technique works if that does not work. I certainly agree that although in the context of the amount of money that the Government has available, with our size of economy, and in the context of the calls that are made on that money, it may appear to us to be relatively speaking an expensive exercise but I think it is the soundest investment that we can make in ensuring that we have got friends on whom we can call if and when we need them and we hope we never need them but it is better, I think, as an insurance policy, to be able to have people on whom we can call because they know us, because they have come here and because they have gained a friendship and a love for the place which we have infected them with, than that by omission we may find ourselves in need of that kind of help and find that it is not there because we have taken it for granted because the people that were there before have gradually retired or left and because the new ones knew nothing about us and they just see us as a spot on the map which is at the end of the Iberian Peninsula and they say: "What the hell are we doing out there, it has nothing to do with us. Britain has not got an empire any more, that is clearly a place that is 2000 miles away from us. Where do our interests come into it in 1985 or 1986?" That is something that we have got to be cognisant of and we have got to be able to admit to ourselves and to our people in Gibraltar that recognising that trend and recognising that there is a requirement on our part to work to counteract it, does not mean that we stop believing in Britain or that we are now anti-British or anything else. It just simply means that we live in a changing world and survival requires adaptability on our part and it is against that background and on the basis of those arguments that I commend my motion to the House.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon J Bossano.

HON CHIEF MINISTER:

Mr Speaker, again we have no problem in supporting this motion. I have two cosmetic changes that I would suggest and I am sure that both of them may have been more by inadvertance than deliberate. Of course, we agree that we are confident and of course we agree with the factors mentioned by the Hon Member.

One of them is out of ignorance. I think the Hong Kong one is out of ignorance to the extent that it looks reasonable and so on, you know, one less problem. The other one is a matter of money, I think. On the question of the Falklands a lot of people are worried whether they can meet the costs, it is very expensive. It is being justified now that it will be less expensive by the new airport and so on but it has made people even the SDP, I am sorry to say, there have been voices of convenience. I would like to think that what the Hon Member said is even deeper to some extent to say that Gibraltar is different even though they might want to tie it up in their minds but I agree that the best thing to do is to try and get people here from the United Kingdom, particularly new Members. I would like to say that the last CPA delegation which I thought was a delightful delegation, should have come much earlier but was postponed by reason of our own election. We had it on the cards for them to come earlier. That refers to CPA delegations proper, according to their own roster and their own commitments. We have to do the same on our own and we have prepared for that. We prepared ourselves the visit of the MEP's which is also helpful and those two who didn't come have written to say that they are coming on their own. One of them, Mrs Jackson, is coming with her husband who is an MP, so we are getting two for the price of one. I think that is very important. There have always been people who have fought for the other side. I have been occasionally warned in the early years that we cannot assume everybody is our friend but we do have a lot of friends. I think we have got to encourage them and I entirely agree that the best way to do it, apart from seeing them when one is in England, is to try and get as many of them as possible to come out. Coming back to the motion. Of course, having fought through the Constitutional Conference of 1969 and having fought through every word of that preamble, we are proud of the preamble but that preamble was ironed out from many texts until it came to what it is today and which is now enshrined in the Constitution which is helpful. The Hon Mr Feetham, I think, mentioned in connection with the previous motion, Resolution 1514. The point is that those are resolutions of the General Assembly, but the Charter of the United Nations makes the interests of the local population paramount, the right of self-determination is paramount. We argued this ad nauseam, even 1514 which was done for the purposes of the Congo and disintegration. I think what is wrong, coming back to the contribution of the Hon Mr Feetham on the other motion, where I think the Spaniards go wrong from the start is that they start assuming that something that isn't theirs belongs to them and therefore they start with a grievance. That is a historical process that has continued. They may claim that there is something to be argued about the isthmus, they may claim that the same as they may claim the sovereignty over the whole of Gibraltar, but with regard to the title of Gibraltar there is no doubt, Gibraltar does not belong to the Spaniards, it belongs to the Crown of Great Britain. I would go further, than even independence, if it were possible, so long as the Queen was the Queen of Gibraltar, does not affect the Treaty

of Utrecht. I am very glad to hear the Members opposite tapping on the table, I have been saying that for 25 years. Really, no, because the problem only started in 1963. In fact, there is a provision, and I am speaking without any papers, there is a provision in the Charter that where the Charter is in conflict with any Treaty, the Charter prevails and the people who signed the Charter knew what they were signing. That is why I appeal and I take every opportunity given to me, I have not done so recently because I do not want to annoy them too much, but I take every opportunity of telling the Spanish media that they start from a wrong concept. They start from an unjustified grievance because it is not justified in law. It may be neatly put in, but that neatness cannot substitute rights. The only two points that I want to make is that I am sure that particularly because it complies with the second part of the motion which was approved yesterday and that is that we should look not only to the British Parliament, the British press and the British people, we should look to the British Government. In fact, we have been attempting to tell them what to tell Señor Moran and, therefore, I am going to suggest the addition of the words "the British Government the" between the words "to" and "British Parliament". That is my first amendment. I think that might have been an unintended omission. Certainly, it is inconsistent with saying what we should tell the British Government. We look to them, we must look to them, because they are primarily responsible and we come back to the question of the fact that the Government have got the executive power and therefore we must make them responsible. In the first line it should read: "This House is confident that it can continue to look to the British Government, the British Parliament and the British people". And the other one is, because of the way in which the matter was argued yesterday, in case there should be any suggestion that there is any change in precisely the thing that Hon Members opposite do not like, I should like to suggest that the word in the fourth line from below, where it says: "in the negotiating process due under the Brussels Agreement", I would like to add, before you get to "the Brussels Agreement", "the Lisbon Agreement and", lest they might interpret it wrongly, the negotiations envisaged under the Brussels Agreement does mention the fact that the negotiations will come under the auspices of the Lisbon Agreement. I think it can do no harm to put that because the words are put there for the sake of clarity and safety. Those are the only two amendments and I move them just because it completes the things and I hope the Hon Mover will accept them in the spirit in which they are made. Other than that, of course, we support the motion and it also fits into my second paragraph of yesterday's motion.

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

HON J C PEREZ:

Mr Speaker, we welcome the support of the Government on the general motion and can accept the amendments because they are additions rather than changes to the motion. Our position is quite clear as regards negotiations on sovereignty. The Government have put in a reservation which we do not think is enough and we reject the discussions on sovereignty completely but we were against the Lisbon Agreement for that reason and we are against the Brussels Agreement partly because it specifically mentions it whereas in the Lisbon Agreement it implies it, so the addition that the Hon and Learned Chief Minister has made to include the Lisbon Agreement does not in fact change the sentiments of the motion. We can say from this side of the House that we are in a position to accept the amendment.

HON J BOSSANO:

Could I make just one more point, Mr Speaker. Shouldn't the amendment be to insert "the British Government" after the word "to".

HON CHIEF MINISTER:

Look to the British Government.

HON J BOSSANO:

Yes, but if we insert it after the word "look", then we have "continue to look to the British Government, the British Parliament .."

MR SPEAKER:

I did not look at the written amendment which the Hon Chief Minister gave me. The way I proposed the amendment was as follows: The addition of the words "British Government the" between the words "the" and "British". It then reads: "This House is confident that it can continue to look to the British Government, the British Parliament and the British press".

Mr Speaker then put the question which was resolved in the affirmative and the Hon the Chief Minister's amendment was accordingly passed.

The following Hon Members were absent from the Chamber:

The Hon R Mor
The Hon E Thistlethwaite
The Hon B Traynor

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

The following Hon Members were absent from the Chamber:

The Hon R Mor
The Hon E Thistlethwaite
The Hon B Traynor

HON CHIEF MINISTER:

Mr Speaker, as I can anticipate that there will be no meeting before Christmas, I move the adjournment and with it I wish you and all Members a very happy festive season. We will be back in business early in 1985, I hope with the same spirit of mutual understanding, even if there are differences, that our aims are almost the same, ultimately, for everyone in Gibraltar.

HON J BOSSANO:

When we tabled our 55 questions and we had the motion welcoming the Brussels Agreement, we were predicting that the meeting of the House would finish in a less Christmassy mood but given the two resolutions that we have just passed, I join the Hon and Learned Chief Minister in his words.

MR SPEAKER:

May I then join myself to the wishes of both the Chief Minister and the Leader of the Opposition and extend our good wishes not only to Members but also to the staff of the House of Assembly and members of the media.

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

The adjournment of the House sine die was taken at 11.50 am on Thursday the 13th December, 1984.